

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *Thursday, March 9, 2023*

LD 629 – *“An Act to Improve, Protect and Defend the Individual Civil Right to Bear Arms Through Exemption of Firearms and Ammunition from Taxation”*

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Senator Grohoski, Representative Perry, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 629, *“An Act to Improve, Protect and Defend the Individual Civil Right to Bear Arms Through Exemption of Firearms and Ammunition from Taxation.”*

This bill would prohibit the State Tax Assessor from assessing a sales or use tax on firearms or ammunition sold or possessed in the State. The bill would further prohibit municipalities and county officers from assessing a tax or fee on firearms or ammunition sold or possessed in the State. Last session, the 130th Legislature enacted a sales tax exemption for firearm safety devices.

With respect to sales and use tax, it appears the intent of the bill is to create a sales and use tax exemption. But the language used in the bill – “may not assess” – makes this unclear and raises questions of its intended application. In particular, it is unclear whether the phrase “may not assess” is intended to create an exemption or instead only prohibit the assessment by the State Tax Assessor of unreported sales and use tax. If the intent is to exempt firearms and ammunition from the sales and use tax, this proposal should be enacted as a new sales tax exemption under 36 M.R.S. § 1760.

Furthermore, both “firearms” and “ammunition” are undefined in the bill. Without additional language, it will be difficult to determine whether certain affixed, component and specialty items – such as flare guns, antique/replica firearms, silencers/mufflers, fireworks or bullet casings – are exempt.

If the first two sections of the bill addressing municipalities and counties are intended to exempt firearms and ammunition from property tax, those items should similarly be defined and added as express exemption in 36 M.R.S. § 655. Such an exemption would overlap to some extent with the existing property tax exemption for all items of individually owned personal property with a just value of less than \$1,000. Note, however, that the proposed language of the bill is not limited to sales and use tax and property tax; it would also prohibit municipal and county “assessment” of fees and any other authorized municipal or county taxes. Please also note that this bill would not have an impact on the imposition or collection of federal firearm taxes. The bill should also include an effective date provision.

Lastly, the Administration opposes this bill because it will further narrow an already narrow sales tax base. A preliminary revenue estimate is a loss of \$6 million, which could increase depending on how expansive the exemption is.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.