

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 27 (Senator Hough, *et al.*)
 Judicial Proceedings

Public Safety - Permit to Carry, Wear, or Transport a Handgun - Qualifications

This bill specifies that, under provisions applicable to requirements for the issuance of a permit to wear, carry, or transport a handgun, personal protection or self-defense constitute a good and substantial reason for issuance of the permit.

Fiscal Summary

State Effect: General fund revenues from handgun permit fees increase by \$7.5 million in FY 2022. Future year revenues reflect the licensure issuance and renewal cycle as well as a decrease in new permit applications and renewals over time. General fund expenditures increase by \$4.9 million in FY 2022 to process additional permit applications. Future year expenditures reflect annualization and ongoing costs.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GF Revenue	\$7,500,000	\$6,375,000	\$9,918,800	\$8,656,000	\$7,560,100
GF Expenditure	\$4,895,000	\$5,183,300	\$5,347,400	\$5,571,700	\$5,721,400
Net Effect	\$2,605,000	\$1,191,700	\$4,571,300	\$3,084,300	\$1,838,600

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: Generally, an applicant for a handgun permit must, among other requirements, have a good and substantial reason to wear, carry, or transport a handgun.

“Good and substantial reason” includes a finding that the permit is necessary as a reasonable precaution against apprehended danger.

Current law requirements and background relating to the issuance of handgun permits is summarized in the **Appendix – Handgun Permit Requirements – Current Law/Background**.

State Revenues: The Department of Legislative Services estimates that this bill increases new handgun permit applications by about 100,000 in fiscal 2022. This is due in part to the drastic surge in sales during recent years and assumes a similar experience to that which was experienced in Wisconsin in 2012 when nearly 99,000 additional carry permit applications were received after its law was changed.

Assuming an increase of about 100,000 permit applications in fiscal 2022, general fund revenues from handgun permit fees increase by an estimated \$7.5 million in fiscal 2022. By fiscal 2024, the increase in general fund revenues increases to an estimated \$9.9 million, reflecting fee revenue from both initial applications and renewals. By fiscal 2026, the increase in general fund revenues for initial applications and renewals decreases to \$7.6 million; this estimate assumes that over time, initial handgun permit applications decline by 15% per year and that the total number of permits renewed decreases by 10% annually. **Exhibit 1** shows the estimated increase in general fund revenues from additional handgun permit fees through fiscal 2026.

Exhibit 1
Estimated Handgun Permit Fee Revenue under the Bill

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
New Applications	100,000	85,000	72,250	61,413	52,201
Fee Revenue	\$7,500,000	\$6,375,000	\$5,418,750	\$4,605,975	\$3,915,075
Renewals	-	-	90,000	81,000	72,900
Fee Revenue	-	-	4,500,000	4,050,000	3,645,000
Total Revenue	\$7,500,000	\$6,375,000	\$9,918,750	\$8,655,975	\$7,560,075

Source: Department of Legislative Services

State Expenditures: General fund expenditures for the Department of State Police (DSP) increase by an estimated \$4,894,966 in fiscal 2022, which reflects the bill’s October 1, 2021 effective date. DSP advises that its Licensing Division requires approximately eight hours to process one application. Based on an anticipated increase of

approximately 100,000 applications in fiscal 2022, this estimate reflects the cost to hire 10 full-time troopers, 18 office services clerks, 4 administrative clerks, and 44 contractual background check investigators to process the additional handgun permit applications, issue permits, and review and issue permit renewals. The estimate includes salaries and fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions (Regular)	32
Positions (Contractual)	44
Salaries and Fringe Benefits (Regular)	\$2,138,053
Salaries and Fringe Benefits (Contractual)	1,843,483
Motor Vehicle Purchases and Operations	175,900
Additional Police and Civilian Equipment	700,195
Other Operating Expenses	37,335
Total FY 2022 State Expenditures	\$4,894,966

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

In addition, this estimate does not include any costs for rental space. While many of the positions needed to implement the bill can be housed in various DSP locations throughout the State, some will need to work directly within DSP’s licensing division, which has limited space. Should rental costs emerge in the future, DSP can request such additional resources through the annual budget process.

DSP’s licensing division has experienced dramatic increases in firearm-related applications in recent years and, as a result, has utilized significant overtime. In addition to the personnel and programming costs estimated above, DSP projects considerable trooper and civilian overtime costs in fiscal 2022. However, the new automated handgun permit application process, which was implemented in January 2020, has assisted with the processing of firearm purchase and handgun permit applications, and DSP anticipates that it will continue to assist with processing the expected increase in handgun permit applications under the bill. Should overtime or additional personnel costs emerge in the future, DSP can request additional resources through the annual budget process.

Small Business Effect: Because it is assumed that the bill leads to an increase in the number of handgun permits sought in the State, small businesses that provide firearm instruction may benefit from an increase in the demand for their services.

Additional Comments: In *Woollard v. Gallagher* (No. 12-1437), the U.S. Court of Appeals for the Fourth Circuit considered the constitutionality of Maryland’s “good and substantial reason” handgun permit requirement. On March 21, 2013, the Fourth Circuit reversed the District Court opinion, and Maryland’s “good and substantial” requirement was upheld as constitutional. The U.S. Supreme Court declined to review that decision.

In *Malpasso v. Pallozzi* (No. 19-423), petitioners again requested the U.S. Supreme Court to consider the constitutionality of Maryland’s good and substantial reason handgun permit requirement. In June 2020, the U.S. Supreme Court denied the petition for a *writ of certiorari*.

Additional Information

Prior Introductions: Several bills have been introduced in prior years to alter the good and substantial reason standard for the issuance of a handgun permit. SB 198 of 2020 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken on the bill. SB 115 of 2019 received an unfavorable report from the Senate Judicial Proceedings Committee. Its cross file, HB 541, received an unfavorable report from the House Judiciary Committee. Legislation was also introduced during the 2017 and 2018 sessions.

Designated Cross File: None.

Information Source(s): Department of State Police; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2021
rh/lgc

Analysis by: Shirleen M. E. Pilgrim

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix

Handgun Qualification License Requirements – Current Law/Background

A handgun qualification license (HQL) authorizes a person to purchase, rent, or receive a handgun. A licensed firearms manufacturer; a specified active or retired law enforcement officer; a member or retired member of the U.S. Armed Forces or the National Guard; and a person purchasing, renting, or receiving an antique, curio, or relic firearm (as defined under federal law) are exempt from the requirements of the licensing provisions.

The Secretary of State Police must apply for a State and national criminal history records check for each applicant. As part of the application for a criminal history records check, the Secretary must submit one complete set of fingerprints of the applicant.

The application fee for an HQL is to cover administrative costs and may be up to \$50. The term of the license is 10 years. License renewal fees are set at up to \$20. Generally, the Secretary of State Police must issue an HQL to a person who (1) is at least 21 years old; (2) is a State resident; (3) has completed a firearms safety training course; and (4) is not prohibited by federal or State law from purchasing or possessing a handgun.

The firearms safety training course must include (1) a minimum of four hours of instruction by a qualified handgun instructor; (2) classroom instruction on State firearm law, home firearm safety, and handgun mechanisms and operation; and (3) a firearms orientation that demonstrates that the person can safely operate and handle a firearm. An applicant is not required to complete an approved firearms safety training course if the applicant has previously completed a certified firearms training course, has completed a hunting safety course prescribed by the Department of Natural Resources, is currently a qualified handgun instructor, is an honorably discharged member of the U.S. Armed Forces or the National Guard, is a certain employee of an armored car company, or lawfully owns a regulated firearm. Renewal applicants are not required to complete the firearms safety training course or submit to a State and national criminal history records check.

The Secretary may issue an HQL without an additional application or fee to a person who meets the requirements for the issuance of a handgun permit who does not already have an HQL.

Within 30 days after receiving a properly completed HQL application, the Secretary must provide (1) an HQL, if approved, or (2) a written denial of the application, including the reason the application was denied and a statement of the applicant's appeal rights regarding the decision.

In 2020, the Department of State Police (DSP) received 66,526 new applications for HQLs. DSP denied 2,118 applications in the same year. There are currently approximately 192,506 active HQLs in the State (issued since October 1, 2013).