

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

February 3, 2026

Bill:
HB-232

Sponsor:
Representatives Randall T. Pettigrew, Jimmy G. Mason, and John Block

Short Title:
Gun Storage Tax Credit

Description:
This bill creates the gun storage income tax credit. An individual taxpayer purchasing secure gun storage on or after July 1, 2026, and before January 1, 2029, may claim a one-time credit in an amount equal to the price paid for the secure gun storage. “Secure Gun Storage” is defined as a new safe, gun safe, gun case, lock box, or any other device that can be unlocked only by means of a key, a combination, or other similar means. The credit cannot exceed \$1,000. The taxpayer must apply with the Department of Public Safety (DPS) to receive a certification of eligibility for the credit. The applications shall include proof of purchase and proof that the secure gun storage complies with DPS’ safety and compliance standards. The aggregate credits that may be certified in any calendar year is \$500,000. A taxpayer must claim the credit in the taxable year in which the secure gun storage is purchased, and any portion of the credit that exceeds the taxpayer’s tax liability is refundable.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicable to tax years on or after January 1, 2026.

Taxation and Revenue Department Analyst:
Pedro Clavijo

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(\$500)	(\$500)	(\$500)	--	NR	General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact:
The Taxation and Revenue Department (Tax & Rev) used data from a RAND study about household firearm ownership to estimate the fiscal impact. The study reported that in 2016, around 40% of New Mexican households owned a firearm.¹ Tax & Rev estimated 330,008 households with a firearm based on the number of households reported by the U.S. Census Bureau multiplied by the 40%.² Assuming each household spends the maximum credit amount of \$1,000 on qualifying secure gun storage, the credit claims could be approximately \$330 million. Considering the bill imposes a statewide cap of \$500,000, it can be expected that the number of applications will exceed the number of approved taxpayers.

Policy Issues:
Purchasing secure gun storage may ensure the safety and security of firearms and the people around them and prevent unauthorized access. Secure gun storage also provides enhanced protection against theft and misuse of weapons, and accidental discharge. According to the New Mexico Department of Health (DOH),

¹ <https://www.rand.org/pubs/tools/TL354.html>

² <https://www.census.gov/quickfacts/fact/table/NM/PST045223>

between 2019 and 2023, firearms were the second leading cause of death for New Mexico's children, age 1-18¹. Allowing a tax credit for safe gun storage is one step towards preventing these accidental deaths.

While tax incentives may support industries or encourage specific social and economic behaviors, the proliferation of such incentives complicates the tax code. Adding more tax incentives: (1) creates special treatment and exceptions to the code, growing tax expenditures or narrowing the tax base, with a negative impact on the general fund; and (2) increases the burden of compliance on both taxpayers and Tax & Rev. Adding complexity and exceptions to the tax code is inconsistent with sound tax policy.

The tax credit sunsets on January 1, 2029. Tax & Rev supports sunset dates for policymakers to review the impact of tax expenditures before extending them.

Since many safes are not specifically designed for gun storage, it may be difficult for DPS to verify with certainty that an individual uses a safe for gun storage rather than for storage of other valuables. The intent of the bill could be strengthened by requiring an applicant to provide an affidavit or other evidence acceptable to DOS to ensure a safe is used for gun storage.

Technical Issues:

Section 1(I)(1) of the bill defines "firearm". New Mexico statutes contain multiple definitions of "firearm" that may, in part, be consistent with the definition in this bill. For example, some definitions include the frame or receiver of a firearm. A firearm is also defined by the Department of Public Safety. Section 30-7-7.1 NMSA 1978 defines a firearm "as any weapon that will or is designed to or may readily be converted to expel a projectile by the action of an explosion; the frame or receiver of any such weapon; or any firearm muffler or firearm silencer; and includes any handgun, rifle, or shotgun." Tax & Rev suggests using DPS's definition to harmonize this bill with the definition used by the New Mexico firearms regulator.

Other Issues:

A replacement is recommended for Section 1, Subsection C, located on pages 2, line 21, through 3, line 3, because this subsection requires taxpayers to submit a second application to the Tax & Rev even though eligibility has already been certified by DPS, creating a duplicative and unnecessary administrative step. Tax & Rev suggests that subsection C be replaced with: "A taxpayer may claim a credit provided by this section for the taxable year in which the taxpayer purchases a secure gun storage."

Tax & Rev recommends that DPS provide Tax & Rev the certificates of eligibility issued electronically at regularly agreed-upon intervals. Tax & Rev suggests the following be added to subsection B, on page 2, line 20: "The department of public safety shall provide the department with all certificates of eligibility issued pursuant to this section in an electronic format at regularly agreed-upon intervals, including taxpayer identifying information, purchase date, credit amount and any additional information required by the department to administer the credit."

As this tax credit is in the Income Tax Act, but DPS is the certifying party, Tax & Rev recommends that the language "The department of public safety may promulgate rules governing the procedure for administering the provisions of this subsection" be added as an additional subsection for the credit statute.

Administrative & Compliance Impact:

Tax & Rev will update forms, instructions, and publications, and make information system changes. This implementation will be included in the annual tax year changes.

Tax & Rev's Administrative Services Division (ASD) anticipates this bill will take approximately 40 hours, split between two existing FTEs, to be implemented for a cost of \$2,700.

Tax & Rev's Information Technology Division (ITD) estimates that implementing the bill will require approximately 680 hours and \$47,063 of staff workload costs.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	\$2.7	--	\$2.7	NR	ASD - Operating
--	\$47	--	\$47	NR	ITD - Staff workload cost

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills:

Sim. to HB-202 (2025 Regular Session); HB-81 and HB-226 (2024 Regular Session)

ⁱ <https://www.nmhealth.org/news/safety/2025/6/?view=2220>