



OLR RESEARCH REPORT

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SPECIAL TAXES ON GUNS, AMMUNITION, AND GUN SHOWS

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You asked whether any states levy a special tax on guns, ammunition, gun-related items, or gun shows and dedicate the revenue to specific purposes.

SUMMARY

We located three states, Alabama, Pennsylvania, and Tennessee, that impose special taxes on gun or ammunition purchasers or dealers. Pennsylvania and Tennessee dedicate the revenue these taxes generate to background checks and wildlife resource management, respectively. In addition, Cook County, Illinois recently enacted a new \$25 tax that applies to all firearm purchases in the county. We did not locate any states that impose special taxes on other gun-related items or gun shows.

ALABAMA LICENSE TAX ON FIREARM AND AMMUNITION DEALERS

Alabama imposes a “license tax” on firearm and ammunition dealers that varies according to the population of the municipality in which the dealer operates. The tax ranges from (1) \$100 to \$150 for dealers that sell pistols, revolvers, silencers, or certain knives and weapons and (2) \$3 to \$25 for dealers that sell shotguns, rifles, or ammunition. Licensed

rolling (i.e., mobile) stores that sell shotguns, rifles, or ammunition must pay a \$5 license tax to the state and county in which they operate (Ala.Code 1975 §§ 40-12-143 and 40-12-158).

PENNSYLVANIA FIREARMS SURCHARGE

Pennsylvania imposes a \$3 sales tax surcharge on firearms subject to the sales tax and deposits the revenue in the Firearms Instant Record Check Fund (Pa Stat. Ann. 18 § 6111.2). The fund covers the cost of running the state's instant check system, which provides firearm dealers and county sheriffs information about whether an individual is eligible to acquire a firearm or a license to carry one.

In addition, the legislature has considered proposals establishing similar funding mechanisms. In 2009, it considered a bill adding a 1% sales tax on firearm sales and depositing the revenue in the Violence Reduction Fund, which the bill created. The fund would have been used by the state police to help local police departments run violence reduction programs (HB 1545). In 2008, the legislature considered requiring manufacturers to encode ammunition and imposing a 5¢ per round tax on the retail sale of such ammunition (HB 2228). The revenue from the tax would have been deposited in the Encoded Ammunition Database, which the bill created.

TENNESSEE AMMUNITION TAX

Tennessee imposes a 10¢ special privilege tax on people and organizations that buy, sell, distribute, store, receive, possess, or use shotgun shells or metallic cartridges. The tax is in addition to all other applicable taxes and the revenue it generates is deposited in the state's Wildlife Resources Fund. It applies to individual containers of center-fire ammunition (i.e., a cartridge with a primer located in the center of the cartridge case head), shot gun shells, and rim-fired ammunition (i.e., ammunition with an extended and widened percussion cap, allowing the gun's firing pin to ignite the gun by striking the cartridge's rim instead of the cartridge's center) (Tenn. Code Ann. § 70-3-101).

COOK COUNTY, ILLINOIS FIREARM TAX

Cook County, Illinois recently enacted a \$25 tax on each firearm sold in the county. The tax, which is effective April 1, 2013, applies to all firearms sold in the county, except those sold to (1) federal, state, or municipal agencies, including the U.S. Armed Forces and National Guard; (2) bona fide veterans organizations that receive firearms directly from the U.S. Armed Forces and use them solely for ceremonial purposes

with blank ammunition; or (3) active sworn law enforcement officers for official purposes. Purchasers must pay the tax at the time of the sale and dealers must remit it to the county's Department of Revenue (Cook County, IL Ord. 12-O-64).

In addition, the Illinois legislature considered a bill in 2011 that would have imposed a 2% sales tax surcharge on firearm ammunition to fund grants to trauma centers in high crime areas for medical emergency responses (HB 5167).

RP/JR:ro