

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 356

SHORT TITLE: Concealed Handgun Permit

SPONSOR(S): Senator Simpson

FISCAL IMPACT:	Expenditures:	Increase (X)	Decrease (
))
	Revenues:	Increase (X)	Decrease (
))

FUNDS AFFECTED: General Fund (X)

BILL SUMMARY: "TO PROVIDE THAT A PERSON WHO MEETS STATUTORY CRITERIA MAY CARRY A CONCEALED HANDGUN IF THE PERSON HAS OBTAINED A CONCEALED HANDGUN PERMIT, TO AUTHORIZE CLERKS OF COURT TO ISSUE CONCEALED HANDGUN PERMITS, TO ESTABLISH THE CRITERIA THAT MUST BE SATISFIED TO RECEIVE THE HANDGUN, TO ESTABLISH THE PROCEDURE FOR THE ISSUANCE OF A CONCEALED HANDGUN PERMIT, AND TO MAKE CONFORMING STATUTORY CHANGES." Adds new Article 54B ("Concealed Handgun Permit") to GS Chapter 14 for purposes indicated in title.

Authorization to carry a concealed handgun with a permit. Authorizes a person with a concealed handgun permit to carry a concealed handgun. Person must carry the permit (or a copy) and valid identification at all times the person is carrying the concealed handgun and display them at the request of a law enforcement officer. Person may not carry the concealed handgun into certain places (school grounds, courthouses, etc.) already prohibited by law nor may it be carried if the person is intoxicated. Person must inform clerk of superior court within 30 days of changes of address. Concealed handgun permit is good statewide; it is automatically invalid if lost or destroyed; it is good for four years.

Qualifications for concealed handgun permit. Applicant must be U.S. citizen and one-month NC resident, must be 21 years old, must not suffer physical infirmity that would prevent safe handling of a handgun, must have completed a firearm safety course, must not be ineligible to own or possess a firearm, must not have been charged or convicted of a crime punishable by imprisonment of a term exceeding one year, must not be a fugitive from justice, must not be an unlawful user of specified controlled substances, must not be incapacitated or lacking mental capacity, must not have been dishonorably discharged from the armed forces, must not have been convicted of or received a withheld judgment for a misdemeanor crime of violence in the previous three years, must not be an illegal alien, must not have been renounced his or her citizenship, must not be free on bond pending trial, appeal, or

sentencing for a disqualifying crime, and must not have been convicted of an impaired driving offense.

Application. The applicant must complete the application form supplied by the clerk of superior court, under oath, must supply a set of fingerprints, must pay a fee of \$50, and must supply evidence of the required demonstration of proficiency. The clerk may conduct any investigation necessary and must issue or deny the permit within 90 days. Application may be denied only because applicant fails to meet the criteria set out in this act and clerk must state reason for denial. Clerk must maintain a list of all persons issued permits and pertinent information regarding such persons.

Renewal. Permit holder may renew permit before expiration (or within 6 months after expiration) upon completing application for renewal, filing affidavit that holder remains qualified, and paying fee of \$25. A late fee of \$15 is required if renewed after expiration.

Other. Provisions made for revocation of permits by clerk on specified grounds. Makes violation of Art. a Class 3 misdemeanor. Bill does not apply to specified officials, including; US military personnel in the discharge of their duties and law enforcement officers in the discharge of their duties. Also amends GS 14-269 to allow carrying a concealed weapon on person's own premises and carrying a permitted concealed handgun.

EFFECTIVE DATE: December 1, 1995, and applies to offenses committed on or after that date.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Judicial Branch

FISCAL IMPACT: Judicial Branch

	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98	<u>FY</u> 98-99
	<u>FY</u> 99-00			
EXPENDITURES	\$576,675	\$606,381		RECURRING \$205,450 \$570,09
NON-RECURRING	\$371,225	\$ 36,285		FOR THESE YEARS
REVENUES/RECEIPTS	\$1,035,300	\$1,774,800	* NO ESTIMATES AVAILABLE	
RECURRING				FOR THESE YEARS
NON-RECURRING	\$1,035,300	\$1,774,800		
POSITIONS:	14	24		

* The Administrative Office of the Courts and the Fiscal Research Division cannot confidently estimate the expenditures and revenues that would be associated with this proposed legislation in FY

97/98, FY 98/99 and FY 99/00. This is a new type of legislation for North Carolina. Thus, no data is available as to the number of individuals that may apply for a concealed handgun permit in North Carolina. The estimates provided for the first nineteen months are conservative and are based on another state's experience with similar legislation.

ASSUMPTIONS AND METHODOLOGY: Judicial Branch

The proposed legislation would have a substantial impact on the Judicial Branch. It assigns to the clerk of superior court the responsibilities of providing application forms for concealed handgun permits, receiving applications, reviewing the applications, conducting investigations, determining qualifications, issuing permits, denying permits, renewing permits, and revoking permits.

In almost all of North Carolina's counties, the sheriffs are responsible for issuing handgun permits under present law. Requiring the clerks to issue concealed handgun permits would require additional resources and clerk time within the clerks' offices. In addition to establishing a system for processing the applications, it would be necessary to install in each office a machine similar to machines now used to issue drivers licenses. According to the Administrative Office of the Courts processing concealed handgun permits would require additional clerk time and would require additional staff.

DETAILED ANALYSIS

I. Volume/Number of applications

For the purposes of estimating what percentage of the North Carolina population might apply for such permits, the Administrative Office of the Courts examined Florida's experience with a similar law. Over a seven year period, 1.3% of Florida's population has obtained a concealed handgun permit. The majority of these permits were obtained in the first year.

For purposes of this fiscal note, it seems reasonable to estimate that at a minimum, 1% of the North Carolina population would apply for a concealed handgun permit in the first two years after the law becomes effective.

The 1995 population projected for North Carolina is about 7.1 million; one percent of 7.1 million is 71,000. If 71,000 applications were received over 24 months, 2,958 applications would be received per month.

For purposes of this fiscal note, the Administrative Office of the Courts estimates that during the first 19 month period, the total number of applications received would be 56,202 (2,958 X 19). For FY 95-96, beginning December 1, 1995, the total number of applications would be 20,706 (2,958 X 7). In FY 96-97, the total number of applications would be 35,496 (2,958 X 12).

In Florida, approximately 96% of those who applied for a handgun permit received a permit. If 96% of the applicants in North Carolina received permits in the period covered by this fiscal note, then in FY 95-96, 19,878 (20,706 X 0.96) permits would be issued, and in FY 96-97, 34,076 permits would be issued. The fiscal impact of this legislation is based on processing and administering the estimated number of permits.

II. Equipment Costs

Equipment to make permits: The proposed legislation indicates that the clerks must issue the permits, that the permits must be "substantially similar" to North Carolina drivers license, and the permits must include a picture of the permittee. Accordingly, clerks' offices would have to be equipped with equipment similar to that used in drivers license offices, unless arrangements were made with other agencies or businesses to produce the permits.

According to a representative of a dealer of this equipment, each machine would cost \$3,495. Furnishing 100 counties with such a machine would cost \$349,500.

Other supplies:

Film: A twin pack of film, which could produce 32 permits, would cost \$23. The following are the estimated number of packs of film required including additional supplies for adequate statewide distribution.

FY95/96:	19,878 permits -	700 packs of film:	\$16,100
FY96/97:	34,076 permits -	1,170 packs of film:	\$26,910

Laminating pouches: A box of 500 would cost \$125. The following are the estimated number of packs of film required including additional supplies for adequate statewide distribution.

FY95/96:	19,878 permits -	45 laminating pouches:	\$ 5,625
FY96/97:	34,076 permits -	75 laminating pouches:	\$ 9,375

III. Estimated clerk time required for various stages of the concealed handgun permit process

A. Applications

Under G.S. 14-415.13 (page 3, line 25 of SB 356), an applicant must submit to the clerk of court the following information: (1) a completed application; (2) a nonrefundable permit fee of \$50; (3) a set of fingerprints; and (4) evidence of competency with a handgun. The clerk must submit the fingerprints to the State Bureau of Investigations (the cost of processing the fingerprints is part of the permit fee).

Several clerks indicated in interviews that the time required for the initial processing of applications received would take **10 minutes** per application. If 20,706 applications were received in FY 95-96, the total clerk time would be 207,060 minutes, or 3,451 hours. If 35,496 applications were received in FY 96-97, the total clerk time would be 354,960 minutes, or 5,916 hours.

B. Determination of eligibility

Under G.S. 14-415.15(a) (page 4, line 19 of SB 356), the clerk must, within 90 days of receipt of an application, review the application and either issue or deny the permit. The clerk "may" conduct an investigation "necessary to determine the qualification or competency of the person applying for the permit, including records checks."

G.S. 14-415.12 (page 2, line 22 of SB 356) lists criteria to be considered in evaluating applications. If an applicant meets all of the criteria listed in subsection (a), the applicant "shall" be issued the permit. However, if any of the thirteen criteria listed in subsection (b) exist, the applicant "shall" be denied a permit.

It is estimated, based on interviews with several clerks, that it would take approximately **one hour** to evaluate each application. The clerks indicated that they would investigate, as thoroughly as possible, each of the thirteen criteria listed for each request received.

In FY 95-96, the total clerk time for determination of eligibility would be 20,706 hours. In FY 96-97, the total clerk time would be 35,496 hours.

C. Permits

Issuing Permits: Under G.S. 14-415.11(b) (page 2, line 7 of SB 356), the clerk of court is charged with the duty of issuing permits. Under G.S. 14-415.17 (page 5, line 4), the permit must

be in a form "substantially similar to that of the North Carolina drivers license," and must include certain information, such as permittee's name, address, signature, and picture. The clerk must mail a copy of the permit to the State Bureau of Investigation.

If the clerks were equipped as noted above, it is estimated that the time required to actually issue the permits would take **ten minutes** of clerk time per permit.

Duplicates: Under G.S. 14-415.11(d) (page 2, line 15 of SB 356), the permittee must notify the clerk of any changes in the address, and of the loss or destruction of the permit. Duplicates are obtained from the clerk upon submission of a notarized statement and payment of a \$15 fee. The Administrative Office of the Courts assumes, for the purposes of the fiscal note, that only a few duplicates would be issued over the first nineteen months, and therefore, no cost is estimated for preparing duplicates.

Recordkeeping: Under G.S. 14-415.15(c) (page 4, line 27 of SB 356), the clerk must maintain a list of all persons issued permits and "any pertinent information regarding the issued permit." This information "shall" be available upon request to all state law enforcement agencies. The proposed legislation does not describe what kind of a list the clerk must maintain. Whether the clerk was using an automated system, or a ledger or some other type of system, the time required to enter information regarding each permittee is estimated to be about **two minutes** per case.

The total time for issuing permits and maintaining a list is estimated to be **12 minutes** per case. If 96% of FY 95-96 applicants were issued a permit, 19,878 people would receive permits. The total clerk time for FY 95-96 would be 3,976 hours. If 34,076 people were issued permits in FY 96-97 the total clerk time would be 6,815 hours. No estimates are made for the additional time clerks would devote to responding to requests for information from law enforcement agencies.

Denying Permits: Under G.S. 14-415.15(b) (page 4, line 23 of SB 356), if the clerk denies the application for a permit, the clerk must notify the applicant in writing, stating the grounds for the denial. Although the proposed legislation does not mention a hearing, it seems that upon denial of the permit, an applicant would be entitled to some review.

It is anticipated that the clerk would use a preprinted form to notify an applicant of the determination regarding the permit application. Thus, notifying the applicant in writing would involve filling out the form and mailing it to the applicant. Based on interviews with several clerks, it is estimated that this process would take approximately **five minutes** of clerk time per case.

In FY 95/96, it is estimated that 828 permits would be denied. The total clerk time for FY 95/96 would be 69 hours. In FY 96/97, it is estimated that 1420 permits would be denied. The total clerk time for FY 96/97 would be 118 hours.

SUMMARY OF TIME REQUIRED IN HOURS

Function	1995/1996	1996/1997
Receiving Applications (10 min. each)	3,451	5,916
Reviewing Applications (60 min. each)	20,706	35,496
Issuing Permits (12 min. each)	3,976	6,815
Denying Permits (5 min. each)	69	118
TOTAL	28,202	48,345
2000 hours/year per position:	14 clerks	24 clerks

Position Costs:

The 14 positions in FY 95-96 and the 24 deputy clerk positions in FY 96-97 would be spread out across the state by the Director of the Administrative Office of the Courts according to demand. Larger counties may require a full-time clerk, while smaller counties may be able to absorb the increased workload within existing personnel resources. For this fiscal note it is assumed that these deputy clerk positions would be temporary positions filled as necessary based on need. Thus, the position costs shown above reflect only salary.

POSITION COSTS FOR DEPUTY CLERKS

FY 95/96 (eff. 12/1):	\$ 14,675 per position
	\$205,450 for 14 positions
FY 96/97	\$ 23,754 per position
	\$570,096 for 24 positions

Renewing Permits: According to G.S. 14-415.11(b) (page 2, line 7 of SB 356), permits are valid for a period of four years.

Under G.S. 14-415.16 (page 4, line 31 of SB 356), the clerk is responsible for renewing permits. Renewal forms provided by the clerk must be filed with the clerk, along with a notarized affidavit stating that the permittee remains qualified according to the criteria listed in this Article, and a renewal fee of \$25. The clerk "shall" renew the permit upon receipt of the completed renewal application and the appropriate fee, "if the person is qualified."

It is unclear whether the clerk would be required to review an applicant's qualifications again, as in the original process of issuing permits. The clerks interviewed indicated that they would thoroughly review each renewal application and this process would take about one hour (**60 minutes**) of clerk time per case.

The renewal for permits issued in FY 95/96 would occur in FY 99/00. No estimate is provided for FY 99/00 as the Administrative Office of the Courts and the Fiscal Research Division are unable to estimate how many additional permits would be applied for during this period of time. Thus, any estimate provided would be highly speculative.

Revoking Permits: According to G.S. 14-415.18 (page 5, line 11 of SB 356), the clerk of court must revoke permits under certain circumstances. Revocations would occur "subsequent to a hearing" for any of five listed reasons, including misuse of a permit, an adjudication of guilt or receipt of a withheld judgment for a crime "which would have disqualified the applicant from initially receiving a permit."

Upon notification of one of the factors, the clerk would send out a notice of hearing to the permittee and would schedule the hearing. This process would require an estimated **15 minutes** of clerk time per case. Clerks estimated that each hearing would require **one hour** of clerk time, including the hearing and preparation.

The Administrative Office of the Courts has no way to estimate how many permits would be revoked. Although it is likely that some permits would be revoked, the number of revocations that might occur in the nineteen months after the proposed legislation would become effective would probably be few so no revocation costs are included in this fiscal note.

IV. Receipts/Fees: The statute sets forth various fees to be submitted to the clerk, but it is unclear who would ultimately receive these fees. The fees include: a nonrefundable application fee of \$50; a fee of \$15 for issuing duplicates; and a renewal fee of \$25, with an additional \$15 upon late renewal. The initial application fees (\$50) received would amount to \$1,035,300 (\$50 X 20,706) in FY 95/96, and \$1,774,800 (\$50 X 35,496) in FY 96-97.

SOURCES OF DATA: Administrative Office of the Courts

TECHNICAL CONSIDERATIONS: It is unclear what departmental budget or fund would ultimately receive the fees generated by the proposed legislation.

FISCAL RESEARCH DIVISION (733-4910)

PREPARED BY: Whitney A. Obrig, Jim Mills, Charles E. Perusse

APPROVED BY: Tom Covington **TomC**

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