

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 19, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB313 by Huffman (Relating to a sales and use tax exemption for firearm safety equipment.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for SB313, As Passed 2nd House : a negative impact of (\$1,650,000) through the biennium ending August 31, 2023.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$770,000)
2023	(\$880,000)
2024	(\$930,000)
2025	(\$980,000)
2026	(\$1,040,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Tax Reduc. & Excell. Edu. Fund 305	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities
2022	(\$770,000)	(\$30,000)	(\$150,000)	(\$50,000)
2023	(\$880,000)	(\$30,000)	(\$170,000)	(\$60,000)
2024	(\$930,000)	(\$30,000)	(\$180,000)	(\$60,000)
2025	(\$980,000)	(\$40,000)	(\$190,000)	(\$60,000)
2026	(\$1,040,000)	(\$40,000)	(\$200,000)	(\$70,000)

<i>Fiscal Year</i>	Probable Revenue (Loss) from Counties & Special Districts
2022	(\$30,000)
2023	(\$40,000)
2024	(\$40,000)
2025	(\$40,000)
2026	(\$40,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code by adding Section 151.3131 to provide an exemption of firearm safety equipment from sales and use taxes.

The new section would define "firearm safety equipment" to include a gun lock box, a gun safe, a barrel lock, a trigger lock, firearm safety training manual or electronic publication, and other items designed to ensure the safe handling or storage of a firearm.

The bill would take effect September 1, 2021.

Methodology

The Comptroller estimated tax revenue loss resulting from the bill based on information from a sample of firearms dealers. A ratio of sales of firearms safety devices to total sales of firearms dealers was applied to estimated sales of firearms, ammunition, and related accessories in the state, multiplied by the state sales tax rate, and extrapolated through 2026.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, LBO, KK, SD