

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 55 (Senator Young)
 Budget and Taxation

Income Tax Checkoff - Maryland Assault Weapons Buyback Fund

This bill establishes the Maryland Assault Weapons Buyback Fund to assist the Department of State Police (DSP) in implementing a statewide assault weapons buyback program. As a revenue source for the fund, the bill establishes the Maryland Assault Weapons Buyback Fund checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions from the checkoff are credited to the fund. For fiscal 2022, the Governor must include in the annual budget bill an appropriation of \$50,000 to the fund, and DSP must use \$10,000 of the funds for outreach and marketing to provide notice to the public about the fund. **The bill takes effect July 1, 2020, and applies to all taxable years beginning after December 31, 2019.**

Fiscal Summary

State Effect: Special fund revenues to the Maryland Assault Weapons Buyback Fund increase beginning in FY 2021, but overall special fund revenues may be unaffected. In fiscal 2022 only, special fund revenues increase by at least \$50,000, reflecting the bill’s mandated appropriation. Special fund expenditures increase by \$56,000 in FY 2021 and by at least \$50,000 in FY 2022; future years are unknown. General fund expenditures increase by \$1.96 million in FY 2022; future years reflect ongoing costs. **This bill establishes a mandated appropriation for FY 2022 only.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	-	\$50,000	-	-	-
GF Expenditure	\$0	\$1,959,100	\$1,533,400	\$1,585,700	\$1,639,800
SF Expenditure	\$56,000	\$50,000	-	-	-
Net Effect	-	(\$1,959,100)	(\$1,533,400)	(\$1,585,700)	(\$1,639,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Potential minimal increase in local law enforcement expenditures beginning in FY 2022 to the extent that local law enforcement assists DSP in implementing the statewide assault weapons buyback program. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary:

Maryland Assault Weapons Buyback Fund

DSP must administer the fund, which is a special, nonlapsing fund. The fund consists of revenue distributed from designated income tax checkoff contributions, money appropriated in the State budget, interest earnings, and any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund must be credited to the fund.

The fund may be used only by DSP to buy assault weapons voluntarily sold by individuals who reside in the State. Expenditures from the fund may be made only in accordance with the State budget. DSP must adopt regulations necessary to implement the program, as specified.

“Assault weapon” means a self-loading, semi-automatic, or fully automatic action firearm with a detachable magazine that fires an intermediate or high-powered centerfire cartridge. An “assault weapon” includes a regulated firearm under provisions of the Public Safety Article.

Income Tax Checkoff

The Comptroller must include a checkoff designated as the Maryland Assault Weapons Buyback Fund Contribution on the individual income tax return form. The checkoff must state that the individual, or each spouse in the case of a joint return, may contribute \$5 to the fund. The individual must deduct the amount of the contribution from any refund to which the individual is entitled or, if the individual is not entitled to a refund, the individual must add the amount of the contribution to the income tax paid with the return. The Comptroller must include, with the individual income tax return package, a description of the purposes of the Maryland Assault Weapons Buyback Fund. From the contributions collected, the Comptroller must distribute an amount necessary to administer the checkoff system to an administrative cost account and must distribute the remainder to the Maryland

Assault Weapons Buyback Fund. The checkoff is applicable to all taxable years beginning after December 31, 2019.

Current Law/Background:

Assault Weapons

The Firearm Safety Act of 2013 (Chapter 427) modified and expanded the regulation of firearms, firearms dealers, and ammunition in Maryland and made changes to related mental health restrictions on the possession of firearms. Among other things, the Act extended the scope of assault pistol prohibitions to all assault weapons, created a new licensing scheme for handguns under the authority of DSP, and imposed restrictions on ammunition.

Among its many provisions, the Act created a definition of “assault weapon,” encompassing assault pistols, assault long guns, and copycat weapons. An “assault long gun” is defined as any of the 45 regulated firearms that are not handguns under provisions of the Public Safety Article. A “copycat weapon” is defined as specified semiautomatic rifles, pistols, and shotguns, as well as shotguns with a revolving cylinder. A “copycat weapon” does not include an assault long gun or assault pistol. A “regulated firearm” means a handgun or any one of 45 specific assault weapons, or their copies, regardless of which company produced and manufactured the weapon.

The Act applied existing prohibitions relating to assault pistols to all assault weapons. With specified exceptions, Chapter 427 prohibits transporting, possessing, selling, offering for sale, transferring, purchasing, or receiving any assault weapon. A person who lawfully possessed an assault pistol before June 1, 1994, and who registered the pistol with DSP before August 1, 1994, may continue to possess and transport the assault pistol. A person who lawfully possessed, had a purchase order for, or completed an application to purchase an assault long gun or a copycat weapon before October 1, 2013, is allowed to continue to possess and transport the weapon. A licensed firearms dealer may continue to possess, sell, offer for sale, or transfer an assault long gun or a copycat weapon that the dealer lawfully possessed on or before October 1, 2013. Chapter 427 also clarified when the inheritance of a prohibited assault weapon is permitted.

Income Tax Checkoffs

The Chesapeake Bay and Endangered Species Fund, Maryland Cancer Fund, Developmental Disabilities Services and Support Fund, and Fair Campaign Financing Fund are the four current checkoffs on the personal income tax form. In fiscal 2019, taxpayers contributed a total of \$1.7 million via income tax checkoffs.

State Revenues: Special fund revenues to the Maryland Assault Weapons Buyback Fund increase beginning in fiscal 2021, but the amount of the donations cannot be accurately estimated. Overall special fund revenues, however, may be unaffected. Contributions to existing checkoffs have typically declined in the fiscal year in which a new checkoff is established. Accordingly, donations to this checkoff will likely divert funds from the four existing checkoffs.

In fiscal 2022 only, special fund revenues to the Maryland Assault Weapons Buyback Fund increase by at least \$50,000, reflecting the bill's mandated appropriation (discussed more below).

State Expenditures: Special fund expenditures increase by \$56,000 in fiscal 2021 for the Comptroller's Office. In fiscal 2022, general fund expenditures increase by \$1,959,107, which reflects the mandated appropriation to the special fund (\$50,000) and the implementation of the statewide assault weapon buyback program within DSP (\$1,909,107). Also in fiscal 2022, special fund expenditures increase for DSP by at least \$50,000 to provide marketing and outreach and to purchase weapons under the buyback program. Future years reflect ongoing costs.

Comptroller's Office

The Comptroller's Office incurs a one-time special fund expenditure increase of \$56,000 in fiscal 2021 to add the checkoff to personal income tax forms. This includes data processing changes to the income tax return processing and imaging systems and systems testing. It is assumed that sufficient special funds are available to cover these costs.

Department of State Police

General fund administrative expenditures for DSP increase by \$1,909,107 in fiscal 2022, which accounts for a delay in the implementation of the buyback program until July 1, 2021 (fiscal 2022), when special funds are available for outreach and marketing. This estimate reflects the cost of hiring six sergeants, six inventory control specialists, and three fiscal account clerks to implement the buyback program in five regional areas. It includes salaries, fringe benefits, one-time start-up costs, vehicles, equipment, contractual services, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- DSP advises that based on information from a similar buyback program conducted in Baltimore City in 2018, an estimated 2,000 firearms (including assault weapons and handguns) will be purchased annually from individuals as a result of a statewide program.

- Although DSP can work with local law enforcement agencies around the State, in order to implement the buyback program statewide and ensure that buyback events can be held in each county of the State, DSP needs to establish five regional offices with one sergeant (with equipment) and one inventory control specialist assigned to each region and one sergeant and one inventory control specialist assigned to handle the intake of firearms from each of the five regions and to provide assistance as needed to the regional offices. The sergeant and inventory control specialist in each region will be responsible for setting up buyback events, working with local law enforcement agencies, purchasing firearms, creating inventory listings of firearms purchased, investigating if purchased firearms have been reported as stolen, and ensuring that firearms are packaged safely and transported to the DSP property storage location.
- Firearm buyback programs generally operate on a cash basis without identification necessary from the person receiving money for the firearm; thus, DSP needs three fiscal account clerks to deliver funds to the buyback locations and complete accounting of the funds, including reconciliation and deposit of unused funds after each buyback event.
- Firearms purchased at buyback events need to be transported to the DSP central property storage location; therefore, a cargo van with appropriate equipment for security purposes is necessary for each of the five regional offices.
- DSP does not currently have the capacity to hold additional firearms separately at its property storage location; therefore, 10 new property cages are needed to secure firearms purchased through buyback programs at DSP's existing property storage location.
- After DSP has completed an investigation on each firearm collected to determine if the firearm has been reported stolen, used in a crime, or otherwise needs to be retained, DSP advises that firearms that do not need to be retained will be destroyed. DSP currently has a contract with E-End for the destruction of firearms and magazines. Under the current contract, E-End charges \$8.15 per firearm and \$8.00 per box of magazines that the company destroys. In addition, E-End charges \$1,250 for set-up and logistical fees. Based on an estimated 2,000 firearms collected statewide, the fee for destruction of collected firearms is estimated to be approximately \$16,300 annually.

Positions	15
Salaries and Fringe Benefits	\$1,471,127
Equipped cargo vans	175,000
Equipment	163,805
Contractual Services	16,300
Other Operating Expenses	<u>82,875</u>
Total FY 2022 DSP Expenditures	\$1,909,107

General funds are needed to cover DSP's administrative costs because the bill authorizes use of the special fund by DSP only for outreach and marketing and to buy assault weapons voluntarily sold by individuals who reside in the State; the bill does not authorize use of the special fund for DSP's administrative expenses. Future year expenditures reflect salaries with annual increases and employee turnover and ongoing operating expenses.

For fiscal 2022 only, general fund expenditures also increase by \$50,000, reflecting the bill's mandated appropriation. As noted above, special fund revenues increase by at least \$50,000 in fiscal 2022 as a result; special fund expenditures increase correspondingly for DSP to provide outreach and marketing and to purchase weapons under the buyback program.

The delayed implementation of the new program by DSP coincides with the initial capitalization of the special fund by the mandated appropriation established by the bill. As required by the bill, DSP must use \$10,000 of the funds appropriated for outreach and marketing to provide notice to the public about the fund. Any additional money in the fund (remaining funds from the mandated appropriation plus any funds available from the income tax checkoff) must be used by DSP to buy assault weapons voluntarily sold by individuals who reside in the State. DSP advises that it will likely offer between \$100 and \$500 per firearm depending on the firearm and the money available in the special fund for the purchase of firearms.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Department of Budget and Management; Department of State Police; Department of Legislative Services

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