

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 211** HLS 25RS 491
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Department of Revenue **Analyst:** Noah O'Dell
Subject: Revisions to the Firearm Safety Device Income Tax Credit

TAX CREDITS EG DECREASE GF RV See Note Page 1 of 1
 Modifies the definition of "eligible transaction" for purposes of the firearm safety device purchase tax credit

Current law authorizes 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. The transactions are limited to those with a federal licensed dealer. The maximum amount of credits claimed in any taxable year is limited to \$500,000 and each taxpayer is limited to one credit per year up to \$500. Credits that are unused due to insufficient tax liability may be carried forward for up to five years. No credits may be claimed for taxable years after 2027.

Proposed law removes the requirement for taxpayers to perform an eligible transaction with a federally licensed dealer and replaces it with the stipulation that a taxpayer must purchase one or more firearm safety devices from a dealer who is required to collect Louisiana sales and use tax on the sale. Proposed law otherwise retains current law. This change would apply to taxable periods beginning on or after January 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total				\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill is anticipated to decrease SGF revenue by an indeterminable amount beginning in FY26 when 2025 returns are filed. Taxpayers will be able to claim the firearm safety device credit on a broader range of eligible transactions with dealers who do not hold a federal license as long as Louisiana state sales and use tax is paid on the transaction. The maximum number of credits that may be issued each year remains limited to \$500,000 and each taxpayer remains limited to one credit of no more than \$500.

According to the 2024-2025 Tax Exemption Budget, LDR reports revenue loss of \$38,000 in FY24 associated with 88 claimants for the credit. LFO has no basis for estimating the exact increase in the number of transactions and corresponding transaction amounts. Given that transactions with more dealers are eligible for the credit, it stands to reason that claims by taxpayers will likely increase, resulting in a decrease in SGF revenue.

The bill makes no changes to the sunset for the credit. Currently, no credits may be claimed on transactions taking place after tax year 2027. This fiscal note assumes all credits are claimed by FY28. To the extent taxpayers carryforward unused tax liability for up to 5 years, the exact timing of the credits claimed and corresponding SGF revenue loss may extend beyond the fiscal note horizon.

Note: The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

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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