



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1128: INCOME TAX CREDIT FOR FIREARM SAFETY DEVICE

Prime Sponsors:

Rep. Espenosa

Sen. Mullica

Fiscal Analyst:

Elizabeth Ramey, 303-866-3522

elizabeth.ramey@coleg.gov

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Fiscal note status: The fiscal note reflects introduced bill.

Summary Information

Overview. For tax years 2027 and 2028 only, the bill creates a state income tax credit for the purchase of a firearm safety device.

Types of impacts. The bill is projected to affect the following areas from FY 2026-27 through FY 2028-29.

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue (General Fund)	\$0	-\$2,500,000	-\$5,000,000	-\$2,500,000
State Expenditures (General Fund)	\$0	\$0	\$284,873	\$159,713
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	-\$2,500,000	-\$5,000,000	-\$2,500,000
Change in State FTE	0.0 FTE	0.0 FTE	2.9 FTE	2.0 FTE

Summary of Legislation

For income tax years 2027 and 2028, the bill creates a state income tax credit for the purchase of a firearm safety device, such as a gun safe, gun case, lock box, or another locking device used to store a firearm. The firearm safety device must be purchased from a federally licensed dealer.

The amount of the credit is equal to the purchase price of the firearm safety device, up to \$200 per tax year. The income tax credit is nonrefundable, but may be carried forward for a period of five income tax years.

The maximum amount of credits that can be claimed in an income tax year is \$5 million and are allocated on a first-come, first-served basis.

Assumptions

Based on available data on gun ownership and sales in Colorado, as well as data on statewide gun safety practices and the current price range of gun safes, the fiscal note assumes that the full amount available for the tax credit will be claimed each tax year, with 25,000 taxpayers claiming \$200 each. Should the average price of eligible firearm safety devices be lower than assumed, the population of taxpayers claiming the credit will be higher, as will the expenditures required to administer the tax credit.

State Revenue

Based on the assumption above, the bill is expected to decrease General Fund revenue by \$2.5 million in FY 2026-27, a half-year impact, by \$5.0 million in FY 2027-28, and by \$2.5 million in FY 2028-29, a final half-year impact.

State Expenditures

The bill increases state expenditures in the Department of Revenue by \$284,873 in FY 2027-28 and \$159,713 in FY 2028-29. These costs, paid from the General Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	\$0	\$165,088	\$111,219
Operating Expenses	\$0	\$0	\$3,712	\$2,560
Capital Outlay Costs	\$0	\$0	\$33,350	\$0
Computer Programming and Testing	\$0	\$0	\$20,092	\$0
Data Analysis and Reporting	\$0	\$0	\$8,778	\$8,702
Document Management	\$0	\$0	\$2,477	\$2,045
Centrally Appropriated Costs	\$0	\$0	\$51,376	\$35,187
Total Costs	\$0	\$0	\$284,873	\$159,713
Total FTE	0.0 FTE	0.0 FTE	2.9 FTE	2.0 FTE

Tax Personnel

DOR requires 4.4 FTE in FY 2027-28 and 2.0 FTE in FY 2028-29 to review tax credit claims. Costs for FY 2027-28 are prorated to reflect a November 2027 start date. Fewer tax examiners are required in the second year of a new tax credit due to a lower error rate. Standard operating and capital outlay costs are included.

Software Programming and Testing

The bill requires one-time expenditures of \$20,092 in FY 2027-28 to program, test, and update database fields in DOR's GenTax software system. Programming costs are estimated at \$13,905, representing 60 hours of contract programming at a rate of \$231.75 per hour. Costs for development and testing in support of GenTax programming are \$4,235, representing 121 hours at a rate of \$35 per hour, and \$1,952 for 61 hours of user acceptance testing at a rate of \$32 per hour.

Data Analysis and Reporting

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$8,778 in FY 2027-28 and a similar amount in FY 2028-29, representing 231 hours for data management and reporting at \$38 per hour.

Form Changes and Document Management

The bill is estimated to require \$2,477 in FY 2027-28 and \$2,045 in FY 2028-29 to update tax forms and process paper returns, based on the taxpayer population estimated in the fiscal note. These costs occur in the Department of Personnel and Administration and are paid using reappropriated DOR funds.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

Technical Note

The fiscal notes assumes that the tax credit is available only for a firearm safety device that is designed to store a firearm and to be unlocked only by means of a key, combination, or by other similar means. Should the tax credit be available for purchasers of a firearm safety device defined broadly as any locking device that can be used to store a firearm, the population claiming the tax credit, as well as costs to administer the tax credit, will increase.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Personnel

State Auditor

Revenue