

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 348 - 3**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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**Measure Description:**

Repeals and modifies sections of Ballot Measure 114 (2022) including modifying the process for a person to apply for a permit to purchase a firearm through their local law enforcement agency, with permits valid for a five-year period.

**Government Unit(s) Affected:**

Department of Justice, Cities, Counties, Criminal Justice Commission, Department of Corrections, Department of State Police, District Attorneys, Judicial Department, Oregon Youth Authority, Public Defense Services Commission

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Department of State Police</b>		
<b>General Fund</b>		
Personal Services	\$1,437,965	\$0
Services and Supplies	\$1,909,309	\$0
<b>Total General Fund</b>	<b>\$3,347,274</b>	<b>\$0</b>
<b>Other Funds</b>		
Personal Services	\$4,313,894	\$5,089,659
Services and Supplies	\$5,727,926	\$5,327,234
<b>Total Other Funds</b>	<b>\$10,041,820</b>	<b>\$10,416,893</b>
<b>Total Fiscal Impact</b>	<b>\$13,389,094</b>	<b>\$10,416,893</b>
<i>Total Positions</i>	33	29
<i>Total FTE</i>	33.00	29.00

**Analysis:**

The measure repeals and modifies sections of Ballot Measure 114 (2022) including modifying the process for a person to apply for a permit to purchase a firearm through their local law enforcement agency, with permits valid for a five-year period. Permit applicants must show proof of completing a firearm safety course as described by the measure. The measure outlines the process for the permit application, including the permit agent entering the applicants name through the Law Enforcement Data System, and for the Department of State Police to conduct a criminal background check, including fingerprint identification, through state and Federal Bureau of Investigation databases. If the application is qualified through the background check process, the permit agents have up to 60 days after receiving an application to issue the permit. The measure increases the fee a permit agent may charge for this initial application process from \$65 to \$150 and increases the fee for permit renewal from \$50 to \$110. For both new and renewal applications, the permit agent may only charge \$48 for the background check conducted by Oregon State Police (OSP).

The measure allows 72 hours to elapse before a firearm is transferred and creates a Class A misdemeanor for transfers that occur without a valid permit to purchase, under certain circumstances. The measure expands circumstances when a person may be charged with the crime of failing to comply with requirements for transferring a firearm or transferring a firearm at a gun show, occurring on or after July 1, 2024, which is a Class A misdemeanor or Class B felony for prior related convictions.

In addition, the measure creates an affirmative defense for unlawful possession, use, or transfer of a large-capacity magazine if a person has permanently and voluntarily relinquished the large-capacity magazine to law enforcement, or specified program, prior to the commencement of prosecution. The measure authorizes OSP to develop a system, as deemed necessary, for removal of specified information upon proof of sale or transfer of a firearm and specifies circumstances when a valid permit is not required for a firearm purchase from a gun dealer for transfers occurring on or after July 1, 2024.

Finally, the measure provides that any action challenging the legality, including the constitutionality, of this measure must be commenced in the Circuit Court for Marion County. The provisions for a permit holder who is under the age of 21 are operative July 1, 2026, and the measure declares an emergency and is effective upon passage.

#### Oregon State Police (OSP)

In estimating the fiscal impact, OSP reports that the new Permit-to Purchase (PTP) program differs enough from the existing Firearms Instant Check System (FICS) program in several significant aspects, and that the agency will need to create a new standalone unit. To address the expected workload, the agency anticipates the need for 15 permanent and four limited duration Public Service Representative 4 positions, four Office Specialist 2 positions, two Operation and Policy Analyst 3 positions, two Business Operations Supervisor 1 positions, a Compliance and Regulatory Supervisor 2, an Accountant 2, and one Information Systems Specialist 7 to make up the PTP program. This unit will be responsible for processing the background checks, producing the required annual reports, and implement and support the required database. Additionally, OSP anticipates that the Automated Biometric Identification System unit will need three additional permanent Fingerprint Technicians to perform the required fingerprint-based checks that are required. The personal services costs for these 33 positions (33.00 FTE) are anticipated to be \$5.8 million in total funds.

Additionally, OSP estimates \$7.7 million in services and supplies, including \$495,000 in position-related costs, \$292,234 in development and distribution of the quadruplicate forms used by permit agents, attorney general costs, and \$3.25 million of anticipated expenses related to the required database. OSP reports that the majority of the database costs are one-time in the 2023-25, with an estimated \$600,000 in biennial costs for ongoing maintenance and hosting.

OSP reports that the \$48 maximum fee that the Department can receive for background checks on PTP applications and renewals will only cover the costs of the fingerprint criminal background check and not the administrative costs for processing the permits. Based on the prior 12 months of data of individuals purchasing a firearm through the FICS process, OSP notes there could be as many as 300,000 PTP applications in the 2023-25 biennium. Based on that assumption, the fiscal impact assumes the program's fee revenue will be able to cover a majority of the costs in 2023-25 and be entirely fee-revenue supported in 2025-27.

However, LFO notes that the number of potential applicants for a permit is indeterminate. OSP cannot predict the cash flow for the PTP program, and if passage of the measure would result in a significant early surge of applicants that initially builds up fee revenue but that tapers off into relatively few per year, or if the applicant requests remain lower but relatively steady over time. In either scenario, there may not be enough fee revenue to support the program given that permits are valid for five years, in which case General Fund may be required.

### Cities and Counties

The fiscal impact for cities and counties is indeterminate. With the requirement of local law enforcement entities acting as the permit agents, depending on the volume of applicants in the respective city or county, those entities may need to develop and implement a permit application program which would require additional staffing and resources that would be paid for with the permit application and renewal fees received.

### Oregon Judicial Department (OJD) and Public Defense Services Commission (PDSC)

The fiscal impact for OJD and PDSC is indeterminate. The new crime created by the measure and the elevation of the specified misdemeanor crime may result in higher public defense and court costs. PDSC and OJD are unable to estimate the impact of the measure at this time, but the measure is anticipated to increase costs once actual caseloads are identified.

### Other Entities

There is a minimal fiscal impact to the Department of Justice and District Attorneys. There is no fiscal impact to the Department of Corrections, Oregon Youth Authority, or Criminal Justice Commission.

This measure requires a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.