

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Amy J. Laufer

3. **Committee** House Finance

4. **Title** Firearm and Ammunition Tax

2. **Bill Number** HB 1094

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would, beginning on July 1, 2026, impose a tax on firearms and ammunition manufacturers at the rate of 11 percent of the gross receipts from the sale and distribution in the Commonwealth of any firearms or ammunition. Revenues from the tax would be deposited into the Virginia Gun Violence Intervention and Prevention Fund.

Under current law, sales of firearms and ammunition are generally subject to the sales and use tax. The sales tax is usually collected from consumers by retail merchants. Manufacturers and others selling for resale purposes are exempt from the sales tax.

If enacted during the regular session of the 2026 General Assembly this bill would become effective July 1, 2026.

6. **Budget amendment necessary:** Yes.

Page 1, Revenue Estimates

Item(s): 261 and 263

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2026-27	\$132,800	1	GF
2027-28	\$ 69,800	1	GF
2028-29	\$ 69,800	1	GF

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") would incur estimated expenditures as shown above. Such costs would primarily consist of the costs to design the new excise tax form and program the new tax type in the Department's systems, and for one additional full-time employee to administer the new tax.

The Department requests a delayed effective date of July 1, 2027, due to the system changes required by this legislation and resource commitments associated with the Integrated Revenue Management System (IRMS) replacement project. Changes needed to implement this bill would impact work in progress for the first rollout of the new system scheduled for September 2026. For more information on the new system implementation releases, see the [2025 Status Report on the Replacement of the Integrated Revenue Management System](#) (IRMS).

This bill would have no impact on local administrative costs.

Revenue Impact

The bill would result in an unknown gain to the Virginia Gun Violence Intervention and Prevention Fund. This bill would have no impact on local revenues.

Using data from the Industry Business Information System (“IBIS World”) and applying an 11% tax rate to estimated taxable sales in Virginia, the Department was able to develop the following speculative estimate:

	FY 2027*	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Firearm	\$55.1	\$60.0	\$59.9	\$60.0	\$60.2	\$60.6
Ammunition	\$8.7	\$9.4	\$9.4	\$9.4	\$9.5	\$9.5
Total	\$63.8	\$69.4	\$69.3	\$69.4	\$69.7	\$70.1

*For the effective date of July 1, 2026, FY 2027 impact would be 11/12 months impact.

However, because the number of firearm and ammunition sales by type is difficult to determine, the actual revenue impact is uncertain.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Under current law, sales of firearms and ammunition are generally subject to the sales and use tax. The sales tax is usually collected from consumers by retail merchants. Manufacturers and others selling for resale purposes are exempt from the sales tax.

Proposal

This bill would impose, beginning on July 1, 2026, a tax on firearms and ammunition manufacturers at the rate of 11 percent of the gross receipts from the sale and distribution in the Commonwealth of any firearms or ammunition. The tax would not apply to the gross

receipts from the retail sale of any firearm, firearm precursor part, or ammunition to any federal, state, or local law-enforcement agency.

The Department of Taxation would administer the tax in the same manner as the sales and use tax, *mutatis mutandis*, except that no dealer discount would be allowed. Revenues from the tax would be deposited into the Virginia Gun Violence Intervention and Prevention Fund.

If enacted during the regular session of the 2026 General Assembly this bill would become effective July 1, 2026.

Similar Legislation

Senate Bill 763 is identical to this bill.

House Bill 207 would, beginning July 1, 2026, impose an excise tax upon dealers in firearms at the rate of \$500 per retail sale in the Commonwealth of any firearm suppressor. Revenues from the tax would be deposited into the General Fund.

House Bill 919 would, beginning July 1, 2026, impose a tax on firearms and ammunition manufacturers at the rate of 11 percent of the gross receipts from the sale and distribution in the Commonwealth of any firearms or ammunition. Revenues from the tax would be deposited into the Virginia Gun Violence Intervention and Prevention Fund.

cc : Secretary of Finance

Date: 02/01/2026 JEM
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