



Fiscal Note 2027 Biennium

Bill#/Title: SB0531.01: Provide tax credit for purchase of a firearm safe

Primary Sponsor: Andrea Olsen Status: As Introduced

Included in the Executive Budget Needs to be included in HB 2 Significant Local Gov Impact

Significant Long-Term Impacts Technical Concerns Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	(\$425,700)	(\$851,400)	(\$1,277,100)
Net Impact	<u>\$0</u>	<u>(\$425,700)</u>	<u>(\$851,400)</u>	<u>(\$1,277,100)</u>
General Fund Balance				

Description of fiscal impact

SB 531 creates a refundable income tax credit for the purchase of a qualified firearm safe. The proposed credit will reduce general fund revenue by \$425,700 in FY 2027, \$851,400 in FY 2028 and \$1,277,100 in FY 2029.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. SB 531 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 a maximum of \$300 for each taxpayer each tax year.
2. The credit is first available for purchases made in tax year (TY) 2026.
3. According to the RAND corporation's 2020 state-level estimates of household firearm ownership, the average household firearm ownership rate in Montana between 2010 and 2016 was approximately 63%, with a decrease to about 60% by 2016.
4. It is assumed that 60% of households in Montana will own at least one firearm in TY 2026, 2027 and 2028.
5. According to the U.S. Census Bureau's American Community Survey (ACS) one-year estimates, there were nearly 473,000 households in the state in CY 2023.
6. This estimate uses 473,000 households as the basis of the estimate for TY 2026, 2027 and 2028.
7. With 60% of households assumed to own at least one firearm, and 473,000 households, it is estimated that 283,800 households in the state will own at least one firearm.
8. Using an assumption of a purchase rate of 1% of households every year results in 2,838 (283,800 X 1%) qualified firearm safes each year.
9. It is assumed that for married households, each taxpayer would be able to claim a \$300 credit. It is assumed that half the households claiming the credit will be single and claim \$300 in credits, while the other half will

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(continued)

- be married and will claim \$600 in credits. With half the households claiming \$300 in credits and the other half claiming \$600, it is assumed that the average credit claimed will be \$450.
10. With 2,838 in qualified gun safe purchases, and \$450 in credits claimed for each purchase, there will be \$1,277,100 (2,838 X \$450) in potential credits each year.
 11. It is assumed that it will take several years before all taxpayers become aware of the credit and have the documentation necessary to claim the credit with a third of potential credits claimed the first year the credit is available followed by two-thirds by the second year. By the third year, all the potential credits will be claimed each year.
 12. With this assumed phase-in of credits, \$425,700 credits would be claimed in TY 2026, \$851,400 in TY 2027 and \$1,277,100 in TY 2028.
 13. The credit is not sufficiently large enough to cause a shift in withholding or estimated payments. With no changes to withholdings, or estimated payments, the proposed credit will reduce the income tax liability of taxpayers when they file their taxes, starting in FY 2027.
 14. SB 531 is estimated to reduce general fund revenue by \$425,700 in FY 2027, \$851,400 in FY 2028 and \$1,277,100 in FY 2029.
 15. The department does not expect to incur any significant costs as a result of SB 531.

Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
General Fund (01)	____ \$0	____ (\$425,700)	____ (\$851,400)	____ (\$1,277,100)
TOTAL Revenues	____ \$0	____ (\$425,700)	____ (\$851,400)	____ (\$1,277,100)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	____ \$0	____ (\$425,700)	____ (\$851,400)	____ (\$1,277,100)

NO SPONSOR SIGNATURE

Sponsor's Initials

3/3
Date



Budget Director's Initials

3/3/2025
Date