

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
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BILL: **Sub. H.B. 450** DATE: **December 17, 2008**

STATUS: **As Reported by Senate Judiciary--Criminal Justice** SPONSOR: **Rep. Goodwin**

LOCAL IMPACT STATEMENT REQUIRED: **No**

CONTENTS: **Underage purchase of a handgun, concealed carry law modifications, GI Promise policy codification, honorable discharge symbol on driver's license, City of Wauseon earmark modification**

## State Fiscal Highlights

| STATE FUND   | FY 2009 – FUTURE YEARS  |
|--|---|
| <b>General Revenue Fund (GRF)</b>                      |   |
| Revenues   | Potential negligible annual loss in locally collected state court costs |
| Expenditures   | - 0 -   |
| <b>Victims of Crime/Reparations Fund (Fund 4020)</b>   |   |
| Revenues   | Potential negligible annual loss in locally collected state court costs |
| Expenditures   | - 0 -   |
| <b>State Bureau of Motor Vehicles Fund (Fund 4W40)</b> |   |
| Revenues   | - 0 -   |
| Expenditures   | One-time programming costs of \$15,000 to change driver's licenses      |

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- **Court cost revenues.** The bill may result in slightly fewer misdemeanor handgun purchase violation convictions than might otherwise have occurred under current law, the practical state fiscal effect of which is that the state's GRF and Fund 4020 are likely to lose no more than a negligible amount of locally collected court cost revenues annually. For the purposes of this fiscal analysis, a negligible loss in state revenues means an estimated decrease of less than \$1,000 per year for either state fund.
- **State Bureau of Motor Vehicles Fund (Fund 4W40).** The bill requires the Bureau of Motor Vehicles (BMV) to place an honorable discharge symbol on a driver's license, commercial driver's license (CDL), or state identification card if a veteran who has received an honorable discharge presents the proper forms to the deputy registrar. According to the BMV, there would be one-time programming costs to alter the face of the driver's license if so requested. These costs would amount to approximately \$15,000 and would be funded from the State Bureau of Motor Vehicles Fund (Fund 4W40).



## *Local Fiscal Highlights*

|                                    |  |
|------------------------------------|--|
| <b>LOCAL GOVERNMENT</b>            | <b>FY 2009 – FUTURE YEARS</b>                                      |
| <b>Counties and Municipalities</b> |  |
| Revenues                           | Potential minimal annual loss in court costs and fines             |
| Expenditures                       | Potential minimal annual decrease in criminal justice system costs |

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

- **County and municipal criminal justice systems.** The potential local fiscal effects of the bill – the charging and prosecuting of fewer persons for handgun purchase violations – could be a decrease or savings in the affected county or municipal criminal justice system's annual operating expenses, as budgeted resources would not need to be expended for that purpose, and the loss of fine and court cost revenues that might otherwise have been collected from a person convicted of a handgun purchase violation. If, as LSC fiscal staff research suggests, such violations are currently infrequent or rare, then the likely local fiscal effect will be no more than minimal. For the purposes of this fiscal analysis, minimal in the context of county and municipal criminal justice systems means a change in revenues and/or expenditures estimated at no more than \$1,000 per year for any affected local criminal justice system.

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## *Detailed Fiscal Analysis*

### Overview

This fiscal analysis addresses the following topics contained in the bill.

- Underage handgun purchases.
- GI Promise.
- License fees for carrying a concealed handgun.
- Concealed carry license residency criterion.
- Honorable discharge symbol on driver's license or state identification card.
- City of Wauseon's Ohio Main Street Program earmark.

### Underage handgun purchases

Current law prohibits any person under age 21 from purchasing or attempting to purchase a handgun unless that person is a qualified law enforcement officer. A violator of this prohibition is guilty of "underage purchase of a handgun," a misdemeanor of the second degree. The bill carves out a second exception to that prohibition by permitting current members or honorably discharged members of the armed forces or the Ohio National Guard who are between the ages of 18 and 21 to purchase a handgun if the person has received firearms training.

As a result of the bill, it is possible that certain underage persons that might have been arrested, prosecuted in a county court or a municipal court, convicted, and subsequently sanctioned for attempting to purchase a handgun under current law will likely not be so arrested, prosecuted, convicted, and sanctioned. LSC fiscal staff's research into this matter suggests that the number of situations in which such a violation is committed by an underage member of the armed forces or the Ohio National Guard or an underage person honorably discharged from the armed forces or the Ohio National Guard is likely rare. In fact, staff of the Adjutant General's Department was unaware of any such violations having been committed by a member of the Ohio National Guard.

### Local fiscal effects

The potential local fiscal effect of the above-noted outcome – the charging and prosecuting of fewer persons for handgun purchase violations – could be a decrease or savings in the affected county or municipal criminal justice system's annual operating expenses, as budgeted resources would not need to be expended for that purpose. In addition, affected counties and municipalities may lose some mix of fine and court cost revenues that might otherwise have been collected from a person convicted of a handgun purchase violation. If, as LSC fiscal staff research suggests, such violations are currently infrequent or rare, then the likely local fiscal effect will be no more than minimal. For the purposes of this fiscal analysis, minimal in the context of county and municipal criminal justice systems means a change in revenues and/or

expenditures estimated at no more than \$1,000 per year for any affected local criminal justice system.

### **State fiscal effects**

In addition to any fines and local court costs imposed, those convicted of violating a misdemeanor generally must pay locally collected state court costs. State court costs for a misdemeanor conviction total \$24, of which \$9 is credited to the Victims of Crime/Reparations Fund (Fund 4020) and \$15 is credited to the GRF. As noted, the bill may result in slightly fewer misdemeanor handgun purchase violation convictions than might otherwise have occurred under current law, the practical state fiscal effect of which is that the GRF and Fund 4020 are likely to lose no more than a minimal amount of annual revenue. For the purposes of this fiscal analysis, a minimal loss in state revenues means an estimated decrease of less than \$1,000 per year for either state fund.

### **Potential indirect effects**

A potential indirect fiscal effect of the bill's underage purchase of a handgun provision probably merits a closing note. As a result of the bill, certain underage persons will be permitted to purchase a handgun. Such a purchase presumably includes the seller collecting the appropriate state and local sales tax revenue from the buyer. The magnitude of the resulting revenues that might be collected by the state or any given local taxing authority annually is uncertain.

### **Concealed carry license residency criterion**

The bill contains a provision clarifying the residency criterion for the issuance of a concealed carry license for persons who are absent from, or who are present in, the state in compliance with military or naval orders. This provision might result in fewer denials of license applications, or perhaps an increase in the number of new applications from service members whose uncertainty over residency issues may have deferred them from seeking a license. Either of these outcomes appears likely to be relatively small in number per year. If true, then the annual revenue and expenditure effects of this provision on the two primary governmental entities involved in the issuance of concealed carry licenses – the Attorney General's Bureau of Criminal Identification and Investigation (BCII) and county sheriffs – will be negligible.

### **GI Promise**

The bill grants Ohio student residency status to certain out-of-state veterans and their dependents who attend Ohio public institutions of higher education. Veterans must be honorably discharged after one or more years of active service or killed or missing in action. In addition, veterans or, if the veterans are deceased or missing, the veterans' dependents, must live in Ohio while they or their dependents are attending the Ohio institution. This provision codifies, with some changes to eligibility, an existing policy known as the "GI Promise." The GI Promise became effective in the fall of 2008 under Executive Order 2008-17S.

With student residency status, eligible veterans and dependents do not pay the out-of-state surcharge required by nearly every Ohio institution. In FY 2008, the average out-of-state surcharge at two-year institutions was approximately \$2,000 and at four-year institutions was

approximately \$3,500. Institutions forgo this tuition surcharge under both current policy and the bill's provision. On the other hand, to the extent the policy increases enrollments, tuition revenue also increases.

Undergraduate students who are considered Ohio residents are eligible for the State Share of Instruction (SSI) subsidy. The total SSI subsidy paid by the state is limited by the appropriation established by the General Assembly. Historically the distribution of this subsidy has been at least partially based on the full-time equivalent count of subsidy-eligible students at each institution. Institutions may, therefore, receive increased SSI subsidy payments in the future to compensate for students enrolled under this provision. As of November 2008, the Board of Regents was aware of approximately 20 students enrolled under the current GI Promise policy.

**License fees for carrying a concealed handgun**

The bill makes various changes to the fees charged to applicants for either a regular or a temporary emergency license to carry a concealed handgun. As of this writing, LSC fiscal staff has not had sufficient time to fully analyze the fiscal impact of these changes on the magnitude of the revenues that county sheriffs and the state's Bureau of Criminal Identification and Investigation (BCII) might otherwise have collected under current law and practice.

**Honorable discharge symbol on driver's license, CDL, or state identification card**

The bill requires the Bureau of Motor Vehicles (BMV) to place an honorable discharge symbol on a driver's license, commercial driver's license (CDL), or state identification card if a veteran who has received an honorable discharge presents the proper forms to the deputy registrar. According to the BMV, there would be one-time programming costs to alter the face of the driver's license if so requested. These costs would amount to approximately \$15,000 and would be funded from the State Bureau of Motor Vehicles Fund (Fund 4W40).

**City of Wauseon earmark modification**

The bill amends an earmark in Am. Sub. H.B. 119, the main operating appropriations act of the 127th General Assembly, that provided \$500,000 in FY 2008 to be used for the rebuilding and revitalization of downtown Wauseon, the county seat of Fulton County, following an April 2007 fire. The amendment allows any unspent portion of this earmarked amount encumbered for subsequent years to be used for related off-site infrastructure improvements.

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