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H.787

Introduced by Representatives Black of Essex, Dolan of Essex Junction,
Garofano of Essex, Andrews of Westford, Arsenault of
Williston, Berbeco of Winooski, Bluemle of Burlington, Bos-
Lun of Westminster, Brady of Williston, Brumsted of
Shelburne, Burrows of West Windsor, Carpenter of Hyde Park,
Chapin of East Montpelier, Christie of Hartford, Coffey of
Guilford, Cole of Hartford, Dodge of Essex, Elder of
Starksboro, Farlice-Rubio of Barnet, Goldman of Rockingham,
Graning of Jericho, Headrick of Burlington, Houghton of Essex
Junction, Howard of Rutland City, Hyman of South Burlington,
Krasnow of South Burlington, LaLonde of South Burlington,
Logan of Burlington, McGill of Bridport, Mrowicki of Putney,
Mulvaney-Stanak of Burlington, Pajala of Londonderry,
Rachelson of Burlington, Rice of Dorset, Roberts of Halifax,
Small of Winooski, Stone of Burlington, Waters Evans of
Charlotte, and Whitman of Bennington

Referred to Committee on

Date:

Subject: Taxation; excise tax; tax on firearms and ammunition

1 Statement of purpose of bill as introduced: This bill proposes to create an
2 excise tax on the sale of firearms and ammunition.

3 An act relating to an excise tax on the sale of firearms and ammunition

4 It is hereby enacted by the General Assembly of the State of Vermont:

5 Sec. 1. 32 V.S.A. chapter 204 is added to read:

6 CHAPTER 204. FIREARMS EXCISE TAX

7 § 7631. DEFINITIONS

8 As used in this chapter:

9 (1) “Ammunition” has the same meaning as in 18 U.S.C. § 921(a)(17).

10 (2) “Ammunition vendor” means a person that sells ammunition and
11 meets the definition of vendor under subdivision 9701(9) of this title.

12 (3) “Commissioner” means the Commissioner of Taxes.

13 (4) “Firearm” has the same meaning as in 13 V.S.A. § 4017(d).

14 (5) “Firearm precursor part” means a component of a firearm that is
15 necessary to build or assemble a firearm and is either an unfinished handgun
16 frame or a specified unfinished receiver, receiver tube, or receiver flat.

17 (6) “Licensed firearm dealer” means a person issued a license as a
18 dealer in firearms pursuant to 18 U.S.C. § 923(a).

19 (7) “Retail sale” means any sale for any purpose other than for resale by
20 a licensed firearm dealer.

1 (8) “Sales price” has the same meaning as in section 9701 of this title.

2 § 7632. FIREARMS EXCISE TAX

3 (a) There is imposed an excise tax on licensed firearm dealers and
4 ammunition vendors equal to 11 percent of the gross receipts from the retail
5 sale in this State of any firearm, firearm precursor part, or ammunition.

6 (b) Retail sales of a firearm, firearm precursor part, or ammunition not
7 covered by subsection (a) of this section shall be subject to an excise tax of
8 11 percent of the sales price, to be paid by the seller. Firearms excise tax shall
9 be collected by a licensed firearm dealer at the time of a background check
10 under 13 V.S.A. § 4019 and shall be remitted using the return described in
11 section 7633 of this chapter.

12 (1) Any amount collected in accordance with subsection (b) of this
13 section shall be deemed to be held by the person in trust for the State of
14 Vermont. The taxes collected shall be recorded by such person in an account
15 so as to clearly indicate the amount collected and that the taxes are the property
16 of the State of Vermont.

17 (2) Notwithstanding subdivision (1) of this subsection, a licensed
18 firearm dealer shall retain 10 percent of the tax collected pursuant to this
19 subsection as payment for collecting and remitting tax on behalf of the State of
20 Vermont.

1 (c) The tax imposed by this section is separate from and in addition to the
2 general sales and use tax imposed by chapter 233 of this title. The tax imposed
3 by this section shall not be part of the sales price to which the general sales and
4 use tax applies.

5 (d) The Commissioner may adopt rules pursuant to 3 V.S.A. chapter 25 to
6 carry out the administration and enforcement of this chapter. To the extent not
7 inconsistent with this chapter, the provisions for the assessment, collection,
8 enforcement, and appeals of the sales and use tax in chapter 233 of this title
9 shall apply to the tax imposed by this chapter.

10 (e) The tax imposed under this section shall not apply to a transfer exempt
11 from background checks under 13 V.S.A. § 4019(f).

12 § 7633. RETURNS; RECORDS

13 (a) Any licensed firearm dealer or ammunition vendor required to collect or
14 pay the tax imposed by this chapter shall pay and remit the tax in quarterly
15 installments on or before the 25th day of the calendar month succeeding the
16 quarter ending on the last day of March, June, September, and December of
17 each year. The return shall include a statement under oath of a person with
18 legal authority to bind the licensed firearm dealer or ammunition vendor, a
19 statement containing its name and place of business, the total amount of sales
20 subject to the firearm and ammunition excise tax made in the preceding

1 quarter, and any information required by the Department of Taxes, along with
2 the total tax due.

3 (b) Every licensed firearm dealer or ammunition vendor shall maintain, for
4 not less than three years, accurate records showing all transactions subject to
5 tax liability under this chapter. The records are subject to inspection by the
6 Department of Taxes at all reasonable times during normal business hours.

7 § 7634. STATUTORY PURPOSE

8 The statutory purpose of the exemption for transfers to law enforcement
9 agencies and the U.S. Armed Forces is to avoid taxation of governmental
10 entities. The statutory purpose of the exemption for transfers between
11 immediate family members is because they are regarded differently under
12 Vermont criminal law.

13 § 7635. DEPOSIT OF REVENUE

14 The Commissioner shall deposit revenues from the tax imposed by this
15 chapter in the Domestic and Sexual Violence Special Fund under 13 V.S.A.
16 § 5360.

17 Sec. 2. 13 V.S.A. § 5360 is amended to read:

18 § 5360. DOMESTIC AND SEXUAL VIOLENCE SPECIAL FUND

19 A Domestic and Sexual Violence Special Fund is established, to be
20 managed in accordance with 32 V.S.A. chapter 7, subchapter 5 and
21 administered by the Center for Crime Victim Services created in section 5361

1 of this title. The revenues of the Fund shall consist of revenue from the
2 Firearms Excise Tax established under 32 V.S.A. chapter 204, that portion of
3 the additional surcharge on penalties and fines imposed by section 7282 of this
4 title deposited in the Domestic and Sexual Violence Special Fund and that
5 portion of the town clerks' fee for issuing and recording civil marriage or civil
6 union licenses in 32 V.S.A. § 1712(1) deposited in the Domestic and Sexual
7 Violence Special Fund. The Fund may be expended by the Center for Crime
8 Victim Services for budgeted grants to the Vermont Network against Domestic
9 and Sexual Violence.

10 Sec. 3. EFFECTIVE DATE

11 This act shall take effect on July 1, 2025.