



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

House Bills 4025 and 4026 (Substitute H-2 as passed by the House)

Sponsor: Representative Natalie Price (H.B. 4025)

Representative Brad Paquette (H.B. 4026)

House Committee: Finance

Senate Committee: Civil Rights, Judiciary, and Public Safety

Date Completed: 6-9-25

**CONTENT**

**House Bill 4025 (H-2) would amend the General Sales Tax Act to exempt the sale of a firearm safety device from the sales tax.**

**House Bill 4026 (H-2) would amend the Use Tax Act to provide that the use tax would not apply to the storage, use, or consumption of a firearm safety device.**

Public Acts 14 and 15 of 2023, exempted the storage, use, or consumption of, and sale of firearm safety devices from the tax and sales tax respectively. The exemptions were in effect until December 24, 2024.

"Firearm safety device" means, except as otherwise provided, 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.

The term does not include a glass-faced cabinet or other form of storage that was primarily designed to allow for the display of firearms.

The Acts specify that after a retail sale or transfer of a firearm, each bill would require the seller to provide a written notice to the purchaser and to post in a conspicuous manner at all points of sale on the premises where firearms were sold a notice that said the following: "The state of Michigan has exempted the sale of firearm safety devices from the sales and use tax imposed by this state through December 31, 2024;" however, each bill would delete the December 31, 2024, date on the written notice.

Also, the bills specify that "it is the intent of the legislature to annually appropriate sufficient funds from the state general fund to the state school aid fund created in section 11 of article IX of the state constitution of 1963 to fully compensate for any loss of revenue to the state school aid fund resulting from the enactment of this amendatory act"

MCL 205.54II (H.B. 4025)  
205.94II (H.B. 4026)

Legislative Analyst: Eleni Lionas

## **FISCAL IMPACT**

The bills would reduce State and local unit revenue by approximately \$1.0 million to \$2.0 million per year. The bills would reinstate the exemptions created in Public Acts 14 and 15 of 2023, which created the exemptions through the end of 2024. At the time those Acts were under consideration, the Department of Treasury indicated that, under a broad interpretation of the definition (although one not so broad as to allow safes and lock boxes not specifically designed for storing firearms) could reduce total sales and use tax revenue by approximately \$1.4 million per year on a full year basis. The revenue reduction in Fiscal Year (FY) 2024-25 would depend on the date the bills became effective. Assuming the bills were effective July 1, 2025, the bills would reduce FY 2024-25 revenue by approximately \$350,000.

Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to local revenue sharing, and the remainder is deposited into the General Fund. Of the State's share of use tax revenue (after the local use tax enacted as personal property tax reform), revenue at a rate of 2% is constitutionally directed to the School Aid Fund, while the General Fund receives any remaining State use tax revenue. The intent language for appropriations to hold the School Aid Fund harmless for the exemption would not be nonbinding and would not alter any earmarking of sales and use tax revenue (or the distribution of any losses across funds due directly to the exemption).

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.