

HB24-1349: Firearms and Ammunition Tax

Placed on the ballot by the legislature • Passes with a majority vote

1 **Proposition __, if approved, would:**

- 2 • create a new 6.5 percent state tax on firearms dealers, firearms manufacturers,
3 and ammunition vendors, and exempt this money from the state’s revenue
4 limit as a voter-approved revenue change; and
- 5 • use the new tax revenue to fund crime victim support services, veterans’
6 mental health services, the behavioral health crisis response system, and
7 school security programs.

8 **What Your Vote Means**

9 **YES**

10 A “yes” vote on Proposition __ creates a
11 new tax on the retail sales of firearms,
12 firearm parts, and ammunition, with this
13 revenue used for crime victim services,
14 mental health, and school security
15 programs.

16 **NO**

17 A “no” vote on Proposition __ means the
18 state will not create the tax or collect
19 money from it.

20 **Summary and Analysis of Proposition __**

21 **Why is this measure on the ballot?**

22 The Colorado Constitution requires voter approval of new taxes. This measure, referred by
23 the state legislature, asks voters to tax retail sales of firearms, firearm parts, and ammunition.

24 **How are firearms currently taxed?**

25 Since 1919, the federal government has levied an excise tax on retail sales of firearms and
26 ammunition by firearms and ammunition manufacturers and importers. This federal tax is
27 currently 10.0 percent for handguns, and 11.0 percent for all other firearms and all
28 ammunition. This tax applies to retail sales in Colorado. The federal government uses the tax
29 revenue to fund wildlife conservation efforts to maintain game populations impacted by
30 hunting, and for conservation-related research, technical assistance, hunter safety, and
31 hunter education. In Colorado, retail sales of firearms and ammunition are also subject to
32 state and local sales taxes that apply to most goods.

1 **What firearm products are subject to the new tax, if approved?**

2 The 6.5 percent tax applies to retail sales of the following by vendors and manufacturers:

- 3 • firearms that are working or that can be made to work;
- 4 • certain firearms parts, components, and accessories, and parts that may be used to
- 5 construct a firearm;
- 6 • devices used for manufacturing a firearm; and
- 7 • ammunition and ammunition components.

8 **Who pays the new tax?**

9 Firearms dealers, firearms manufacturers, and ammunition vendors are responsible for

10 paying the new tax based on their sales. Vendors with annual sales of less than \$20,000 are

11 exempt from the tax. Retail sales to law enforcement officers, law enforcement agencies, and

12 active duty military members are also exempt from the tax. Private sales between individuals

13 who are not firearms dealers, firearms manufacturers, or ammunition vendors are not subject

14 to the new tax.

15 **How will the money collected from the new tax be used?**

16 After paying for administrative costs, the taxes collected will fund crime victim support

17 services grants, veterans' mental health services, expanded access to behavioral health crisis

18 response system services for children and youth, and the School Security Disbursement

19 Grant Program. The amounts of money dedicated to each program will vary depending

20 upon the actual collections and will be distributed in the amounts and order shown in

21 Table 1.

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Table 1
Distribution of Firearms and Ammunition Tax Revenue

Program	Maximum Distribution	What Will it Pay For?
Administrative Costs	\$0.2 - \$0.4 million	Costs for the Department of Revenue to administer the tax.
Crime Victim Services	\$30.0 million, adjusted for inflation	Grants to local governments and nonprofit organizations to provide crime victim services, such as on-site crisis response, counseling, and housing and emergency financial assistance, among others.
Veterans Mental Health Services	\$5.0 million	Mental health services provided to eligible veterans in state-administered veterans living centers who have exhausted their federal benefits.
Children and Youth Crisis Response Services	\$3.0 million	Crisis-related mental health services for children and youth, including but not limited to counseling, referrals, and in-home support.
School Security Disbursement Grant Program	\$1.0 million	Grants to Colorado public schools for security enhancement projects, such as school emergency response training and capital construction that improves the school's safety against threats of physical harm.

3 The measure is expected to generate up to \$39.0 million in the first full year. If revenue is left
4 over after making the required annual distributions, it will remain available for future use as
5 determined by the state legislature. If the tax does not generate enough revenue to make
6 the required distributions in any year, mental health and school security programs may
7 receive reduced or no funding.

8 **How are the programs impacted by the measure currently funded?**

9 Programs funded through the measure currently receive a combination of federal and state
10 funds. Federal funding for victim services comes from fines paid by people convicted of
11 federal crimes, and the amount of federal payments to states has declined in recent years.
12 The state has also spent some temporary COVID-19 relief funds received from the federal
13 government for public health services. School safety programs have received allocations of
14 state funds in the past.

For information on those issue committees that support or oppose the measures on the ballot at the November 5, 2024, election, go to the Colorado Secretary of State’s elections center web site hyperlink for ballot and initiative information:

<https://coloradosos.gov/pubs/elections/Initiatives/InitiativesHome.html>

1 **Arguments For Proposition __**

- 2 1) Taxing firearms and ammunition is an appropriate way to fund programs to reduce the
3 negative impacts of firearms. There is a direct connection between the prevalence of
4 firearms in the community and negative outcomes, including homicides, domestic
5 violence, suicide, other violent activities, and the associated trauma and mental health
6 harm. This measure taxes firearms to provide much needed services to mitigate these
7 issues.
- 8 2) Communities harmed by gun violence—including victims of domestic violence, military
9 veterans, and at-risk youth—deserve reliable access to mental health and other support
10 services to recover from their trauma. Current funding sources for these services are
11 inconsistent and, in some cases, disappearing, while demand for these services continues
12 to rise. Proposition __ provides dedicated money to sustain and expand gun violence
13 prevention, healing, and recovery programs.

14 **Arguments Against Proposition __**

- 15 1) Citizens have a state and federal constitutional right to own firearms, and this measure
16 places an additional burden on exercising this right. The measure raises taxes on law-
17 abiding gun owners to address problems caused by harmful use. If the state wants to
18 strengthen support for crime victims and persons needing mental health services, it
19 should prioritize these programs within the state’s current resources.
- 20 2) Firearms are used for many legitimate purposes, including self-defense and personal and
21 community safety. Taxing firearms and ammunition reduces the ability of people,
22 particularly those with limited financial means, to access these tools, placing those who
23 are unable to afford firearms and ammunition in danger. People seeking to buy a firearm
24 may choose to buy to them in other states to avoid the new state tax, lessening
25 economic activity in the state and potentially encouraging illegal purchases of firearms.

26 **Fiscal Impact of Proposition __**

27 The fiscal impact will be included in the second draft.