

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

1. **Patron** JJ Singh
3. **Committee** Passed Senate and House
4. **Title** Individual Income Tax: Firearm Safety
Device Tax Credit

2. **Bill Number** HB 2595
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would amend the definition of an “eligible transaction” for the Firearm Safety Device Tax Credit to allow a qualifying firearm safety device to be purchased from a commercial retailer instead of only from a federally licensed dealer.

This bill would become effective for taxable years beginning on and after January 1, 2025.

6. Budget amendment necessary: No.

7. No Fiscal Impact: (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation (“the Department”) considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would have no impact on General Fund revenues. Although amending the definition of an eligible transaction could increase the amount of credits claimed against tax liability, the credit is subject to an annual credit cap of \$5 million. Because the Official General Fund revenue forecast assumes full utilization of the \$5 million annual credit cap, no budget amendment is needed.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Firearm Safety Device Tax Credit

During its 2023 Regular Session, the General Assembly enacted the Firearm Safety Device Tax Credit. Virginia allows a nonrefundable individual income tax credit of up to \$300 for the cost incurred in the purchase of one or more firearm safety devices in an eligible transaction. The total amount of credits that may be claimed in aggregate is capped at \$5 million per taxable year.

During its 2024 Regular Session, the General Assembly amended the definition of "firearm safety device" for purposes of the credit. A firearm safety device now includes both:

- 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, a combination, or other similar means ("safes"), and
- Any device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device ("trigger locks").

Prior to the changes made during the 2024 Regular Session, the definition of "firearm safety device" only included safes and not trigger locks.

An "eligible transaction" is currently defined as a transaction in which a taxpayer purchases one or more firearm safety devices from a federally licensed dealer, and it does not include the purchase of a firearm.

Firearm Safety Device Tax Credits are issued on a first-come, first-served basis, and the amount of the credit claimed in any single taxable year cannot exceed the individual's income tax liability for that taxable year. Taxpayers may carry forward any unused credit for five years.

Proposal

This bill would amend the Firearm Safety Device Tax Credit to allow a qualifying firearm safety device to be purchased from a commercial retailer that is properly registered as a dealer as required under Virginia's retail sales and use tax instead of only from a federally licensed dealer.

"Commercial retailer" would be defined as a business that sells goods or services to customers in a retail setting and is properly registered as a dealer pursuant to § 58.1-613.

This bill would become effective for taxable years beginning on and after January 1, 2025.

Similar Bills

SB 1389 is identical to this bill.

cc : Secretary of Finance

Date: 02/11/2025 SJH
HB2595FER161