

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 247** HLS 23RS 664
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2023 6:59 PM	Author: LANDRY
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Income Tax Credits: Gun Safety Devices	

TAX/INCOME-INDIV/CREDIT EN -\$500,000 GF RV See Note Page 1 of 1
 Establishes a tax credit for purchases of firearm safety devices

Proposed law allows a nonrefundable income tax credit for 100% of the purchase price of eligible firearm safety devices defined as safes, gun safes, gun cases, lock boxes, or other devices designed to lock and store firearms. Proposed law caps the maximum amount of credits claimed in any taxable year at \$500,000 and one credit per year up to \$500 per taxpayer, and treats any claims above that amount as if they were applied for in following year. Credits that are unused due to insufficient tax liability may be carried forward for five years.

Effective upon governor's signature, and applicable to taxable periods beginning on or after January 1, 2023. Proposed law terminates allowable claims of the credit during any taxable year beginning after December 31, 2027.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,500,000)

EXPENDITURE EXPLANATION

The Dept. of Revenue is anticipated to incur minor costs in additional staff time to modify and test tax systems to accommodate the additional deduction. The cost is estimated at \$26,000 of staff time.

REVENUE EXPLANATION

Proposed law establishes a nonrefundable income tax credit for certain firearm safety devices, including safes, lock boxes, and other devices designed for secure storage. The value of the proposed credit is the equal to the value of the purchase, up to \$500, with no more than one credit allowed per taxpayer per year. Proposed law terminates the credit after Tax Year 2027, however returns for that year will be received in FY28 and affect collections in that year as well. The carryforward period of up to five years for filers with insufficient tax liability to exhaust the credit appears to result in credits potentially applying to LA taxable income until tax-filing occurs for Tax Year 2032 (FY 2033).

Proposed law additionally provides a maximum total amount of credits that may be claimed per year, resulting in a maximum general fund exposure of \$500,000 per year. Achieving this maximum exposure would require approximately 1,000 purchases at or near the \$500 maximum per year.

LFO does not have sufficient information to estimate a likely volume of eligible purchases, but proposed law provides eligibility retroactively to January 1, 2023. Additionally, LFO notes that the bill has no requirement for eligible purchases to be made in-state or in-person, or for the equipment to be stored or used in-state.

Multiple states have recently enacted various tax credits or exemptions for various firearm safety device purchases, however data on the effects of such legislation and data on typical purchases of such items is unavailable. For informational purposes, the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) reports approximately 55 Louisiana incidents where approximately 255 firearms were reported as stolen or lost in 2021. ATF additionally reports a population of approximately 150,000 registered firearms in the state, although this figure likely significantly understates the number of actual firearms owned in the state. Additionally, a 2020 study by the RAND Corporation estimated that approximately 53% of households owned at least one firearm.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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