
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1227 (Levine) - Firearms and ammunition: excise tax

Version: June 21, 2022

Policy Vote: GOV. & F. 4 - 1, PUB. S. 4 - 1

Urgency: Yes

Mandate: Yes

Hearing Date: August 11, 2022

Consultant: Robert Ingenito

Bill Summary: AB 1227 would impose an excise tax on firearms and ammunition sold in the State.

***** ANALYSIS ADDENDUM – SUSPENSE FILE *****

The following information is revised to reflect amendments
adopted by the committee on August 11, 2022

Fiscal Impact: The California Department of Tax and Fee Administration (CDTFA) estimates that this bill would result in additional excise tax revenues of \$110 million in 2023-24. If firearms dealers and ammunition vendors choose to pass the excise tax to on to their customers, the bill would additionally result in a state and local sales and use tax revenue gain of up to \$9.4 million, \$4.3 million of which would flow to the General Fund.

CDTFA indicates that it would incur administrative costs of \$2.4 million in 2022-23, \$841,000 in 2023-24, \$793,000 in 2024-25, and \$1.5 million annually thereafter, to implement the provisions of the bill. Specifically, the department would incur new costs to (1) identify and notify taxpayers, (2) create a new tax return, (3) program computer systems, (4) revise publications and audit/compliance manuals, (5) develop special notices and tax guides, (6) create regulations, and (7) respond to inquiries from the public.

Author Amendments: Specify that the General Fund loan to CDTFA to fund start-up costs would be \$2.4 million, and make other technical and clarifying changes.

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