

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 441 (Delegate Rice, *et al.*)
 Ways and Means

Assault Weapon Tax

This bill imposes a 10% tax on the sale of specified assault weapons and provides that 80% of the revenues be used for State aid to local school systems and 20% be used for victim services. The bill also provides for the payment, collection, and administration of the tax, including the filing of specified assault weapon tax returns.

The Secretary of the State Police must assess the impact that the tax has on the sale of assault weapons in the State and report the findings to the Governor and the presiding officers of the General Assembly by December 31, 2008.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: State special fund revenues and expenditures could increase by \$406,500 in FY 2008 and \$494,100 by FY 2012. Future years reflect a 5% annual increase in assault weapon sales. One-time general fund expenditure increase of \$187,200 in FY 2008 for computer programming.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$406,500	\$426,800	\$448,200	\$470,600	\$494,100
GF Expenditure	187,200	0	0	0	0
SF Expenditure	406,500	426,800	448,200	470,600	494,100
Net Effect	(\$187,200)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: State aid to local school systems could increase by \$325,200 in FY 2008 and \$395,300 by FY 2012. No effect on expenditures.

Small Business Effect: Minimal.

Analysis

Bill Summary: An assault weapon is defined as any of the following firearms, copies, or duplicates in any caliber of the firearms, know as: • Norinco, Mitchell, and Poly Technologies Avtomat Kalashnikovs; • Action Arms Israeli Military Industries Uzi and Galil; • Baretta AR-70 (SC-70); • Colt AR-15; • Fabrique Nationale FN/FAL, FN/LAR, and FNC; • SWD M-10, M-11, M-11/9, and M-12; • Steyr Aug; • Intratec TEC-9, TEC-DC9, and TEC 22; or • any revolving shotgun, including the Street Sweeper and Striker 12.

Current Law: There is no State assault weapons tax. The federal government imposes an excise tax on the sale of firearms and ammunition. The federal tax rate is 10% of the sales price for pistols and revolvers, and 11% of the sales price for long guns (rifles and shotguns) and ammunition (shells and cartridges).

Background: A federal assault weapons ban took effect on September 13, 1994. The ban prohibited the manufacture, transfer, or possession of 19 specific models of semiautomatic weapons, and their copies, as well as weapons that have a combination of certain military characteristics, such as large capacity ammunition magazines, flash suppressors, pistol grips on a rifle or shotgun, and barrel shrouds to cool gun barrels during multiround firings. The federal ban also applied to the manufacture and sale of ammunition magazines capable of holding more than 10 rounds. The ban did not extend to weapons and magazines that were manufactured before the ban.

The federal ban terminated on September 13, 2004, but most of the specific models previously banned remain subject to the State's restrictions on the transfer and possession of "regulated firearms" as discussed below.

The State regulates the transfer and possession of 45 specific semiautomatic assault weapons, and their copies, in the same manner as handguns, both of which are defined together as regulated firearms. Before a person purchases, rents, or transfers a regulated firearm in the State, the person must submit to the Maryland State Police or other designated law enforcement agency a firearm application that identifies the applicant and the firearm that is the subject of the transaction. Applications are investigated by the Maryland State Police and are subject to a seven-day waiting period before the transaction may take place.

An applicant for a regulated firearm must be at least 21 years old; have never been convicted of a felony, crime of violence, or misdemeanor that carries a penalty of more than two years' imprisonment; and must not be addicted to drugs or alcohol or have a history of mental disorder. An applicant is required to complete a certified firearms safety course through the Police Training Commission. An application may be denied by the Secretary of State Police if the Secretary determines that the application contained false information or was not properly completed or if the Secretary receives notice from a physician that the applicant suffers from a mental disorder and is a danger to the applicant or others.

Maryland bans the sale and possession of "assault pistols," defined as 15 specific semiautomatic pistols, and their copies. The State also maintains a registration system for the possession of machine guns (fully automatic weapons). The possession or use of a machine gun for an offensive or aggressive purpose is a crime.

In Maryland, a proposed ban on assault weapons was introduced each session of the 2003-2006 term in response to the lifting of the federal assault weapons ban and a notorious crime spree in the Washington area by snipers. In April 2006, the mayors of several large cities nationwide called for stricter gun laws, including the reenactment of the federal ban on assault weapons.

The Maryland State Police indicate that there are currently 19,889 assault weapons registered in Maryland.

State Revenues: State special fund revenues could increase by approximately \$406,500 in fiscal 2008, after the deduction for the 0.5% vendor credit, based on following facts and assumptions:

- the Maryland State Police indicates that 1,783 assault weapons were sold in Maryland in 2005 and 2,108 were sold in 2006;
- the two-year average of weapons sold is 1,946;
- the average price per weapon sold is \$2,000;
- sales will increase by 5% annually.

Persons filing a timely assault weapon tax return are entitled to a credit of 0.5% of the gross amount of the tax collected.

It is important to note that the estimate assumes that all weapons purchased in Maryland would be subject to the new tax. However, to the extent that it includes weapons not

subject to the tax and if the actual price differs from the average, the revenue estimate would vary accordingly.

For purposes of this estimate, sales refer to “nondenied weapon purchase applications”; these are weapons that are determined not to be stolen, and no other issue or problem was found in the pre-sale background check that would prohibit the sale of the assault weapon. However, this does not mean that information could not be found later that would void the purchase, leading to seizure of the weapon.

State Expenditures: The Comptroller’s Office indicates that for administrative purposes this tax would be treated differently than the current sales and use tax due to difference in reporting requirements, and as such, significant computer programming changes would be needed, including changes to the SMART integrated tax system. As a result, the Comptroller’s Office would incur a one-time general fund expenditure of \$187,200 in fiscal 2008 to make the necessary computer programming changes to collect and administer the assault weapons tax.

Special fund expenditures for State aid to local school systems would increase by \$325,200 in fiscal 2008 and \$395,300 by fiscal 2012. Special fund expenditures for victim services would increase by \$81,300 in fiscal 2008 and \$98,800 by 2012.

Local Fiscal Effect: State aid to local school systems could increase by \$325,200 in fiscal 2008 and \$395,300 by fiscal 2012. Local expenditures would not be affected.

Additional Information

Prior Introductions: This bill is similar to SB 927 of 2004; the bill was assigned to the Senate Rules Committee, but no further action was taken on the bill.

Cross File: None.

Information Source(s): Comptroller’s Office, Maryland State Police, Department of Legislative Services

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