

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1999	FY 2000	FUTURE YEARS
Counties			
Revenues	Negligible gain	Negligible gain	Negligible gain
Expenditures	Negligible increase	Negligible increase	Negligible increase
Municipalities			
Revenues	Negligible gain	Negligible gain	Negligible gain
Expenditures	Negligible increase	Negligible increase	Negligible increase
Counties, municipalities, townships, and transit authorities (through the LGF, the LGRAF, and local sales taxes)			
Revenues	Up to \$8,750	Up to \$17,500	Up to \$17,500
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Counties and municipalities will experience criminal justice expenditure increases, as they will have to process new misdemeanor cases created for violating the bill's prohibitions. Additional court cost and fine revenue will be generated as well. The number of new criminal matters processed annually statewide, however, is likely to be small; thus the resulting expenditure and revenue effects on counties and municipalities statewide will likely be negligible.
- Counties, municipalities, townships, and transit authorities statewide will experience a relatively negligible increase in revenue generated through the LGF, LGRAF, county taxes, and transit taxes.

Detailed Fiscal Analysis

Provisions of the Bill

The bill requires handguns sold by federally licensed firearms dealers in Ohio to be sold with trigger lock devices. The buyer is not required to purchase a trigger lock device if the buyer already has a trigger lock that fits the purchased handgun. The bill creates new fourth-degree misdemeanor offenses that prohibit: (1) a federally licensed firearms dealer from selling a handgun without a trigger lock; and (2) a person from purchasing a handgun from a federally licensed dealer without a trigger lock. This offense is punishable by a jail stay of up to thirty days and a fine not to exceed \$250.

The bill also requires the Office of Criminal Justice Services to develop and distribute the following, free of charge, to all federally licensed firearms dealers in Ohio:

1. A placard summarizing state and federal laws regarding furnishing firearms to minors and the negligent storage of loaded firearms.
2. Notices summarizing state and federal laws regarding furnishing firearms to minors and the negligent storage of loaded firearms.

Federally licensed firearms dealers are required to display the placard under the bill, and also to provide the notices to purchasers of handguns. Failure to do so would result in the dealer being guilty of selling a firearm without providing proper notice, a misdemeanor of the fourth degree.

Sales of Firearms

Dealers. The provisions of the bill apply to federally licensed firearms dealers. The Bureau of Alcohol, Tobacco, and Firearms provided the following data describing the number of firearms dealers in Ohio as June 4, 1998, which is summarized below in Table 1.

Dealers	3,268
Pawnbrokers	156
Collectors	494
Manufacturers of ammunition	120
Manufacturers of firearms	50
Importers	16
Dealers in destructive devices	0
Manufacturers of destructive devices	4
Importers of destructive devices	0
Total	4,108

The Office of Criminal Justice Services would be responsible for providing placards to all dealers under this bill.

Handgun Sales. Prior to November 1998, the Attorney General's Office Bureau of Criminal Identification and Investigation (BCII) was responsible for performing background checks on prospective handgun buyers under the provisions of the Brady Law. In November 1998, the federal government assumed responsibility for these background checks.

The Office of the Attorney General (AGO) provided LBO with the number of background checks performed by BCII and the rejection rates for handgun purchases from 1994 through October 1998, as shown in Table 2 below.

Calendar Year	1994	1995	1996	1997	1998 (partial)
Number of applications	55,626	63,938	60,037	55,672	41,947
Number of rejections	360	291	327	478	374
Percent rejected	0.65%	0.46%	0.54%	0.86%	0.89%
Number accepted	55,266	63,647	59,710	55,194	41,573

LBO averaged the number of applications for the complete years from 1994 through 1997 to arrive at an estimate of the annual number of handgun purchases made in Ohio from federally licensed dealers. Based on the AGO data, we calculated that there were approximately 58,818 applications to purchase handguns annually in Ohio from federally licensed dealers, with an

average annual rejection rate of less than 1.0 percent (0.63 percent). Using those numbers, we estimated: (1) that there would be approximately 371 rejections annually (58,818 applications x .0063 rejection rate = 371 rejections); and (2) that there are approximately 58,447 handgun sales annually in Ohio from federally licensed dealers (58,818 applications - 371 rejections = 58,447 sales).

The number of handgun buyers who already possess approved trigger locks is unknown. For this analysis, LBO assumes that all handgun buyers will purchase trigger locks, which likely overestimates the amount of sales tax revenue to be generated for the state and local governments.

Research by LBO indicates that the average cost of a trigger lock is around \$18.50. If there are approximately 58,447 handguns sold annually by federally licensed dealers, then we estimate that an equal number of trigger locks will be sold, at an annual cost of \$1,081,270 (58,447 handgun sales x \$18.50 = \$1,081,270). As there is no way that this dollar amount can be estimated with that much precision, we have chosen to round our calculation to \$1,080,000 for purposes of this fiscal analysis.

Sales Tax Revenue. Additional purchases of trigger locks would result in sales tax revenue, as shown in Table 3 below. These estimates assume that each handgun purchase would result in a trigger lock purchase. As the bill does not require purchase of a trigger lock if the purchaser already possesses a suitable one, these figures overestimate the amount of tax revenue to be received under the provisions of the bill.

Table 3: Annual Sales Tax Revenue							
Trigger Lock Sales	State Tax	GRF	Annual Local Revenue				
			LGF	LGRAF	County Taxes	Transit Tax	Statewide Local Total
\$1,080,000	\$54,000	\$51,408	\$2,268	\$324	\$11,988	\$2,949	\$17,529

State Sales Tax Revenue. In Table 3, “Trigger Lock Sales” is the total estimated annual cost to consumers for purchasing mandatory trigger locks, exclusive of any applicable sales taxes. The 5.0 percent state sales tax on those purchases would generate \$54,000. The distribution of that state sales tax money would be as follows: the General Revenue Fund (GRF) receives 95.2 percent (\$51,408), the Local Government Fund (LGF) receives 4.2 percent (\$2,268), and the Local Government Revenue Assistance Fund (LGRAF) receives 0.6 percent (\$324).

Local Revenue. As the average county additional and permissive sales tax rate is 1.11 percent, county taxes in the above table are estimated to be 1.11 percent of the total \$1.08 million in estimated annual trigger lock purchases (\$11,988). Six transit authorities also levy a sales tax, at rates that are approximately 24.6 percent of the county additional and permissive sales tax collected (\$2,949). The statewide local total in the far right column of the above table (\$17,529) is the sum of the LGF, the LGRAF, county taxes, and transit taxes. It represents the maximum amount of local revenue we expect mandatory trigger lock purchases to generate annually.

Expenditures by CJS. The bill also requires the Office of Criminal Justice Services (CJS) to prepare placards and notices for all 4,108 federally licensed firearms dealers in Ohio. LBO assumes that one placard would be prepared for each of the 4,108 federally-licensed dealers, and

that notices would be printed for approximately 58,500 purchasers of handguns each year. It is LBO's best guess that the costs for these materials would be a few thousand dollars annually.

New Criminal Offenses. The bill creates three new misdemeanor offenses for selling handguns without trigger locks, for buying handguns without trigger locks, and for failure of a dealer to display and distribute the materials provided by CJS. Violation of any of these prohibitions constitutes a misdemeanor of the fourth degree, punishable by a jail stay of up to 30 days and a fine of up to \$250.

As the bill establishes three new offenses, conditions are created wherein annual criminal justice expenditures (law enforcement, prosecution, indigent defense, adjudication, and sanctioning) for counties and municipalities statewide will increase in order to process the violations of these prohibitions that will most certainly occur. We believe, however, that the number of those violations occurring annually will be very small, thus the effect on annual criminal justice spending for counties and municipalities statewide will be negligible. Convictions for violation of these prohibitions will also generate additional court cost and fine revenue for counties and municipalities statewide, but, as the number of cases is expected to be very small, the annual revenue gain is likely to be negligible.

When an individual is convicted of or pleads guilty to a misdemeanor offense, the court is generally required to collect an additional \$11 in court costs and then pay it into the state's GRF. Although never referred to expressly in any of its enactments, the General Assembly intended that these moneys were to be used to assist public defender offices. If, as we previously alluded, there are very few additional criminal cases created as a result of the bill, then the amount of additional GRF revenue to be generated annually will be extremely small.

When an individual is convicted of or pleads guilty to a misdemeanor offense, the court is generally required to collect an additional \$9 in court costs and then pay it into the Crime Victims Reparations Fund (Fund 402). If, as we previously alluded, there are very few additional criminal cases created as a result of the bill, then the amount of additional revenue to be generated annually for the Reparations Fund will be extremely small as well.

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