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H.418

Introduced by Representatives Arsenault of Williston, Austin of Colchester,
Berbeco of Winooski, Black of Essex, Burke of Brattleboro,
Burkhardt of South Burlington, Christie of Hartford, Cole of
Hartford, Dodge of Essex, Goldman of Rockingham, Graning of
Jericho, Lalley of Shelburne, McGill of Bridport, Pouech of
Hinesburg, Stone of Burlington, Torre of Moretown, Waters
Evans of Charlotte, and White of Waitsfield

Referred to Committee on

Date:

Subject: Taxation; excise tax; firearms

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

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

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

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

CHAPTER 204. FIREARMS EXCISE TAX

§ 7631. DEFINITIONS

As used in this chapter:

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

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

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

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

5 (5) “Firearm precursor part” means an “unfinished frame or receiver” or
6 “firearm control component” as defined in 13 V.S.A. § 4082.

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

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

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

12 § 7632. FIREARMS EXCISE TAX

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

16 (b) Retail sales of a firearm, firearm precursor part, or ammunition not
17 covered by subsection (a) of this section shall be subject to an excise tax of
18 11 percent of the sales price, to be paid by the seller. Firearms excise tax shall
19 be collected by a licensed firearm dealer at the time of a background check
20 under 13 V.S.A. § 4019 and shall be remitted using the return described in
21 section 7633 of this chapter.

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

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

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

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

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

1 § 7633. RETURNS; RECORDS

2 (a) Any licensed firearm dealer or ammunition vendor required to collect or
3 pay the tax imposed by this chapter shall pay and remit the tax in quarterly
4 installments on or before the 25th day of the calendar month succeeding the
5 quarter ending on the last day of March, June, September, and December of
6 each year. The return shall include a statement under oath of a person with
7 legal authority to bind the licensed firearm dealer or ammunition vendor, a
8 statement containing its name and place of business, the total amount of sales
9 subject to the firearm and ammunition excise tax made in the preceding
10 quarter, and any information required by the Department of Taxes, along with
11 the total tax due.

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

16 § 7634. STATUTORY PURPOSE

17 The statutory purpose of the exemption for transfers to law enforcement
18 agencies and the U.S. Armed Forces is to avoid taxation of governmental
19 entities. The statutory purpose of the exemption for transfers between
20 immediate family members is because they are regarded differently under
21 Vermont criminal law.

1 § 7635. DEPOSIT OF REVENUE

2 The Commissioner shall deposit revenues from the tax imposed by this
3 chapter in the Domestic and Sexual Violence Special Fund under 13 V.S.A.
4 § 5360.

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

6 § 5360. DOMESTIC AND SEXUAL VIOLENCE SPECIAL FUND

7 A Domestic and Sexual Violence Special Fund is established, to be
8 managed in accordance with 32 V.S.A. chapter 7, subchapter 5 and
9 administered by the Center for Crime Victim Services created in section 5361
10 of this title. The revenues of the Fund shall consist of revenue from the
11 Firearms Excise Tax established under 32 V.S.A. chapter 204, that portion of
12 the additional surcharge on penalties and fines imposed by section 7282 of this
13 title deposited in the Domestic and Sexual Violence Special Fund and that
14 portion of the town clerks' fee for issuing and recording civil marriage or civil
15 union licenses in 32 V.S.A. § 1712(1) deposited in the Domestic and Sexual
16 Violence Special Fund. The Fund may be expended by the Center for Crime
17 Victim Services for budgeted grants to the Vermont Network against Domestic
18 and Sexual Violence.

19 Sec. 3. EFFECTIVE DATE

20 This act shall take effect on July 1, 2026.