



Fiscal Note 2023 Biennium

Bill # HB0409

Title: Provide tax credit for purchase of a firearm safe

Primary Sponsor: Olsen, Andrea

Status: As Introduced

- Significant Local Gov Impact
- Needs to be included in HB 2
- Technical Concerns
- Included in the Executive Budget
- Significant Long-Term Impacts
- Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$2,481,300)	(\$2,481,300)	(\$2,481,300)
Net Impact-General Fund Balance:	\$0	(\$2,481,300)	(\$2,481,300)	(\$2,481,300)

Description of fiscal impact: HB 409 creates a refundable income tax credit for the purchase of a qualified firearm safe during the tax year.

FISCAL ANALYSIS

Assumptions:

1. HB 409 creates a refundable income tax credit for the purchase of a qualified firearm safe during the tax year. The credit is equal to the purchase price of the safe up to a maximum of \$300 per taxpayer per year.
2. The credit is first available for purchases made in TY 2022.
3. In previous years, it was assumed that 34.3% of households in Montana owned at least one firearm. This estimate was based on the General Social Survey's estimate for states in the mountain region for 2014 through 2016. In 2020, the RAND Corporation released state specific estimates using data from several sources. The Montana estimates of household firearm ownership between 2010 and 2016 was approximately 63%.
4. According to the U.S. Census Bureau's American Community Survey (ACS) one-year estimates, there were approximately 437,650 households in Montana in CY 2019.
5. Based on # 3 and #4 above, it is estimated that 275,720 (437,650 x 63%) Montana household's own firearms.
6. It is assumed that 2% of firearm owning households would purchase a gun safe that qualifies for the credit each year or 5,514 (275,720 x 2%) qualified firearm safes.

Fiscal Note Request – As Introduced

(continued)

7. It is assumed that for married households, each taxpayer would be able to claim a \$300 credit. If half the households claiming the credit are single and half are married, the average credit claimed would be \$450.
8. 5,514 qualified gun safe purchases at \$450 in credits for each purchase results in \$2,481,300 (5,514 x \$450) in credits claimed each year.
9. It is assumed that individuals will not change their withholding, or estimated payments, due to this credit.
10. The credit created by HB 409 is refundable. It is assumed that all the credits will be claimed each tax year starting in TY 2022 leading to a reduction in income tax liability when they file their taxes, starting in FY 2023. This is a reduction in general fund revenue of \$2,481,300 each fiscal year.

DOR Expenses

11. The changes made by HB 409 can be made as part of the department’s annual change process. The department does not expect to incur any significant additional costs because of this bill.

<u>Fiscal Impact:</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Department of Revenue	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	(\$2,481,300)	(\$2,481,300)	(\$2,481,300)
TOTAL Revenues	<u>\$0</u>	<u>(\$2,481,300)</u>	<u>(\$2,481,300)</u>	<u>(\$2,481,300)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$2,481,300)	(\$2,481,300)	(\$2,481,300)

Sponsor's Initials

Date

Budget Director's Initials

Date