

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4902-01  
Bill No.: HB 2076  
Subject: Firearms and Fireworks; Misc. Licenses; Fees  
Type: Original  
Date: February 23, 2010

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Bill Summary: The proposal revises laws regarding concealed carry endorsements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$332,005)	(\$147,952)	(\$152,390)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$332,005)</b>	<b>(\$147,952)</b>	<b>(\$152,390)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Public Safety – Missouri State Highway Patrol, – Director’s Office**, and the **St. Louis County Department of Justice Services** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Department of Revenue (DOR)** assume several provisions in the proposal would fiscally impact the DOR:

Section 571.101.1 requires the DOR to issue the concealed carry endorsement for a period of five years from the date of issuance. This requires a change to the Missouri Electronic Driver License (MEDL) system to modify the issuance period of the concealed carry endorsement from the current three year term to a five year term.

The proposed language in Section 571.103.1 requires every person who has a Concealed Carry Weapon (CCW) endorsement to submit an affidavit prior to January 1, 2011, and every 3 years thereafter, stating that the person has within ninety days of affidavit, reviewed the laws of the state relating to firearms in chapter 571 and the justifiable use of force as prescribed in chapter 563.

Section 571.103.2 requires the DOR to create and provide the required CCW affidavit by mail and on-line.

Section 571.103.3 proposes that the DOR shall suspend the CCW of any person who fails to submit an affidavit as required and shall send notification to the person informing them they have seven days from the date of the notice to submit the affidavit or surrender their driver license or nondriver license to sheriff’s department of their county of residency.

Section 571.103.4 proposes that the DOR shall transmit a copy of the notice of suspension to the sheriff of such person’s county of residence and shall report the change in status to the Missouri uniform law enforcement system (MULES). The sheriff’s department receiving the surrendered driver license or nondriver license with the CCW shall issue a receipt to the licensee for the license upon a form, approved by the director of revenue, that serves as their driver license or receipt for nondriver license and clearly states the CCW has been suspended. The proposed section then requires the sheriff to transmit the actual surrendered document to the DOR.

ASSUMPTION (continued)

Section 571.103.5 proposes that the CCW shall be suspended until the affidavit provision has been satisfied. Once satisfied, the DOR shall reinstate the CCW and return the driver license or nondriver license containing the CCW to the individual. The DOR must also notify the sheriff and shall report the reinstatement to MULES.

Section 571.103.6 includes provisions to allow the DOR to promulgate any rules and regulations necessary to carry out the provisions of 571.103.

The changes proposed in sections 571.101 and 571.103:

- Will require modification to the Over the Counter license issuance system to change the validity period for a CCW endorsement;
- Will require the DOR to develop and send correspondence and a copy of the affidavit to every concealed carry endorsement holder requiring the affidavit to be submitted no later than January 1, 2011;
- Will require the DOR to send correspondence to the individual and to the sheriff notifying of CCW suspension if affidavit not submitted;
- Will require the DOR to send notification to the individual and the sheriff of CCW reinstatement when affidavit is submitted as required following a suspension;
- The DOR will also need to update its website information regarding concealed carry endorsement issuance;
- The DOR will need to coordinate information and changes to all law enforcement. A more detailed effort will be coordinated with the Missouri Sheriff's Association because Sheriffs actually issue the CCW certification;
- The DOR will need to complete modifications to the Missouri Driver License system to:
  - o Develop a suspension process for persons not submitting the required affidavit;
  - o Modify the current surrender system to allow for surrender and return of a driver license and nondriver license due to failure of applicant to submit the affidavit and later compliance and return of the document with the CCW to the applicant;
  - o Modify current CCW suspension processing programs.
- The DOR will need to work with the sheriffs to develop an electronic notification process to confirm when a document is surrendered due to a CCW affidavit requirement not being met.

DOR assumes the following long-term expenses, which would be incurred in FY 2014 and after:

ASSUMPTION (continued)

After the initial notification and affidavit submission period, the DOR is required under the proposed legislation to request an updated affidavit every three years; therefore, the next large mailing impact would occur in FY 2014 and every three years thereafter. In addition, an estimated average of 15,000 new CCW endorsements are added annually, thus the DOR would be incurring annual mailing and resulting suspension and compliance processing costs for all new endorsement holders every three years after initial endorsement issuance. From FY14 and beyond there will be annual costs incurred.

- Total cost for letter generation FY2014 (continuing ever three years): \$9,669
- Total Cost for postage FY 2014 based on current mailing costs:  $\$0.44 \times 250,250$  (letters sent FY2014) = \$110,110
- Affidavit printing costs for an estimated 40,000 (black/white one sided) forms FY 14 and every 3 years thereafter = \$1,000
- Cost for printing temporary driving privilege and money receipt only documents for sheriff to use when applicant surrenders driver or nondriver license with CCW endorsement due to failure to submit affidavit. More money receipt only documents would be printed due to the higher volume of CCW endorsements on nondriver license documents.

Temporary Driving Privilege form –  $20,000 \times \$0.014 = \$280$  annually

Money Receipt Only form –  $40,000 \times \$0.01325 = \$530$  annually

**Cost for requirements, design and testing FY 11**

Administrative Analyst –	400 hrs @ \$24 (1 ½) per hr = <b>\$9,600</b>
Management Analyst Specialist II –	440 hrs @ \$23 per hr = <b>\$10,120</b>
Revenue Band Manager –	40 hrs @ \$30 per hr = <b>\$1,200</b>
	<b>Total = \$20,920</b>

**Cost for Personnel Services Bureau to update website and related forms for CCW information changes. FY 11:**

Administrative Analyst III –	40 hours @ \$22 per hr = <b>\$880</b>
2 Management Analysis Specialists I –	160 hours @ \$21 per hr = <b>\$3,360</b>
	<b>Total = \$ 4,240</b>

FY 2011 Costs:

Letters –

Initial 2 page notice to the approximately 91,000 CCW holders currently on file

$\$0.05$  per 2pg notice  $\times 91,000 = \$4,550$  (182,000 forms)

BLG:LR:OD (12/02)

ASSUMPTION (continued)

The Driver License Bureau estimates a 50% initial non-compliance rate due to applicants forgetting to submit, incorrect addresses on file, and other customer issues. Therefore, it is estimated DOR will send suspension notices with affidavit attached to approximately 45,500 CCW holders and a copy of the suspension notice as required by the proposed legislation to the sheriff agency as part of the initial affidavit request:

Cost for notice to CCW Holder:  $45,500 \times \$0.05 = \$2,275$  (91,000 forms)

Cost of copy of notice to Sheriff:  $45,500 \times \$0.025 = \$1,138$

The DOR estimates an approximate 75% rate of affidavit submission for compliance following suspension notice to CCW holders. Suspension would be removed and notice of CCW reinstatement would be sent to CCW holder and sheriff:

Cost of notice to CCW holder –  $34,125$  (75% of 45,500)  $\times \$0.025 = \$853$

Cost of copy of notice to sheriff –  $34,125$  (75% of 45,500)  $\times \$0.025 = \$853$

- Total cost for (all) letter generation initial affidavit request FY 2011: 386,750 (total pages as some forms are a 2 page form)  $\times \$0.025 = \$9,669$
- Total Cost for postage FY 2011 initial affidavit submission:  $\$0.44 \times 250,250$  (letters sent FY2011) = \$110,110
- Affidavit printing costs for an estimated 40,000 (black/white one sided) forms FY 11 = \$1,000
- Cost for printing temporary driving privilege and money receipt only documents for sheriff to use when applicant surrenders driver or nondriver license with CCW endorsement due to failure to submit affidavit. More money receipt only documents would be printed due to the higher volume of CCW endorsements on nondriver license documents.

Temporary Driving Privilege form –  $20,000 \times \$0.014 = \$280$  annually

Money Receipt Only form –  $40,000 \times \$0.01325 = \$530$  annually

FTE Cost FY11:

Estimated documents submitted during initial period 45,500 (initial compliance) + 31,125 (complied following suspension) = 76,625 affidavits to be entered by DLB staff.

Estimating a daily production rate of 360 per day for entering affidavits the DLB would need to request 1 additional Revenue Processing Technician for CCW affidavit processing.

ASSUMPTION (continued)

Based on an estimated production rate of 22,176 surrenders keyed annually, the DLB would need to request 3 new Revenue Processing Technicians to key document surrenders and returns related to the proposed changes.

Estimated number of driver license and nondriver license surrenders and returns required due to suspension and reinstatement 76,625.

1,848 estimated monthly production rate (standard of 11 surrenders per hour)

$1,848 \times 12 = 22,176$  surrenders keyed annually,  $76,625 / 22,176 = 3$  FTE.

OA–Information Technology

Driver License system – 1,440 FTE hours = \$38,160

Over The Counter – 50 Contractor hours x \$100/hour = \$5000

DOR notes there may be an increase in revenue due to the requirement for applicants to re-apply for a document without a concealed carry endorsement if suspended. The total number who may apply is unknown since many applicants obtain the nondriver for purposes of the concealed carry endorsement only and may not re-apply if concealed carry is suspended and they hold a valid driver license.

DOR assumes the total cost of the proposal to be \$345,515 in FY 2011, \$165,418 in FY 2012, and \$170,381 in FY 2013.

**Oversight** assumes the Department of Revenue's (DOR) costs of updating the DOR's website and related forms for CCW information changes could be absorbed within existing resources.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Revenue Processing Tech I positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Office of the State Public Defender (SPD)** assume increasing penalties on existing crimes, or creating new crimes, will require more SPD resources. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional appropriations for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases. SPD assumes a minimal unknown fiscal impact.

**Oversight** assumes the Office of the State Public Defender (SPD) could absorb the costs of the proposed legislation within existing resources. Oversight assumes any significant increase in the workload of the SPD would be reflected in future budget requests.

Officials from the **Boone County Sheriff's Department** assume revenues will be generated at the rate of the \$25.00 fee charged to those applicable under the legislation. Officials have no way to project the number of incidents in which this will occur; however, it is not expected to exceed more than \$200 to \$300 annually.

**Oversight** assumes the provisions in Section 571.103.7, that the sheriff shall charge a nonrefundable fee for processing the surrender of driver license or nondriver license, not to exceed twenty-five dollars, which shall be paid to treasury of the county to the credit of the sheriff's revolving fund, would have a fiscal impact on counties. Oversight assumes the revenues generated statewide to be Unknown.

**Officials from the Office of Prosecution Services, Buchanan County Sheriff's Department, Clark County Sheriff's Department, Jackson County Sheriff's Department, Platte County Sheriff's Department, St. Louis County Police Department, and the St. Louis County Sheriff's Department did not respond to Oversight's request for fiscal impact.**



<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Costs – Department of Revenue (DOR)</u>			
Personal Service	(\$77,868)	(\$96,245)	(\$99,132)
Personal Service – Overtime	(\$20,920)	\$0	\$0
Fringe Benefits	(\$45,696)	(\$50,471)	(\$51,985)
Equipment and Expense	(\$34,251)	(\$1,236)	(\$1,273)
Postage	(\$110,110)	\$0	\$0
OA–ITSD programming	(\$38,160)	\$0	\$0
Contract programming	<u>(\$5,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs – DOR</u>	<u>(\$332,005)</u>	<u>(\$147,952)</u>	<u>(\$152,390)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$332,005)</u></b>	<b><u>(\$147,952)</u></b>	<b><u>(\$152,390)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
<b>LOCAL GOVERNMENT</b>			
<u>Revenues – County Sheriff’s Revolving Fund</u>			
Driver license/nondriver license surrender fees	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

The proposed legislation changes the laws regarding concealed carry endorsements:

1. Increases from three years to five years the period of time from the date of issuance or renewal that a concealed carry endorsement is valid;
2. Increases the fee that a sheriff must charge for processing an endorsement renewal from not more than \$50 to not more than \$75; and
3. Requires an endorsement holder to submit an affidavit prior to January 1, 2011, and every three years thereafter, to the Department of Revenue (DOR) stating that he or she has reviewed the state laws regarding firearms and the justifiable use of force. If an affidavit is not returned by the required date, the DOR will suspend the endorsement, send notice to the holder, transmit a copy of the notice of suspension to the appropriate local sheriff so that the driver's or nondriver's license showing the concealed carry notation can be surrendered, and report the status change to the Missouri Uniform Law Enforcement System (MULES). For processing the surrender of a driver's or nondriver's license, the sheriff must charge a fee of up to \$25 which will be deposited to the credit of the sheriffs' revolving fund. If the department director reinstates an endorsement after the affidavit requirements have been fulfilled, he or she must return the license with the concealed carry notation and notify the appropriate sheriff that the endorsement has been reinstated. Anyone failing to surrender a driver's or nondriver's license with a concealed carry notation when the endorsement has been suspended will be guilty of a class C misdemeanor.

This legislation is not federally mandated and would not require additional capital improvements or rental space.

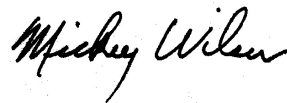
The legislation may duplicate provisions which require an affidavit similar to what applicants must currently affirm to upon application at their local sheriff or sheriff's designee for a new or renewal (currently every 3 years) concealed carry certificate that the applicant has received firearms safety training under section 571.101.

SOURCES OF INFORMATION

Office of State Courts Administrator  
Department of Revenue  
Department of Public Safety  
    – Missouri State Highway Patrol  
    – Director's Office  
Office of the Secretary of State  
Office of the State Public Defender  
Boone County Sheriff's Department  
St. Louis County Department of Justice Services

NOT RESPONDING

**Office of Prosecution Services**  
**Buchanan County Sheriff's Department**  
**Clark County Sheriff's Department**  
**Jackson County Sheriff's Department**  
**Platte County Sheriff's Department**  
**St. Louis County Police Department**  
**St. Louis County Sheriff's Department**



Mickey Wilson, CPA  
Director  
February 23, 2010