

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Karen Keys-Gamarra

3. **Committee** House Finance

4. **Title** Firearm Suppressor Tax

2. **Bill Number** HB 207

House of Origin:

Introduced

Substitute

Engrossed

Second House:

In Committee

Substitute

Enrolled

5. **Summary/Purpose:**

This bill 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. The Department would administer the tax in the same manner as the sales and use tax, *mutatis mutandis*, except that no dealer discount would be allowed. The revenue from this tax would be deposited into the general fund.

Under current law, sales of firearm suppressors are generally subject to the sales and use 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.

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

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation (“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).

Provided the requested delayed effective date is adopted, the Department does not require additional funding because the implementation costs of this bill can be absorbed within existing resources.

This bill would have no impact on local administrative costs.

Revenue Impact

The bill would result in an unknown gain to the General Fund. Using data from the Bureau of Alcohol, Tobacco, Firearms and Explosives (“ATF”), the Department estimates that the annual revenue gain would range from \$3.5 million to \$5.1 million. As the bill would exempt sales made to law enforcement officers and federal, state and local agencies, these estimates could be lower. There is no data available to the Department that would allow it to determine what portion of the sales would be exempt.

This bill would have no impact on local revenues.

8. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Under current law, sales of firearm suppressors are generally subject to the sales and use tax. The sales tax is usually collected from consumers by retail merchants.

Proposal

This bill would, beginning on 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. The tax would not apply to the retail sale of any firearm suppressor to any federal, state, or local agency or to a law-enforcement officer for use in the normal course of his employment.

The Department would administer the tax in the same manner as the sales and use tax, *mutatis mutandis*, except that no dealer discount would be allowed. The revenue from this tax would be deposited into the general fund.

“Firearm suppressor” would mean any device or combination of parts designed to silence, muffle, or diminish the report of a firearm.

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

Similar Legislation

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.

House Bill 1094 and Senate Bill 763 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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