

Department of Planning and Budget
2024 Session Fiscal Impact Statement
Revised 2/2/2024

1. Bill Number: HB1181

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Laufer

3. Committee: Committee on Public Safety

4. Title: Virginia Gun Violence Intervention and Prevention Grant Program and Fund; firearm and ammunition tax.

5. Summary: Establishes the Virginia Gun Violence Intervention and Prevention Grant Program (the Program) and redirects funds from the Virginia Gun Violence Intervention and Prevention Fund (the Fund) to support such program. The bill requires the Program be administered by the Department of Criminal Justice Services (DCJS) to distribute grants to localities and organizations for the purpose of improving public health and safety by supporting effective violence reduction initiatives in communities that are disproportionately impacted by violence, particularly homicides, shootings, and aggravated assaults. The bill provides that funds may also be used to finance the hiring of counselors in public elementary and secondary schools and research initiatives that have the objective of reducing gun violence. The bill provides that DCJS shall issue grants on a competitive basis. As a condition of receiving a grant, a locality or organization must commit a cash or in-kind contribution equivalent to the amount of the grant, with waivers allowed for good cause, and report on its progress toward achieving the grant's objectives. The bill requires DCJS to provide public access to such reports.

The bill imposes a 5 percent tax on the sale of any firearm or ammunition, with all revenue from the tax accruing to the Fund. Under the bill, firearm and ammunition sales to state or local agencies or law-enforcement officers are exempt from such tax.

6. Budget Amendment Necessary: Yes, Item 258

7. Fiscal Impact Estimates: Preliminary (see Item 8 below).

8. Fiscal Implications: According to DCJS, any fiscal impact to the agency is expected to be minimal or offset by new revenue from the proposed firearm and ammunition tax.

The fiscal impact statement is being revised to reflect new information received from the Department of Taxation (Department).

The legislation would impose, in addition to any sales tax that may apply, a five percent tax on the sales price of any firearm or ammunition a seller sells at any event required to be registered as a gun show or by a dealer. The bill would exempt sales of any firearm or ammunition to a state or local agency or a law enforcement officer for use in the normal course of his employment. The bill would require that the tax be collected by the dealer or seller at the time of sale and remitted to the Department.

According to the Department, the agency estimates it would incur costs of approximately \$850,000 (one-time) in the first year of this bill's implementation to administer the provisions requiring the collection of the new Firearm and Ammunition Tax. Specifically for compliance, customer service, and tax processing, the bill would necessitate updating forms and systems and communicating content and notices to taxpayers.

The proposal provides that all revenue from the new tax be allocated to the Virginia Gun Violence Intervention and Prevention Fund. However, the Department indicates that at this time, the positive revenue impact on state revenues is unknown.

9. Specific Agency or Political Subdivisions Affected: Department of Taxation, Department of Criminal Justice Services, local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: None.