



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1128: INCOME TAX CREDIT FOR FIREARM SAFETY DEVICE

Prime Sponsors:

Rep. Espenosa, Armagost
Sen. Mullica

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Published for: House Finance

Drafting number: LLS 25-0660

Version: First Revised Note

Date: February 24, 2025

Fiscal note status: The fiscal note reflects introduced bill, as amended by the House State, Civic, Military, and Veterans Affairs Committee.

Summary Information

Overview. For tax years 2027 and 2028 only, the bill creates a state income tax credit for the purchase of a firearm safety device.

Types of impacts. The bill is projected to affect the following areas from FY 2026-27 through FY 2028-29.

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue (General Fund)	\$0	-\$250,000	-\$500,000	-\$250,000
State Expenditures (General Fund)	\$0	\$0	\$31,347	\$10,747
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	-\$250,000	not estimated	not estimated
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

For income tax years 2027 and 2028, the bill creates a state income tax credit for the purchase of a firearm safety device, such as a gun safe, gun case, lock box, or another locking device designed to store a firearm. The firearm safety device must be purchased from a federally licensed dealer.

The amount of the credit is equal to the purchase price of the firearm safety device, up to \$200 per tax year. The income tax credit is nonrefundable, but may be carried forward for a period of five income tax years.

The maximum amount of credits that can be claimed in an income tax year is \$500,000. Credits are allocated on a first-come, first-served basis.

Assumptions

Based on available data on gun ownership and sales in Colorado, as well as data on statewide gun safety practices and the current price range of gun safes, the fiscal note assumes that the full amount available for the tax credit will be claimed each tax year, with 2,500 taxpayers claiming \$200 each. Should the average price of eligible firearm safety devices be lower than assumed, the population of taxpayers claiming the credit will be higher, as will the expenditures required to administer the tax credit.

State Revenue

Based on the assumption above, the bill is expected to decrease General Fund revenue by \$250,000 in FY 2026-27, a half-year impact, by \$500,000 in FY 2027-28, and by \$250,000 in FY 2028-29, a final half-year impact.

State Expenditures

The bill increases state expenditures in the Department of Revenue by \$31,347 in FY 2027-28 and \$10,747 in FY 2028-29. These costs, paid from the General Fund, are summarized in Table 2 and discussed below.

**Table 2
State Expenditures
Department of Revenue**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Computer Programming and Testing	\$0	\$0	\$20,092	\$0
Data Analysis and Reporting	\$0	\$0	\$8,778	\$8,702
Document Management	\$0	\$0	\$2,477	\$2,045
Total Costs	\$0	\$0	\$31,347	\$10,747
Total FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Computer Programming and Testing

This bill requires expenditures of \$20,092 to program, test, and update database fields in the Department of Revenue's GenTax software system. Programming costs are estimated at \$13,905, representing 60 hours of contract programming at a rate of \$231.75 per hour. Costs for development and testing in support of GenTax programming are \$4,235, representing 121 hours at a rate of \$35 per hour, and \$1,952 for 61 hours of user acceptance testing at a rate of \$32 per hour.

Data Analysis and Reporting

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$8,778 in FY 2027-28 and a similar amount in FY 2028-29, representing 231 hours for data management and reporting at \$38 per hour.

Document Management

The bill is estimated to require \$2,477 in FY 2027-28 and \$2,045 in FY 2028-29 to update tax forms and process paper returns, based on the taxpayer population estimated in the fiscal note. These costs occur in the Department of Personnel and Administration and are paid using reappropriated DOR funds.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

Technical Note

The fiscal note assumes that the definition of “first-come, first-served basis,” and the order in which credits are to be allowed, will be clarified. If administrative procedures are not clarified, the Department of Revenue will have additional workload costs.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Personnel

State Auditor

Revenue