

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	HB 5601	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Agriculture & Natural Resources Appropriations Subcommittee, T. Williams and Van Zant	102 Y's	16 N's
COMPANION BILLS:	N/A	GOVERNOR'S ACTION: Approved	

SUMMARY ANALYSIS

HB 5601 passed the House on March 9, 2012, and subsequently passed the Senate on March 9, 2012.

The bill amends s. 790.06, F.S., to reduce the maximum fee allowable for a new license to carry a concealed weapon from \$85 to \$70, and a renewal license from \$70 to \$60. Because the actual fees charged are \$75 and \$65, respectively, the result is a \$5 reduction for both.

Qualified individuals applying for an initial license or a renewal license to carry a concealed weapon or firearm will see a reduction in the cost of the license, which may stimulate an increase in the demand for a license, and thus, could result in an increase in commercial firearm sales.

Although the fee reduction has a significant fiscal impact on state government revenues, the estimated cash balance of \$22.7 million for next fiscal year in the Division of Licensing Trust Fund is well able to absorb the reduction for many years when the reduction would be more than offset by very strong revenues deferred from prior years' new and renewal licenses, as well as future years' revenue.

The bill was approved by the Governor on April 20, 2012, ch. 2012-144, Laws of Florida. The effective date of this bill is July 1, 2012.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Current Situation

Section 790.06(5), F.S., specifies that the applicant for a license to carry a concealed weapon or firearm must submit to the department:

- A complete application described in s. 790.06(4), F.S.;
- A nonrefundable license fee not to exceed \$85, if he or she has not previously been issued a statewide license or a nonrefundable license fee not to exceed \$70 for renewal of a statewide license.
- A full set of fingerprints of the applicant administered by a law enforcement agency or the Division of Licensing of the Department of Agriculture and Consumer Services.
- A photocopy of a certificate or an affidavit or document showing that the applicant passed an approved firearm competency course or class; and
- A full frontal view color photograph of the applicant taken within the preceding 30 days.

Currently, the fees charged by the Department of Agriculture and Consumer Services are \$75 for a new license and \$65 for a renewal license. A \$42 background check is included in the total fee that new applicants and renewal applicants pay. All fees received are deposited in the Division of Licensing Trust Fund and as appropriated are used to administer the provisions of s. 790.06, F.S.

Section 493.6117, F.S. specifies that the unencumbered balance in the trust fund at the beginning of the year shall not exceed \$100,000, and any excess shall be transferred to the General Revenue Fund unallocated. Notwithstanding the provision in s. 493.6117, F.S., however, ss. 790.06(13), and 215.32(2)(b)4., F.S., state that all moneys collected [in the Division of Licensing Trust Fund] shall not revert to the General Revenue Fund.

The actual cash balance for last fiscal year ending June 30, 2011, was \$14.7 million. The cash balance for the current fiscal year is estimated to be \$20.4 million, and next fiscal year is estimated to be \$22.7 million. The cash balance includes deferred revenue because a license is valid for a period of 7 years from the date of issuance, that is, 86 percent of each dollar collected is not applied to cover expenditures until the subsequent 6 years of the license.

Effect of Proposed Changes

The bill amends s. 790.06, F.S., to reduce the maximum fee allowable for a new license from \$85 to \$70, and a renewal license from \$70 to \$60. Because the actual fees charged are \$75 and \$65, respectively, the result is a \$5 reduction for both.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

	FY 2012-13	FY 2013-14	FY 2014-15
Division of Licensing Trust Fund	(\$949,970)	(\$663,005)	(\$684,400)
General Revenue Fund	(\$37,999)	(\$26,520)	(\$27,376)
4% Service Charge			

The above revenue reductions in the Division of Licensing Trust Fund are based on projections of new applicants and existing licensees estimated to renew.

2. Expenditures:

According to the Department of Agriculture and Consumer Services, the \$5 reduction would have no impact on day-to-day operations; however, printed license application forms, pamphlets, website information, and downloadable forms would have to be revised to reflect the change.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Not applicable.

2. Expenditures:

Not applicable.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Qualified individuals applying for an initial license or a renewal license to carry a concealed weapon or firearm will see a reduction in the cost of the license.

The reduced fee to apply and receive a concealed weapon or firearm license may stimulate an increase in the demand for a license, which could result in an increase in commercial firearm sales.

D. FISCAL COMMENTS:

Concealed weapon renewal volume and the associated revenue are forecast to increase substantially for Fiscal Year 2015-16 through Fiscal Year 2017-18, as the first wave of 7-year licensees from 2008 and after renew their licenses. As a result of the \$5 decrease in fees, the reduction in estimated annual revenues would be \$1.2 million, \$1.4 million and \$1.3 million for Fiscal Years 2015-16, 2016-17, and 2017-18, respectively.

According to the Department of Agriculture and Consumer Services, the deferred revenue from a \$5 fee reduction would not be realized until subsequent years when the reduction would be more than offset by very strong revenues deferred from prior years' new and renewal licenses, as well as future year's revenue.