



Senate Bill 784 Comprehensive Community Safety Funding Act UNFAVORABLE

In concept Senate Bill 784 is a clone of California Assembly Bill 28, which imposed an 11% tax that applies to gross receipts from retail sales of ammunition, firearms, accessories and parts and was signed into law on September 26, 2023, by Governor Gavin Newsom.

A “Fact Sheet” published by a proponent of Senate Bill 784 claims the proposed 11% excise tax is: “... *akin to the federal Pittman-Robertson tax, applies to gross receipts from firearm sales, certain related parts, and ammunition. It targets industry profits, not consumers.*” This statement is misleading.

“The Federal Aid in Wildlife Restoration Act (Pittman-Robertson) provides funding for states and territories to support wildlife restoration, conservation, and hunter education and safety programs. Funding for Pittman-Robertson programs comes from federal excise taxes on firearms, ammunition, and archery equipment. Among other purposes, the funds may be used to provide public access to wildlife resources; to acquire, restore, and manage wildlife areas; to conduct research on managing wildlife and its habitat; to facilitate public access for hunting or other wildlife-oriented recreation; and to maintain completed wildlife-restoration projects” .(Source: Congressional Research Service)

The funds generated by hunters, shooters, sportsmen and sportswomen benefit all of Maryland’s citizens, even those who do not own or use firearms and have thus never contributed any tax money to the fund.

The “Talking Points” provided by the same organization are only slightly more forthright: *“It is not a sales tax on consumers, although it is possible dealers will, in their discretion, choose to pass along some or all of the tax amount to their customers.”*

Dealers are not enjoying the profit margins the proponents seem to believe. The cost of the proposed 11% excise tax will increase the cost of doing business and that increase will be paid by the targeted consumers.

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This tax is regressive in nature and will have a disproportional impact on those of lesser financial means.

The increased costs will have a cascading negative impact on the State's economy. State income from sales tax, corporate income tax, and personal income tax will see a decline as consumers purchase out of state and by mail order to avoid the proposed punitive excise tax. Some businesses will close, jobs will be lost, businesses such as lodging, restaurants, clothing stores etc., that benefit from revenue relating to hunting and the shooting sports will see a decline in income.

Federal funds from the Federal Aid in Wildlife Restoration Act are based upon the number of hunting licenses and the land area of each state. The excise tax will discourage low-income citizens from hunting due to the increased cost involved. This will reduce the number of hunting licenses sold and consequently a corresponding reduction in the Federal funds received.

Maryland legislators should be wary about following California's lead. Recent reports indicate that California leads the nation in the number of citizens fleeing to states with more freedom and lower taxes.

We respectfully request an unfavorable report on Senate Bill 784.

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2/14/2024