

Gun Business Tax Policy Checklist

- Clear explanation of tax purpose
 - Document the economic cost of gun violence in-state
 - Document funding shortfalls for programs that will receive revenue from the tax
 - Establish a rational basis for taxation based on this gap

- Tax is applied to businesses, not consumers
 - Policy must be levied on manufacturers, wholesalers, or retail sellers
 - Clarify that the policy is a revenue measure and not a regulatory restriction on firearm ownership

- Clearly defined tax base
 - Choose a clear taxing mechanism, which can be one or multiple of the following dependent on your funding needs:
 - % of gross receipts
 - % of wholesale value
 - Flat per-firearm tax
 - Per-round ammunition tax
 - Tiered or progressive model
 - Ensure rate is moderated
 - Set a defensible rate under historical precedent (typically under 11% on firearms sales) to avoid “prohibitive tax” claims

- Revenue modeling
 - Provide an estimated projected annual revenue or range based on seasonally adjusted firearms sales trends
 - Ensure tax base can credibly meet the gap through this modeling
 -  Reach out to Guns Down America for support on revenue modeling!

- Explicit earmarking of funds and quantified allocation
 - Be specific, avoiding vague language or allocations. For example:
 - Percent allocations by fund type (40% CVI, 40% victims services, 10% mental health, 10% veterans support)
 - Establish through an existing state infrastructure
 - Revenues going to existing programs helps build voter and legislator confidence
 - Included detailed use of categories
 - Establish a separate statutory fund to ensure revenue is protected and properly allocated
 - Consider adding reporting requirements or criteria to increase accountability

- Clear plans for oversight
 - Include reporting requirements and compliance penalties for non-reporting retailers
 - Define what departments are responsible for enforcement and how it will be conducted

- Additional considerations
 - Small business exemptions can help reduce the revenue impact on smaller retailers
 - Low-income community exemptions can prevent the tax from making firearms purchase prohibitive if this is a concern
 - Consider excluding law enforcement sales to prevent additional tax burden
 - Product language
 - Firearm: Use this language instead of “gun” or “rifle”
 - Ammunition: Use this language instead of “ammo” or “projectiles”