

Legislative Analysis



REINSTATE FIREARM SAFETY DEVICE EXEMPTIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4025 as reported
Sponsor: Rep. Natalie Price

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4026 as reported
Sponsor: Rep. Brad Paquette

Committee: Finance
Complete to 3-3-25

SUMMARY:

House Bills 4025 and 4026 would amend the General Sales Tax Act and the Use Tax Act, respectively, to reinstate the sales and use tax exemptions allowed for the sale or purchase of *firearm safety devices* that expired on December 31, 2024.

Firearm safety device means equipment designed to prevent unauthorized access to, or operation or discharge of, a firearm that is either of the following:

- A device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device.
- A gun safe, gun case, lockbox, or other device that is designed, in light of materials used, to prevent access to a firearm by any means other than a key, a combination, biometric data, or other similar means.

Firearm safety device does not include a glass-faced cabinet or other form of storage that is primarily designed to allow for the display of firearms.

Public Acts 14 and 15 of 2023 created the exemptions and established a sunset (expiration) date of December 31, 2024.¹

The bills would reinstate the exemptions for eligible purchases through December 31, 2025.

House Bill 4025: MCL 205.54//

House Bill 4026: MCL 205.94//

BRIEF DISCUSSION:

The bills' supporters argued that the exemption serves as a way to encourage more people to purchase safety devices and safely store their firearms.

FISCAL IMPACT:

The bills would reduce combined sales and use tax revenue by an estimated \$1.0 to \$2.0 million on an full-fiscal-year basis. The actual overall revenue impact would depend on the effective

¹ <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2023-SB-0081>

date of the legislation since the bills' provisions would extend the sunset through the end of calendar year 2025, which, assuming an effective date prior to October 1, 2025, means both FY 2024-25 and FY 2025-26 would realize revenue loss.

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to revenue sharing, and the remainder is allocated to the general fund.

With respect to use tax revenue, after accounting for the Local Community Stabilization Authority share for personal property tax reimbursements, approximately 57% is deposited in the general fund and approximately 43% is deposited in the School Aid Fund.

POSITIONS:

Representatives of the following entities indicated support for the bills (2-25-24):

- Michigan League for Public Policy
- Midwest Strategy

Legislative Analyst: Alex Stegbauer
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.