

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Tommy Merritt, Chair, House Committee on Public Safety

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3777 by Flynn (Relating to a perpetual license to carry a concealed handgun.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3777, As Introduced: a positive impact of \$23,401,120 through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$10,768,640
2011	\$12,632,480
2012	\$14,794,560
2013	\$17,302,560
2014	\$20,211,840

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from General Revenue Fund 1
2010	(\$880,800)	\$11,649,440
2011	(\$880,800)	\$13,513,280
2012	(\$880,800)	\$15,675,360
2013	(\$880,800)	\$18,183,360
2014	(\$880,800)	\$21,092,640

Fiscal Analysis

The bill would amend Government Code, Chapter 411 to create a perpetual concealed handgun license which would not expire and is not subject to renewal. The bill states the nonrefundable application and licenses fees of \$140 for a renewable license and \$300 for a perpetual license are to be paid to the Department of Public Safety (DPS). The bill states the renewable concealed handgun license would expire every five years. The bill states a renewable license may convert to a renewable license by submitting an application and payment of a \$160 or \$50 fee. The bill also address renewable and perpetual concealed handgun licenses and related fees for the indigent, senior citizens, members of the military, military veterans, active and honorably retired peace officers, and active and retired judicial officers. The bill would take effect on September 1, 2009.

Methodology

DPS states currently there are 314,574 concealed handgun license (CHL) holders, who renew every

five years. DPS states the current annual CHL renewal rate for concealed handgun licensees is 70% or 44,040 licensees $((314,574 * .70)/5)$. The DPS Concealed Handgun License Bureau (CHLB) assumes that each year these 44,040 licensees will convert to a perpetual CHL instead of renewal license. DPS states CHL renewal fees are \$70 and the conversion fee is \$50. Based on this assumption, DPS estimates a potential revenue loss of \$20 per license for an annual revenue loss of \$880,800 in General Revenue $(44,040 * 20)$.

DPS states the number of original CHL applicants has increased an average of 16% each year since 2004 and the CHLB assumes this growth will continue for the next five years. Based on the increased growth per year, the CHLB estimates the following original CHL applicants per year: 72,809 in fiscal year 2010, 84,458 in fiscal year 2011 $((72,809 * .16) + 72,809)$, 97,971 in fiscal year 2012 $((84,458 * .16) + 84,458)$, 113,646 applications in fiscal year 2013 $((97,971 * .16) + 97,971)$, and 131,829 applications in fiscal year 2014 $((113,646 * .16) + 113,646)$.

DPS states the CHLB assumes the new CHL applicants will choose the perpetual license over the renewable license. New applicants who choose the perpetual license could collect the following additional General Revenue per year: \$11,649,440 in fiscal year 2010 $(72,809 * \$160)$, \$13,513,280 in fiscal year 2011 $(84,458 * \$160)$, \$15,675,360 in fiscal year 2012 $(97,971 * \$160)$, \$18,183,360 in fiscal year 2013 $(113,646 * \$160)$ and \$21,092,640 in fiscal year 2014 $(131,829 * \$160)$. This analysis also assumes any additional agency cost for the provisions of the bill can be absorbed within current appropriations.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

LBB Staff: JOB, ESi, GG, LG