



RACIAL EQUITY IMPACT NOTE

DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND ▪ GENERAL ▪ ASSEMBLY

2026 Session
HB0197

Comprehensive Community Safety Funding Act

Bill Summary

The bill establishes an 11% excise tax on the gross receipts from the sale of firearms, firearm accessories, or ammunition in the State by a federally licensed firearms dealer located both within the State and specified dealers outside the State. The bill requires specified distributions of the revenue from the excise tax.

Racial Equity Impact Statement

Evidence from government and academic sources suggests that the excise tax imposed by the bill would be passed on to consumers in whole or in part. As such, the tax may disproportionately affect lower-income households and, by extension, communities of color to the extent the tax is passed on to consumers. Any equity benefits realized from programs receiving funding from the tax are indirect and may not offset the more immediate effects of the tax. Detailed demographic data that would allow for a precise assessment of how the excise tax may influence racial and socioeconomic disparities are not available. Additional data regarding the racial and ethnic distribution of firearm owners, firearm-related crimes, injuries, or related trauma, as well as additional information about federally licensed firearms dealers in Maryland, would be necessary to evaluate the bill's specific impacts.

Analysis

Under the bill, the excise tax applies to (1) a retail sale made on or after July 1, 2027, by a federally licensed firearms dealer that is a large retailer and (2) a retail sale made by any other federally licensed firearms dealer on or after July 1, 2028. The bill provides for several exemptions and exclusions from the tax.

Revenue from the firearm excise tax must be distributed as follows:

- 26% to the Maryland Violence Intervention and Prevention Program Fund;
- 26% to the Center for Firearm Violence Prevention and Intervention within the Maryland Department of Health;
- 20% to the Coordinated Community Supports Partnership Fund;
- 20% to the Survivors of Homicide Victims Grant Program within the Governor’s Office of Crime Prevention and Policy;
- 4% to the Maryland Trauma Physician Services Fund; and
- 4% to the R Adams Cowley Shock Trauma Center at the University of Maryland Medical System.

The federal government imposes an excise tax on firearms and ammunition at a rate of 10% on the manufacturer’s price of pistols and revolvers and 11% on the manufacturer’s price of other portable weapons (*e.g.*, rifles and shotguns) and ammunition. Federal law is enforced by the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of Treasury.

The 6% Maryland sales and use tax applies to the sale of firearms, ammunition, and firearm accessories. According to the Bureau of Alcohol, Tobacco, Firearms, and Explosives, in 2025, there were approximately 750 dealers with federal firearms licenses in the State.

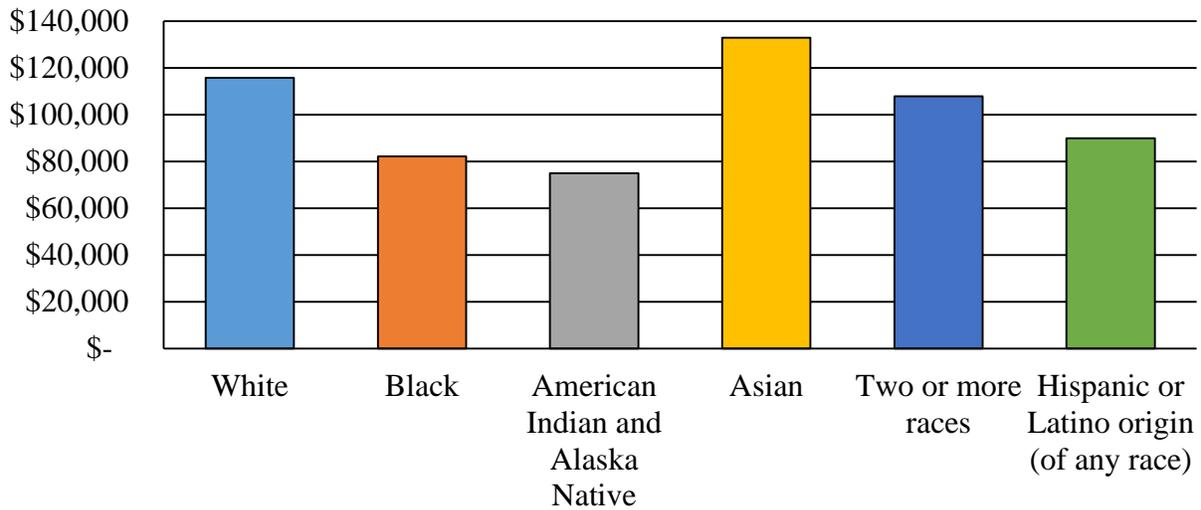
California and Colorado have enacted firearm-related excise taxes. California imposes an 11% excise tax on gross receipts from retail sales of firearms, firearm precursor parts, and ammunition. Colorado enacted a 6.5% excise tax on retail sales of firearms and ammunition, which became effective April 1, 2025.

Impacts of the Bill

According to the Congressional Research Service and research from both government and academic sources, excise taxes imposed on sellers may be passed through to consumers, depending on market conditions, competition, and demand elasticity. In situations where sellers do pass through the tax to buyers, excise taxes are considered regressive, meaning that households with lower incomes pay a larger share of their income in excise tax-related price increases than households with higher incomes.

As shown in **Exhibit 1**, if the excise tax proposed in the bill is passed through to buyers of firearms and firearm accessories, purchasers in certain minority groups will likely be affected the most as they have lower median household incomes when compared to white households. Any regressive tax places a heavier financial burden on lower-income households, which in Maryland are disproportionately Black, Hispanic, and American Indian/Alaska Native households. Accordingly, any increase in the prices of items covered by the bill would raise the financial barriers to purchasing lawful firearms and firearm-related accessories. Data is not available to determine the demographic makeup of firearm and firearm accessory purchasers, an important metric for determining the scale of the impact on various groups.

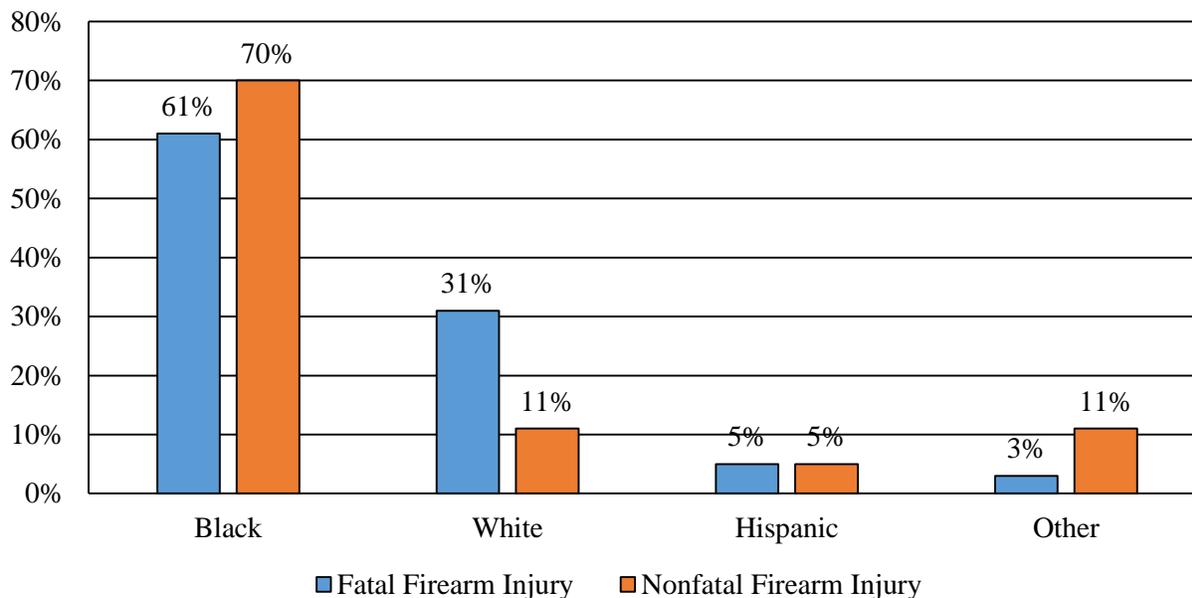
Exhibit 1
Maryland Median Household Income by Race and Ethnicity
2024



Source: U.S. Census Bureau; Department of Legislative Services

The bill requires revenue from the 11% firearm excise tax to be distributed to several special funds and programs. Investments in gun violence prevention and support services may help to reduce racial disparities in health and safety outcomes if the funds are directed to communities that have historically experienced higher rates of firearm-related violence and trauma. Black Marylanders are overwhelmingly affected by gun violence as compared to other demographic groups. **Exhibit 2** shows fatal and nonfatal firearm-related incidents in Maryland as reported from hospital visits statewide between 2022 and 2024. During the time period, Black individuals accounted for 61% of fatal injuries and 70% of nonfatal injuries. However, no data is currently available to estimate how the allocation of revenue to the funds under the bill may affect the racial disparities associated with firearm injuries or deaths in the State.

Exhibit 2
Maryland Firearm-related Injuries
2022-2024



Note: Percentages may not total 100% due to rounding.

Source: Maryland Department of Health

Conclusion

Household income in Maryland is stratified by race and ethnicity. Black, Hispanic, and American Indian/Alaska Native households generally have lower incomes than white households. To the extent the firearm excise tax imposed by the bill is passed through to consumers, the tax may place a larger financial burden on lower-income households and, by extension, households of color. However, revenue from the tax may go to support programs that aim to reduce inequities through gun violence prevention and related services. This would positively affect all communities, but particularly Black communities that are disproportionately victimized by gun violence. Accordingly, the bill's overall impacts on minority groups in the State are likely mixed. Additional historical and comprehensive data would be needed to fully assess the bill's impacts, including data on the racial and ethnic distribution of firearm ownership, use, possession, crimes, and related trauma, as well as additional information about federally licensed firearms dealers.

Information Sources: U.S. Census Bureau; Congressional Research Service; Maryland Department of Health; Department of Legislative Services

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Appendix – Maryland Demographics

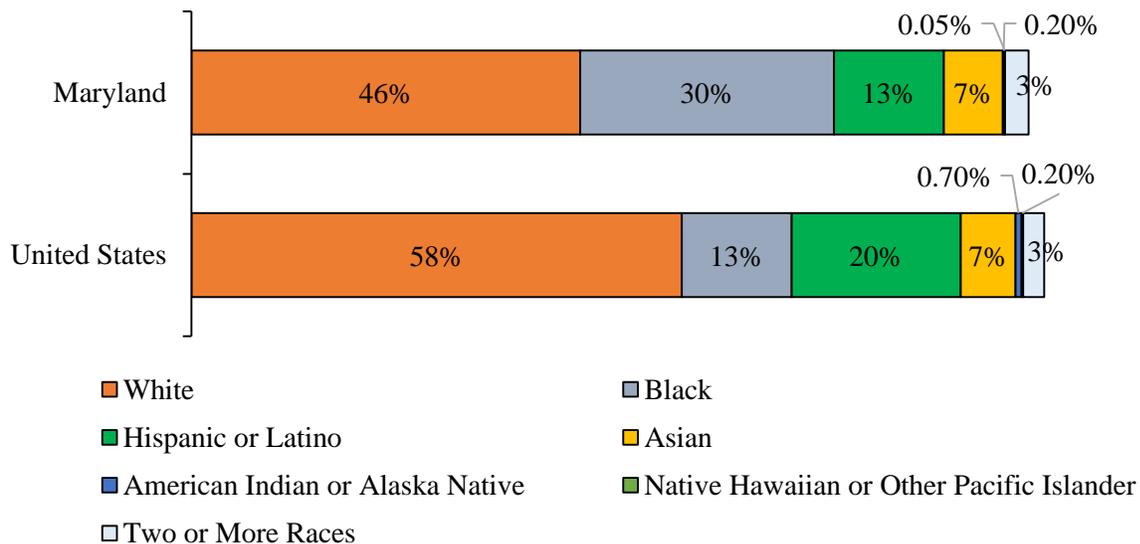
Race and Ethnicity of the Maryland Population

Maryland’s 2020 census population is 6,177,244, a 7% increase from the 2010 census count and approximately 2% higher than the 2019 census population estimates. Maryland remains one of the most racially and ethnically diverse states in the nation and is ranked as the fourth most diverse state by the U.S. Census Bureau’s [Diversity Index](#). While no single racial or ethnic group constitutes a majority, racial minorities as a group constitute a majority of the State’s population. This diversity underpins the analytical framework used in racial equity impact notes (REIN), which seek to identify potential disparities that may be exacerbated or created by proposed criminal justice legislation.

Methodology Update

Beginning in 2025, REIN will use annual population estimates from the U.S. Census Bureau’s Population Estimates Program (PEP) as the basis for disparity and disproportionality calculations. This methodological update reflects best practices in demographic analysis, as PEP data incorporate births, deaths, and migration to provide the most current population counts between censuses. Although the estimates are more temporally responsive, they do not materially change the proportionate racial and ethnic breakdown observed in the 2020 census. Instead, they conservatively reflect population changes since 2020 while preserving the overall demographic composition of the State.

**U.S. and Maryland Population by Race and Ethnicity
2024 Population Estimates**



Note: Percentages do not total 100% due to rounding.

Source: U.S. Census Bureau