



Fiscal Note 2021 Biennium

Bill # HB0646

Title: Provide tax credit for purchase of a gun safe

Primary Sponsor: Olsen, Andrea

Status: As Introduced

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| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	FY 2020 Difference	FY 2021 Difference	FY 2022 Difference	FY 2023 Difference
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$435,300)	(\$435,300)	(\$435,300)
Net Impact-General Fund Balance:	\$0	(\$435,300)	(\$435,300)	(\$435,300)

Description of fiscal impact: HB 646 creates a refundable income tax credit for the purchase of a qualified firearm safe. The proposed refundable income tax credit would reduce general fund revenue by \$435,300 each fiscal year, starting in FY 2021.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

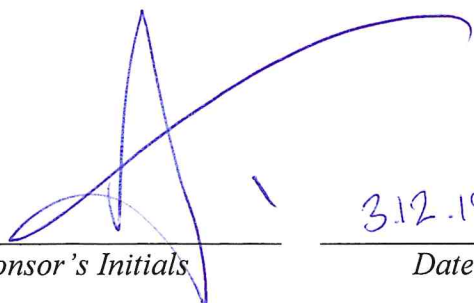
1. HB 646 creates a refundable income tax credit for taxpayers who purchase a qualified firearm safe during the tax year. The credit is equal to the purchase price of the safe. The credit is limited to \$300 for each tax year.
2. The credit is first available for purchases made in tax year 2020.
3. Based on the General Social Survey (GSS), approximately 34.3% of adults in the Mountain region, which includes Montana, reported owning a firearm during the calendar years 2014 through 2016. It is assumed that 34.3% of households in Montana own at least one firearm.
4. The U.S. Census Bureau, American Community Survey (ACS) one-year estimates, show that there were 423,091 households in Montana in CY 2017.
5. Based on the number of households reported in the ACS, and the share of households with firearms in the GSS, it is assumed that 145,120 (423,091 * 0.343) households in Montana own at least one firearm.
6. It is assumed that 1% of firearm owning households would purchase a gun safe that qualifies for the credit each year. That is approximately 1,451 qualified firearm safes purchased each year.

7. It is assumed that each taxpayer claiming the tax credit will claim the entire \$300 credit. That would result in \$435,300 worth of credits claimed each tax year.
8. The credit is refundable. It is assumed that all the credits will be claimed. The claims would start in TY 2020.
9. It is unlikely that individuals will change their withholding, or estimated payments, as a result of this credit.
10. The proposed credit will reduce the income tax liability of taxpayers when they file their taxes, starting in FY 2021. This will reduce general fund revenue by \$435,300 each fiscal year, starting FY 2021.
11. The department does not expect to incur any significant costs because of the proposed bill.

Fiscal Impact:	FY 2020 Difference	FY 2021 Difference	FY 2022 Difference	FY 2023 Difference
Department of Revenue				
FTE	0.00	0.00	0.00	0.00
Expenditures:				
TOTAL Expenditures	\$0	\$0	\$0	\$0
Funding of Expenditures:				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
Revenues:				
General Fund (01)	\$0	(\$435,300)	(\$435,300)	(\$435,300)
TOTAL Revenues	\$0	(\$435,300)	(\$435,300)	(\$435,300)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	\$0	(\$435,300)	(\$435,300)	(\$435,300)

Technical Notes:

1. It is not clear if the \$300 limit for the credit applies to each purchase or each taxpayer.

 <hr/> Sponsor's Initials	3.12.19 <hr/> Date	TL <hr/> Budget Director's Initials	3/9/19 <hr/> Date
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