



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1699**

**Bill Subtitle: TO ADD FIREARM SAFETY DEVICES AND FIREARM STORAGE DEVICES TO THE SALES TAX HOLIDAY; AND TO DECLARE AN EMERGENCY.**

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**Sponsors:**

**Reps. McCullough and Vaught**

**Sen. Tucker**

**Basic Change:**

Current law, § 26-52-444, provides a sales tax holiday for purchases of clothing, clothing accessories or equipment, school art supplies, school instructional materials, school supplies, and electronic devices. HB1699 expands the sales tax holiday to include a:

- “Firearm safety device”, which is defined as a device to be equipped or installed on a firearm designed to prevent unauthorized access to the firearm or to prevent it from being operated without first deactivating the device, but not a firearm sold with a firearm safety device already installed on the firearm; and
- “Firearm storage device”, which is defined as a container or enclosure designed for the principal purpose of safely storing a firearm and secured by a combination lock, key lock, or lock based on biometric information which once locked is incapable of being opened without the combination, key, or biometric information.

Firearm safety devices and firearm storage devices may be purchased exempt from sales and use tax during the sales tax holiday in August.

**Fiscal Impact:**

**FY2026**

**Total Approximate State Sales and Use Tax Loss -\$65,190**

(Estimated Effective Date 10/1/2025 --- 8 months reduced tax collection)

General Revenue - 4.5%	-\$43,778
Property Tax Relief - .5%	-\$4,864
Conservation Fund - .125%	-\$1,216
Educational Adequacy Fund - .875%	-\$8,512
Highway Fund - .5%	-\$5,015
Educational Excellence Trust Fund -	\$0
Educational Adequacy (GR Transfer) -	\$0
State Central Services -	-\$1,204
Constitutional Officers -	-\$602

**Total Approximate Local City and County Sales and Use Tax Loss -\$33,096**



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**FY2027**

<b>Total Approximate State Sales and Use Tax Loss</b>	<b>-\$67,146</b>
General Revenue - 4.5%	-\$38,354
Property Tax Relief - .5%	-\$5,010
Conservation Fund - .125%	-\$1,253
Educational Adequacy Fund - .875%	-\$8,768
Highway Fund - .5%	-\$5,165
Educational Excellence Trust Fund -	-\$6,190
Educational Adequacy (GR Transfer) -	-\$547
State Central Services -	-\$1,240
Constitutional Officers -	-\$620
<b>Total Approximate Local City and County Sales and Use Tax Loss</b>	<b>-\$34,089</b>

[ Fiscal impact was calculated using revenue data from the State of Tennessee. This was adjusted for the population of Arkansas, percentage of gun owners in Arkansas, as well as state and local tax rates in Arkansas. ]

**Taxpayer Impact:**

Sales of firearm safety devices and firearm storage devices during the sales tax holiday would be exempt from sales and use tax..

**Resources Required:**

None.

**Time Required:**

The emergency clause allows for adequate time for implementation.

**Procedural Changes:**

Websites with sales tax holiday information and training manuals will need to be updated to account for the changes.

**Other Comments:**

None.



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**Legal Analysis:**

The State of Arkansas is a full member state under the Streamlined Sales and Use Tax Agreement ("SSUTA"). If the State of Arkansas was determined to be in violation of the SSUTA, sanctions may be imposed and future collections of sales taxes from out-of-state sellers would be in jeopardy. A member state may enact an entity- or product-based exemption for a product if Part II of the SSUTA Library of Definitions has a definition for such product and the member state utilizes the product definition in the exemption in a manner consistent with Part II of the Library of Definitions. A member state may enact an entity- or product-based exemption without restriction if Part II of the Library of Definitions does not have a definition for such product.

Arkansas law currently provides a product-based sales and use tax holiday for purchases of clothing and clothing accessories or equipment, school art supplies, school instructional materials, school supplies, and electronic devices. The holiday begins at 12:01 a.m. on the first Saturday in August and ends at 11:59 p.m. the following Sunday. HB1699 expands the holiday to exempt purchases of "firearm safety devices" and "firearm storage devices."

Section 322 of the SSUTA authorizes sales tax holidays with certain restrictions. One restriction is that a member state cannot apply an exemption unless the item to be exempted on the holiday is defined in Part II or Part III(B) of the Agreement's Library of Definitions.

The SSUTA defines "firearm safety devices" and "firearm storage devices." The definitions of those terms in HB1699 are substantially the same as those found in the SSUTA and the bill's definitions comply with the SSUTA agreement.

In addition, a member state must provide notice of the exemption period at least 60 days prior to the first day of the calendar month in which the exemption period will begin. HB1699 includes an emergency clause and would need to become effective prior to June 1, 2025 in order for the subject items to be exempt from sales and use tax during the August 2025 sales tax holiday.