

Multiple Agency Fiscal Note Summary

Bill Number: 1386 HB	Title: Firearms tax
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	22,900,000	22,900,000	22,900,000	33,500,000	33,500,000	33,500,000	35,000,000	35,000,000	35,000,000
Total \$	22,900,000	22,900,000	22,900,000	33,500,000	33,500,000	33,500,000	35,000,000	35,000,000	35,000,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	1.5	461,500	461,500	461,500	.4	72,000	72,000	72,000	.4	72,000	72,000	72,000
Total \$	1.5	461,500	461,500	461,500	0.4	72,000	72,000	72,000	0.4	72,000	72,000	72,000

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 1/23/2025
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Individual State Agency Fiscal Note

Bill Number: 1386 HB	Title: Firearms tax	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/17/2025
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 01/21/2025
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 01/21/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/23/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The Attorney General's Office (AGO) Revenue Division (REV) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Revenue (DOR). The enactment of this bill will not impact the provision of legal services to DOR, although it will require review of DOR rulemaking and possibly some legal services. DOR anticipates a few administrative reviews from this legislation, including possible appeals to the Board of Tax Appeals or the Superior Court, spread out over the next six fiscal years. New legal services are nominal, and costs are not included in this request.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 1386 HB	Title: Firearms tax	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 00 - 00 -	6,600,000	16,300,000	22,900,000	33,500,000	35,000,000
Total \$	6,600,000	16,300,000	22,900,000	33,500,000	35,000,000

Estimated Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.2	0.9	1.5	0.4	0.4
GF-STATE-State 001-1	362,300	99,200	461,500	72,000	72,000
Total \$	362,300	99,200	461,500	72,000	72,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 01/17/2025
Agency Preparation: Taylor Culp	Phone: 60-534-1511	Date: 01/21/2025
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 01/21/2025

Request # 1386-3-3

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects a revision to the expenditures, and replaces fiscal note number 1386-2.

CURRENT LAW:

Retail sales and use taxes apply to sales of firearms, firearm parts, and ammunition in Washington.

Seattle has an additional tax on ammunition per round based on caliber as follows:

- 2 cents per round for ammunition measuring 22 caliber or less.
- 5 cents per round for all other ammunition.

PROPOSAL:

This bill adds an 11% tax on the sale of firearms, firearm parts, and ammunition. The tax is in addition to any tax imposed by federal, state, or local governments.

The new tax does not apply to sales made to federal, state, local, or tribal governments to supply law enforcement or the military with these items.

All revenue from this tax must fund agencies and programs that focus on gun violence prevention, including domestic violence prevention, suicide prevention programs, and victim services.

Ammunition means any projectiles with fuses, propelling charges, or primers designed to be fired from firearms. Ammunition includes any shotgun shell and any rifle, pistol, or revolver cartridge.

Firearm means a weapon or device from which a projectile or projectiles may be fired by an explosive such as gunpowder. Firearm also includes frames and receivers. Firearm excludes a flare gun or other pyrotechnic visual distress signaling device, or a powder-actuated tool or other device designed solely for use in construction.

Law enforcement agencies include any:

- General authority Washington law enforcement agency.
- Limited authority Washington law enforcement agency.
- State or local agency providing or otherwise responsible for the custody, safety, and security of adults or juveniles incarcerated in correctional, jail, or detention facilities.

Law enforcement agency excludes the National Guard, State Guard, or any division of the United States Armed Forces.

EFFECTIVE DATE:

The bill takes effect January 1, 2026.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS

- Online purchases of firearms and parts require delivery to a Washington-licensed dealer for pick-up. Those same restrictions do not apply to the sales of ammunition.
- In-store sales of ammunition represent 47% of total ammunition sales.

Request # 1386-3-3

- This bill exempts law enforcement and military agencies from the new tax.
- Law enforcement and military agencies account for 50% of all ammunition purchases.
- The General Fund receives these taxes, and the Legislature appropriates the revenue to agencies and programs focused on suicide prevention and reducing firearm-related domestic violence.
- This proposal takes effect January 1, 2026, and impacts five months of collections in fiscal year 2026.

DATA SOURCES

- U.S. Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives, 2024 Report on Active Firearms Licensees
- National Shooting Sports Foundation, Industry Intelligence Report - Firearms Production in the United States
- National Shooting Sports Foundation, Fast Facts - Federal Restrictions on the Purchase and Sale of Ammunition
- Bureau of Justice Statistics, Census of State and Local Law Enforcement Agencies, 2018
- IBISWorld - Guns & Ammunition Manufacturing in the US - Market Size (2003-2029), June 17, 2024
- Grand View Research - U.S. Ammunition Market Size & Trends, Industry Report 2030

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$6.6 million in the five months of impacted collections in fiscal year 2026, and by \$16.3 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 6,600
FY 2027 -	\$ 16,300
FY 2028 -	\$ 16,600
FY 2029 -	\$ 16,900
FY 2030 -	\$ 17,300
FY 2031 -	\$ 17,700

Local Government (cash basis, \$000): None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This estimate affects 3,100 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$362,300 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 2.16 FTEs.
 - Set up, program, and test computer system changes.
 - Amend two existing administrative rules and adopt one new administrative rule.
 - Create a special notice and update relevant information on the department’s website.
 - Review and adjust accounting reports.
 - Accounting activities for the new tax; compiling receivable information for statewide financial statements and stakeholders.
 - Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.

- Examine accounts and make corrections as necessary.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for reviewing a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.

Object Costs - \$81,900.

- Computer system changes, including contract programming.
- Printing and postage for notifications mailed to paper filers.

SECOND YEAR COSTS:

The department will incur total costs of \$99,200 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.9 FTE.

- Continued computer system testing, monitoring, and maintenance.
- Review and adjust accounting reports.
 - Accounting activities for the new tax; compiling receivable information for statewide financial statements and stakeholders.
 - Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
 - Examine accounts and make corrections as necessary.

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$72,000 and include similar activities described in the second-year costs. Time and effort equate to 0.4 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.2	0.9	1.5	0.4	0.4
A-Salaries and Wages	176,400	62,100	238,500	43,800	43,800
B-Employee Benefits	63,700	22,400	86,100	15,800	15,800
C-Professional Service Contracts	81,700		81,700		
E-Goods and Other Services	32,000	12,700	44,700	10,800	10,800
J-Capital Outlays	8,500	2,000	10,500	1,600	1,600
Total \$	\$362,300	\$99,200	\$461,500	\$72,000	\$72,000

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
EMS BAND 5	158,451	0.0		0.0		
EXCISE TAX EX 2	59,844	0.1	0.2	0.2	0.1	0.1
EXCISE TAX EX 3	66,012	0.1	0.1	0.1		
FISCAL ANALYST 4	67,716	0.1	0.1	0.1	0.1	0.1
FORMS AND RECORDS ANALYS 1	43,716	0.1	0.1	0.1	0.1	0.1
IT B A-JOURNEY	94,728	0.4	0.1	0.3		
IT QA-SR/SPEC	104,412	0.1		0.1		
IT SYS ADM-JOURNEY	99,444	0.2		0.1		
MGMT ANALYST4	78,468	0.0		0.0		
TAX INFO SPEC 1	47,988	0.2	0.1	0.2	0.1	0.1
TAX POLICY SP 2	80,460	0.1		0.1		
TAX POLICY SP 3	91,068	0.7	0.2	0.4		
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 2	101,410	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
Total FTEs		2.2	0.9	1.6	0.4	0.4

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the department will use the expedited process to amend WAC 458-20-195, titled: "Taxes, deductibility", and WAC 458-20-217, titled: "Lien on taxes", and the standard process to adopt one new rule in chapter 458-20 WAC. This rulemaking would affect buyers and sellers of firearms, firearm parts, and ammunition.



Multiple Agency Ten-Year Analysis Summary

Bill Number 1386 HB	Title Firearms tax
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	6,600,000	16,300,000	16,600,000	16,900,000	17,300,000	17,700,000	18,000,000	18,400,000	18,800,000	19,200,000	165,800,000
Total	6,600,000	16,300,000	16,600,000	16,900,000	17,300,000	17,700,000	18,000,000	18,400,000	18,800,000	19,200,000	165,800,000



Ten-Year Analysis

Bill Number 1386 HB	Title Firearms tax	Agency 100 Office of Attorney General
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code												
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Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 1/21/2025 5:12:46 pm
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 1/21/2025 5:12:46 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1386 HB	Title Firearms tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
NEW	001	6,600,000	16,300,000	16,600,000	16,900,000	17,300,000	17,700,000	18,000,000	18,400,000	18,800,000	19,200,000	165,800,000
Total		6,600,000	16,300,000	16,600,000	16,900,000	17,300,000	17,700,000	18,000,000	18,400,000	18,800,000	19,200,000	165,800,000
Biennial Totals		22,900,000	33,500,000	35,000,000	36,400,000	38,000,000	165,800,000					

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects a revision to the expenditures, and replaces fiscal note number 1386-1.

CURRENT LAW:
Retail sales and use taxes apply to sales of firearms, firearm parts, and ammunition in Washington.

Seattle has an additional tax on ammunition per round based on caliber as follows:
 - 2 cents per round for ammunition measuring 22 caliber or less.
 - 5 cents per round for all other ammunition.

PROPOSAL:
This bill adds an 11% tax on the sale of firearms, firearm parts, and ammunition. The tax is in addition to any tax imposed by federal, state, or local governments.

The new tax does not apply to sales made to federal, state, local, or tribal governments to supply law enforcement or the military with these items.

All revenue from this tax must fund agencies and programs that focus on gun violence prevention, including domestic violence prevention, suicide prevention programs, and victim services.



Ten-Year Analysis

Bill Number	Title	Agency
1386 HB	Firearms tax	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

Ammunition means any projectiles with fuses, propelling charges, or primers designed to be fired from firearms. Ammunition includes any shotgun shell and any rifle, pistol or revolver cartridge.

Firearm means a weapon or device from which a projectile or projectiles may be fired by an explosive such as gunpowder. Firearm also includes frames and receivers. Firearm excludes a flare gun or other pyrotechnic visual distress signaling device, or a powder-actuated tool or other device designed solely for use in construction.

Law enforcement agencies include any:

- General authority Washington law enforcement agency.
- Limited authority Washington law enforcement agency.
- State or local agency providing or otherwise responsible for the custody, safety, and security of adults or juveniles incarcerated in correctional, jail, or detention facilities.

Law enforcement agency excludes the National Guard, State Guard, or any division of the United States Armed Forces.

EFFECTIVE DATE:

The bill takes effect January 1, 2026.

ASSUMPTIONS

- Online purchases of firearms and parts require delivery to a Washington-licensed dealer for pick-up. Those same restrictions do not apply to the sales of ammunition.
- In-store sales of ammunition represent 47% of total ammunition sales.
- This bill exempts law enforcement and military agencies from the new tax.
- Law enforcement and military agencies account for 50% of all ammunition purchases.
- The General Fund receives these taxes, and the Legislature appropriates the revenue to agencies and programs focused on suicide prevention and reducing firearm-related domestic violence.
- This proposal takes effect January 1, 2026, and impacts 5 months of collections in fiscal year 2026.

DATA SOURCES

- U.S. Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives, 2024 Report on Active Firearms Licensees
- National Shooting Sports Foundation, Industry Intelligence Report - Firearms Production in the United States
- National Shooting Sports Foundation, Fast Facts - Federal Restrictions on the Purchase and Sale of Ammunition



Ten-Year Analysis

Bill Number 1386 HB	Title Firearms tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

- Bureau of Justice Statistics, Census of State and Local Law Enforcement Agencies, 2018
- IBISWorld - Guns & Ammunition Manufacturing in the US - Market Size (2003-2029), June 17, 2024
- Grand View Research - U.S. Ammunition Market Size & Trends, Industry Report 2030

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$6.6 million in the five months of impacted collections in fiscal year 2026, and by \$16.3 million in fiscal year 2027, the full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 6,600
FY 2027 -	\$ 16,300
FY 2028 -	\$ 16,600
FY 2029 -	\$ 16,900
FY 2030 -	\$ 17,300
FY 2031 -	\$ 17,700

Local Government (cash basis, \$000): None

Agency Preparation: Taylor Culp	Phone: 360-534-1511	Date: 1/21/2025 12:32:25 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/21/2025 12:32:25 pm
OFM Review:	Phone:	Date: