

**DEPARTMENT OF TAXATION
2026 Fiscal Impact Statement**

1. **Patron** Angelia Williams Graves

2. **Bill Number** SB 763

3. **Committee** House Finance

House of Origin:

Introduced

Substitute

Engrossed

4. **Title** Firearm and Ammunition Tax

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would, beginning on July 1, 2027, 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 General Fund for gun violence prevention efforts and community safety in the Commonwealth.

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.

This bill would become effective July 1, 2027.

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:

2026-27	\$132,800	1	GF
2027-28	\$ 69,800	1	GF
2028-29	\$ 69,800	1	GF
2029-30	\$ 69,800	1	GF
2030-31	\$ 69,800	1	GF
2031-32	\$ 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.

This bill would have no impact on local administrative costs.

Revenue Impact

The bill would result in an unknown gain to the General 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 2028*	FY 2029	FY 2030	FY 2031	FY 2032
Firearm	\$55.0	\$59.9	\$60.0	\$60.2	\$60.6
Ammunition	\$8.7	\$9.4	\$9.4	\$9.5	\$9.5
Total	\$63.7	\$69.3	\$69.4	\$69.7	\$70.1

*For the effective date of July 1, 2027, FY 2028 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: Yes.

Because the bill imposes the tax on manufacturers’ gross receipts from sales or distribution in the Commonwealth, it may apply only to direct sales to Virginia customers and not to sales made to out-of-state distributors that later ship products into Virginia, potentially excluding a significant share of firearms and ammunition ultimately sold. Without clarifying language, enforcement against out-of-state manufacturers would also be difficult, and actual revenues could be significantly lower than the amounts shown on Line 8. Accordingly, the Department suggests the following amendment:

Page 1, Line 24, after ammunition., Insert:

Firearms and ammunition manufacturers shall render with each sale of firearms or ammunition an itemized invoice identifying the firearms or ammunition sold and showing the manufacturer’s name and address, the purchaser’s name and address, the date of sale, and the wording “Virginia Firearm and Ammunition Tax Paid.” In the event that any firearms or ammunition are sold in the Commonwealth and the seller does not have in its possession an invoice stating that the tax has been paid by the manufacturer of the firearm or ammunition, the seller shall be responsible for registering with the Department and paying the tax.

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, beginning on July 1, 2027, 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 General Fund for gun violence prevention efforts and community safety in the Commonwealth.

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 General Fund.

This bill would become effective July 1, 2027.

cc : Secretary of Finance

Date: 02/23/2026 JEM
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