



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 21, 2001

Joint Committee on Finance

Paper #561

Handgun Purchaser Record Check Fee (Justice)

[LFB 2001-03 Budget Summary: Page 438, #10]

CURRENT LAW

A person is generally prohibited from possessing a firearm if he or she: (a) has been convicted of a felony in Wisconsin or convicted of a crime elsewhere that would be a felony if committed in Wisconsin; (b) has been adjudicated delinquent for an act committed on or after April 21, 1994, that if committed by an adult in Wisconsin would be a felony; (c) has been found not guilty of a felony in Wisconsin (or an equivalent offense elsewhere) by reason of mental disease or defect; (d) has been involuntarily committed for treatment and is currently under a court order not to possess a firearm; (e) is currently subject to a domestic abuse or child abuse restraining order or injunction; or (f) is subject to a harassment injunction and is currently under a court order not to possess a firearm, based on evidence that the person may use a firearm to cause physical harm to another or endanger public safety. A person meeting one of these criteria who possesses a firearm is guilty of a Class E felony.

When a firearms dealer sells a handgun, he or she may not transfer possession of that handgun until: (a) the gun purchaser has provided photographic identification to the firearms dealer and the dealer has inspected the identification; (b) the gun purchaser has completed the notification form that provides information on the purchaser's name, date of birth, gender, race and social security number to allow the Department of Justice (DOJ) to perform an accurate record search; (c) the dealer has provided the information to DOJ and requested a firearms restrictions record search; and (d) 48 hours have lapsed, subject to an extension under certain circumstances, and DOJ has not notified the dealer that the transfer would be a violation of state law. An \$8 handgun purchaser record check fee is assessed on firearms dealers (who may pass the charge on to the purchaser) for each background check. Revenues from the fee are provided to DOJ for the cost of operating the record check program. In calendar year 2000, DOJ processed 32,320 handgun purchaser record checks.

Current law limits the extent to which a state agency may incur liabilities and expenditures under program revenue appropriations to the unexpended balance of the appropriation, plus the value of accounts receivable and inventory. In the event an agency spends more than this amount, the agency is required to submit to the Department of Administration (DOA) a plan to provide sufficient resources to pay for the excess expenditures. If DOA approves the plan or a modified plan, DOA must forward the proposed plan to the Joint Committee on Finance, for review and approval under a 14-day passive review process.

GOVERNOR

Increase the handgun purchaser record check fee from \$8 to \$12.

DISCUSSION POINTS

1. The handgun hotline program revenue appropriation has been building an increasingly large deficit in successive fiscal years. The appropriation ended with a deficit of: (a) \$288,700 in 1997-98; (b) \$341,800 in 1998-99; and (c) \$413,400 in 1999-00. This appropriation is projected to end with a deficit of \$529,200 in 2000-01.

2. The Department of Justice has submitted plans as part of each of its last three biennial budget requests to increase the handgun purchaser record check fee to eliminate the deficit. The administration did not, however, propose raising the fee prior to 2001 SB 55. The fee was not raised, in part, because of uncertainties concerning a federal law, effective November 30, 1998, requiring long gun purchaser background checks and whether DOJ or the Federal Bureau of Investigation should conduct these long gun checks. At this time, the FBI is conducting the long gun checks at no cost to the requester.

3. In its 2001-03 biennial budget request, DOJ requested to increase the handgun purchaser record check fee from \$8 to \$16, effective October 1, 2001. The Department estimated that, with this increase, the deficit would be eliminated by the end of 2003-04.

4. The adjusted base for this appropriation is \$381,200 PR and 8.0 PR positions. Funding under the bill would be \$369,400 PR annually. If the current \$8 record check fee was maintained, the handgun hotline program revenue appropriation would be projected to end the 2001-03 biennium with a deficit of \$785,000 PR.

5. The Governor recommends increasing the handgun purchaser record check fee from \$8 to \$12 to begin to reduce the deficit in the handgun hotline appropriation. Under the Governor's recommendation, it is estimated that the appropriation would end the 2001-03 biennium with a deficit of \$544,900 and would end the 2003-05 biennium with a deficit of \$536,700. This assumes that the projected number of handgun hotline transactions in 2000-01 would remain constant through the next two biennia, and also assumes that the 2002-03 expenditure and reserve costs would remain constant through the 2003-05 biennium.

6. Applying the same assumptions, if the fee was increased to \$16, the appropriation would end the 2001-03 biennium with a projected deficit of \$304,800 and would end the 2003-05 biennium with a projected deficit of \$22,200. Finally, if the fee was increased to \$17, the appropriation would end the 2001-03 biennium with a projected deficit of \$244,800 and would end the 2003-05 biennium with a projected positive balance of \$106,400.

ALTERNATIVES TO BASE

1. Approve the Governor’s recommendation to increase the handgun purchaser record check fee from \$8 to \$12.

Alternative 1	PR
2001-03 REVENUE (Change to Base)	\$240,100
<i>[Change to Bill]</i>	<i>\$0]</i>

2. Increase the handgun purchaser record check fee from \$8 to \$16.

Alternative 2	PR
2001-03 REVENUE (Change to Base)	\$480,200
<i>[Change to Bill]</i>	<i>\$240,100]</i>

3. Increase the handgun purchaser record check fee from \$8 to \$17.

Alternative 3	PR
2001-03 REVENUE (Change to Base)	\$540,200
<i>[Change to Bill]</i>	<i>\$300,100]</i>

4. Maintain current law.

Alternative 4	PR
2001-03 REVENUE (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>- \$240,100]</i>

Prepared by: Paul Onsager