

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: March 10, 2023

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No: 23-0002-S28  
Assignment No: 23-03-0111

SUBJECT: Resolution (Park – Krekorian) to support AB 28 (Gabriel)

CLA RECOMMENDATION: Adopt the attached Resolution (Park – Krekorian) to include in the City’s 2023-2024 State Legislative Program, SUPPORT for AB 28 (Gabriel) which expresses the intent of the Legislature to enact legislation that would enact a tax on firearms and ammunition to protect against gun violence.

SUMMARY

Resolution (Park – Krekorian), introduced February 15, 2023, advises that gun violence can devastate the peace of mind and impart post-traumatic stress on entire communities, especially when the violence is directed towards individuals based on ethnicity, gender, sexuality, or other characteristics. In 2020, the sale of firearms drastically increased across the nation, increasing in California by 65.6 percent, being accompanied by a similar surge in gun violence incidents. While California’s gun safety regulations are among the strongest in the nation and correlate to comparatively lower instances of gun violence, the Resolution states that each life lost to gun violence communicates the need for further measures. In 2020, the National Institute for Criminal Justice Reform reported that each firearm homicide in Stockton, California resulted in at least \$2.5 million in direct government costs. AB 1223 and AB 1227 proposed an excise tax on firearms and ammunition similar to the federal tax on gun manufacturers, but failed to gain approval from the Legislature.

The Resolution further advises that currently pending before the California State Legislature is AB 28 (Gabriel) which expresses the intent of the Legislature to enact legislation that would enact a tax on firearms and ammunition to protect against gun violence. According to the California Department of Tax and Fee Administration, an excise tax comparable to the federal excise tax on gun manufacturers could generate \$110 million in one year. The Resolution states that an excise tax could serve to discourage the purchase of guns, as well as concurrently generate revenue that can be leveraged to fund firearm safety and violence prevention programs.

The Resolution recommends that the City support AB 28 (Gabriel) which expresses the intent of the Legislature to enact legislation that would enact a tax on firearms and ammunition to protect against gun violence.

BACKGROUND

Excise taxes are selective taxes on a specific consumer item or activity. Most commonly, this includes taxes on alcohol, tobacco, firearms, gas, and cannabis. Excise taxes may be levied on consumers for several reasons including discouraging potentially harmful behavior, cost recovery, or simply as revenue generating luxury taxes.

In 1918, the United States Congress enacted the Revenue Act of 1918 which included the first excise tax on firearms and ammunitions in an attempt to help finance defense spending during World War I. In 1937, Congress enacted the Federal Aid in Wildlife Restoration Act which reallocated the revenue generated by that excise tax to conservation, hunter education, and safety programs. As such, the federal firearm excise tax is levied on manufacturers, distributors, or importers of firearms at the following rates: 10 percent for pistols and revolvers, 11 percent for other firearms and ammunition, and 11 percent for bows and archery equipment.

While California does levy several excise taxes, there is no existing excise tax on manufacturers, distributors, retailers, or purchasers of firearms. California law does provide for collection of a \$37.19 fee on each firearm purchase that covers California registration and regulation fees including the \$31.19 Dealer Record of Sale (DROS) fee, the one dollar firearms safety fee, and the five dollar safety and enforcement fee. A one dollar transaction fee is also levied on purchases and transfers to cover the cost of background checks. Notably, while permitting laws may not increase the price of firearms, they do increase the overall cost for purchase, possession, and use of certain items requiring permits, such as firearms.

Manufacturers and retailers of firearms must register with the United States Bureau of Alcohol, Tobacco, Firearms and Explosions (ATF) to obtain a Federal Firearms License before initiating the sale of firearms. In California, retailers and distributors are further required to register for a sellers permit with the California Department of Tax and Fee Administration (CDTFA) to collect and remit tax on sales of firearms and ammunition.

Currently the text of AB 28 (Gabriel) contains placeholder language expressing the intent of the State Legislature to enact a tax on firearms and ammunition to protect against gun violence. AB 18 (2019-2020), AB 1223 (2021-2022), and AB 1227 (2021-2022), proposed an excise tax on firearms and ammunition with rates consistent to the federal tax on gun manufacturers. The bills proposed to utilize revenues generated by the firearm excise tax to fund gun violence prevention programs, education, and research. All three bills failed to gain approval from the Legislature.

Support for AB 28 (Gabriel) would be consistent with City efforts to implement gun violence prevention programs and limit the proliferation of firearms.

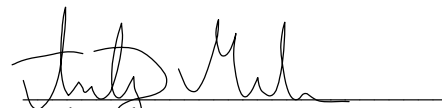
DEPARTMENTS NOTIFIED

LAPD  
Finance

BILL STATUS

12/05/22

Introduced

  
Andy Galan  
Analyst

Attachments: 1. Resolution (Park – Krekorian)

# RESOLUTION

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

**WHEREAS**, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

**WHEREAS**, gun violence can devastate the peace of mind of and impart post-traumatic stress on entire communities, especially when the violence is directed towards individuals based on ethnicity, gender, sexuality, or other characteristics; and

**WHEREAS**, in 2020 the sale of firearms drastically increased across the nation, increasing in California by 65.5 percent, and was accompanied by a similar surge in gun violence incidents; and

**WHEREAS**, while the State of California's gun safety regulations are among the strongest in the nation and correlate to comparatively lower instances of gun violence, each and every loss of life to gun violence communicates the urgent need for further measures; and

**WHEREAS**, the economic impacts of gun violence are also acute, limiting the creation of generational wealth in communities that experience high firearm violence; and impose significant fiscal burdens on local governments, diverting funding for community improvement; and

**WHEREAS**, in 2020 the National Institute for Criminal Justice Reform reported that each firearm homicide in Stockton, California resulted in at least \$2.5 million in direct government costs; and

**WHEREAS**, AB 1223 (2021), and AB 1227 (2022), introduced by Assemblymember Gabriel, proposed an excise tax on firearms and ammunition similar to the federal excise tax levied on gun manufacturers, but failed to gain approval from the Legislature; and

**WHEREAS**, currently pending before the California State Legislature is AB 28 (Gabriel) which expresses the intent of the Legislature to enact legislation that would enact a tax on firearms and ammunition to protect against gun violence; and

**WHEREAS**, according to the California Department of Tax and Fee Administration, an excise tax comparable with the federal excise tax levied on gun manufacturers and distributors could generate \$110 million in one year; and

**WHEREAS**, an excise tax could serve to discourage the purchase of guns, as well as concurrently generate revenue that can be leveraged to fund firearm safety and violence prevention programs;

**NOW, THEREFORE, BE IT RESOLVED**, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State Legislative Program SUPPORT for AB 28 (Gabriel) which expresses the intent of the Legislature to enact legislation that would enact a tax on firearms and ammunition to protect against gun violence.

PRESENTED BY: Traci Park  
TRACI PARK  
Councilmember, 11<sup>th</sup> District

SECONDED BY: Paul Rekorn

PK FEB 15 2023

ORIGINAL