

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 655

(Senator Carter)

Budget and Taxation

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Income Tax - Credit for Firearm Safety Devices

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This bill establishes a refundable credit against the State income tax for the amount paid by an individual to purchase a firearm safety device during the tax year, not to exceed \$250. To claim the credit, an individual must submit proof of payment of the purchase price for the firearm safety device. An individual may claim the credit only once per tax year. **The bill takes effect July 1, 2023, and applies to tax year 2023 and beyond.**

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Fiscal Summary

**State Effect:** General fund revenues decrease, potentially significantly, beginning in FY 2024, as discussed below. General fund expenditures for the Comptroller's Office increase by \$63,000 in FY 2024 only.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** "Firearm safety device" means any device that (1) when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device and is designed to prevent the operation of the firearm by anyone not having access to the device or (2) is a safe, gun safe, gun case, lock box, or other device that is designed to be or can be used to store a firearm and that is designed to be unlocked only by means of a key, combination, or other similar means.

**Current Law:** No similar State income tax credit exists.

State law prohibits a firearms dealer from selling, offering for sale, renting, or transferring a handgun manufactured on or before December 31, 2002, unless the handgun is sold, offered for sale, rented, or transferred with an external safety lock. In addition, a firearms dealer may not sell, offer for sale, rent, or transfer a handgun manufactured on or after January 1, 2003, unless the handgun has an integrated mechanical safety device.

**State Revenues:** General fund revenues decrease, potentially significantly, beginning in fiscal 2024 due to credits claimed against the State income tax. The amount of the decrease depends on the number of firearm safety devices purchased annually and the price of each device. Though the precise effect on State revenues cannot be reliably estimated at this time, based on an analysis of similar legislation in other states, general fund revenue reductions may exceed \$8.0 million annually.

**State Expenditures:** Based on analyses of similar legislation, it is estimated that general fund expenditures for the Comptroller's Office may increase by \$63,000 in fiscal 2024 for one-time changes to the Comptroller's tax systems necessary to implement the State income tax credit established under the bill.

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### **Additional Information**

**Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 773 of 2022.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2023  
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