



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0854.01: Provide income tax credit for firearm suppressors

Primary Sponsor: Lukas Schubert 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</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>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	(\$182,000)	(\$182,000)	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>(\$182,000)</u>	<u>(\$182,000)</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 854 creates a refundable income tax credit for the purchase of a firearm suppressor tax stamp. The proposed credit will reduce general fund revenue by \$182,000 in FY 2027 and 2028.

### FISCAL ANALYSIS

#### Assumptions

1. HB 854 creates a refundable income tax credit for the purchase of a firearm suppressor tax stamp. The credit is equal to the lesser of the cost of the firearm suppressor tax stamp or \$50 per taxpayer claiming the credit.
2. The credit is available in tax years (TY) 2026 and 2027.
3. The credit is available to resident and nonresident taxpayers.
4. The cost of a firearm suppressor tax stamp is set by the National Firearms Act at \$200.
5. With a stamp cost of \$200, it is assumed that each taxpayer claiming a credit for each tax stamp will be able to claim the entire \$50 tax credit.
6. According to the U.S. Alcohol, Tobacco, Firearms and Explosives "Firearms Commerce in the United States: Annual Statistical Update" there were 25,409 purchased and registered suppressors in Montana during 2021. This is an increase from the 17,001 reported in 2020, 13,635 in 2019, 11,337 in 2018, 13,471 in 2017 and 7,928 in 2016.
7. The average annual increase in registered suppressors each year between 2016 and 2021 was approximately 3,500.
8. The credit for the suppressor tax stamp is available to residents and nonresidents. If nonresidents purchase a suppressor, then their purchase may not be included in the count for Montana.
9. In TY 2023, nonresident and partial-year resident returns comprised 15.5% of total income tax returns received. It is assumed that the total number of qualifying tax stamp purchases will be 15.5% above the 3,500 tax stamp purchases in the state.

10. With 3,500 Montana tax stamp purchases, and 15.5% additional out of state purchases, it is assumed that 4,043 qualified tax stamps will be purchased in TY 2026 and TY 2027.
11. The credit is limited to \$50 per taxpayer. However, some taxpayers may purchase more than one tax stamp each year. It is assumed that 10% of tax stamp purchases will be a multiple tax stamp purchase for the year and cannot be claimed as an additional credit.
12. With 4,043 tax stamp purchases, and 10% assumed to be a multiple stamp purchase, it is assumed that 3,640 (4,043 X 0.9) credits will be claimed each tax year.
13. With 3,640 suppressor tax stamp credits claimed each year, and a \$50 income tax credit for each stamp purchase, the total number of tax credits claimed for 2026 and 2027 are assumed to be \$182,000 (3,640 X \$50).
14. It is assumed that taxpayers will not change their withholding or estimated payments as a result of the credit.
15. With no changes in withholding or estimated payments, the proposed credit would reduce general fund revenue by \$182,000 in FY 2027 and FY 2028.
16. The changes made by HB 854 can be made as part of the Department of Revenue's annual change process. The department does not expect to incur any significant costs because of this bill.

**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>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
<b><u>Funding of Expenditures</u></b>				
<b><u>Revenues</u></b>				
General Fund (01)	\$0	(\$182,000)	(\$182,000)	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>(\$182,000)</u>	<u>(\$182,000)</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	<u>\$0</u>	<u>(\$182,000)</u>	<u>(\$182,000)</u>	<u>\$0</u>

LS  
Sponsor's Initials

3/27/2025  
Date

  
Budget Director's Initials

3/27/2025  
Date