

103^D CONGRESS
1ST SESSION

S. 868

To amend the Internal Revenue Code of 1986 to increase the tax on handguns and assault weapons, to increase the license application fee for gun dealers, and to use the proceeds from those increases to pay for medical care for gunshot victims.

IN THE SENATE OF THE UNITED STATES

MAY 4 (legislative day, APRIL 19), 1993

Mrs. MURRAY (for herself, Mr. SIMON, Mr. KERRY, Ms. MOSELEY-BRAUN, and Mr. MATHEWS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the tax on handguns and assault weapons, to increase the license application fee for gun dealers, and to use the proceeds from those increases to pay for medical care for gunshot victims.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Firearm Victims Pre-
5 vention Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds that—

1 (1) according to the Centers for Disease Con-
2 trol, an estimated 34,000 Americans die from fire-
3 arm injuries each year, including 25,000 from hand-
4 gun violence;

5 (2) firearms rank as the 8th leading cause of
6 death in the United States, and less than 5 percent
7 of fatal shootings are unintentional;

8 (3) the National Center for Health Statistics
9 reported in March 1993 that, among Americans age
10 15 through 24, firearms are the cause of more
11 deaths than all natural causes combined;

12 (4) from 1979 to 1989, the firearm homicide
13 rate among children age 15 through 19 increased 61
14 percent, while the nonfirearm homicide rate fell 29
15 percent;

16 (5) more than 135,000 students carry hand-
17 guns to school everyday, and an additional 270,000
18 students have carried a gun to school at least once;

19 (6) the United States leads industrialized na-
20 tions in the percentage of households with firearms
21 and the number of homicides with guns;

22 (7) according to the Centers for Disease Con-
23 trol, the estimated lifetime costs for firearm injuries
24 that occurred in 1985 will be \$14,400,000,000;

1 (8) according to the 1991 Advisory Council on
2 Social Security, the overall annual cost of firearms
3 injury to the health care system in the United States
4 is more than \$4,000,000,000;

5 (9) public funds pay for an estimated 85 per-
6 cent of the cost of hospitalization for firearm inju-
7 ries, excluding professional fees and the cost of am-
8 bulance, physical therapy, and other rehabilitative
9 services;

10 (10) the indirect costs of gun-related injuries,
11 such as disability payments, legal fees, and lost work
12 time, are estimated to be 2 times the estimated an-
13 nual direct cost of firearm injury;

14 (11) more than 280,000 manufacturers, dealers
15 and individuals are licensed to sell firearms in the
16 United States; and

17 (12) Federal firearm licenses are inexpensive,
18 relatively easy to obtain, and may only be revoked
19 upon criminal conviction.

20 (b) PURPOSE.—The purpose of this Act is to help al-
21 leviate the public health care cost resulting from firearm-
22 related injury and death by—

23 (1) establishing a transactional tax on the pur-
24 chase of the firearms and ammunition most com-
25 monly associated with injury and death;

1 (2) raising licensing fees for dealers who sell
2 such firearms and ammunition; and

3 (3) using funds generated from the trans-
4 actional tax and licensing fees to help offset the
5 health care cost resulting from firearm injury and
6 death.

7 **SEC. 3. INCREASE IN TAX ON HANDGUNS AND ASSAULT**
8 **WEAPONS.**

9 (a) INCREASE IN MANUFACTURER'S TAX.—Section
10 4181 of the Internal Revenue Code of 1986 (relating to
11 imposition of tax on firearms) is amended to read as fol-
12 lows:

13 **“SEC. 4181. IMPOSITION OF TAX.**

14 “(a) IMPOSITION OF TAX.—There is hereby imposed
15 upon the sale by the manufacturer, producer, or importer
16 of any of the following articles a tax equivalent to the spec-
17 ified percentage of the price for which so sold:

18 “ARTICLES TAXABLE AT 25 PERCENT.—

19 “Handguns.

20 “Assault weapons.

21 “Large capacity magazines.

22 “Shells and cartridges used in handguns
23 and assault weapons.

24 “ARTICLES TAXABLE AT 11 PERCENT.—

1 “Firearms (other than handguns, assault
2 weapons, and pistols or revolvers).

3 “Shells and cartridges not taxable at 25
4 percent.

5 “ARTICLES TAXABLE AT 10 PERCENT.—

6 “Pistols and revolvers not taxable at 25
7 percent.

8 “(b) DEFINITIONS.—For purposes of subsection
9 (a)—

10 “(1) HANDGUN.—The term ‘handgun’ means a
11 firearm which, at the time of manufacture, had a
12 barrel of less than 12 inches in length.

13 “(2) ASSAULT WEAPON.—The term ‘assault
14 weapon’ means—

15 “(A) a firearm—

16 “(i) which—

17 “(I) has a barrel of between 12
18 and 18 inches in length, and

19 “(II) is capable of receiving am-
20 muniton directly from a large capac-
21 ity ammunition magazine, or

22 “(ii) which is a semiautomatic firearm
23 which is—

1 “(I) not recognized generally as
 2 particularly suitable for, or readily
 3 adaptable to, sporting purposes, or

4 “(II) concealable by a person, or

5 “(B) a firearm which is substantially func-
 6 tionally equivalent to a firearm described in
 7 subparagraph (A).

8 “(3) LARGE CAPACITY AMMUNITION MAGA-
 9 ZINE.—The term ‘large capacity ammuni-
 10 tion magazine’ means a detachable maga-
 11 zine, belt, drum, feed strip, or similar device which has, or which may be
 12 readily restored (or converted) to a device which has,
 13 a capacity of 15 or more rounds of ammunition.”

14 (b) RETAIL TAX ON SUBSEQUENT TRANSACTIONS
 15 INVOLVING ASSAULT WEAPONS AND HANDGUNS.—

16 (1) IN GENERAL.—Chapter 31 of the Internal
 17 Revenue Code of 1986 (relating to retail excise
 18 taxes) is amended by adding at the end the following
 19 new subchapter:

20 **“Subchapter D—Handguns and Assault**
 21 **Weapons**

“Sec. 4056. Handguns and assault weapons.

22 **“SEC. 4056. HANDGUNS AND ASSAULT WEAPONS.**

23 “(a) IMPOSITION OF TAX.—There is hereby imposed
 24 on any sale, transfer, or other disposition by any person

1 of a handgun, assault weapon, large capacity magazine,
2 or shells and cartridges used in handguns and assault
3 weapons a tax equal to 25 percent of the price for which
4 sold, transferred, or disposed of.

5 “(b) EXCEPTIONS.—

6 “(1) COORDINATION WITH MANUFACTURER’S
7 TAX.—If tax has been paid under section 4181 with
8 respect to any article, no tax shall be imposed under
9 subsection (a) on such article until a sale, transfer,
10 or disposition occurring after the first retail sale of
11 the article.

12 “(2) DEFENSE DEPARTMENT.—No tax shall be
13 imposed by subsection (a) on any sale described in
14 section 4182(b).

15 “(c) DEFINITIONS.—For purposes of this section, the
16 terms ‘handgun’, ‘assault weapon’, and ‘large capacity
17 magazine’ have the meanings given such terms by section
18 4181(b).”

19 (2) CONFORMING AMENDMENT.—The table of
20 subchapters for chapter 31 of such Code is amended
21 by adding at the end the following new item:

“Subchapter D—Handguns and Assault Weapons.”

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to sales, transfers, and other dis-

1 positions after the 30th day after the date of the enact-
2 ment of this Act.

3 **SEC. 4. HEALTH CARE TRUST FUND.**

4 (a) IN GENERAL.—Subchapter A of chapter 98 of the
5 Internal Revenue Code of 1986 (relating to trust fund
6 code) is amended by adding at the end thereof the follow-
7 ing new section:

8 **“SEC. 9512. HEALTH CARE TRUST FUND.**

9 “(a) ESTABLISHMENT OF THE TRUST FUND.—There
10 is established in the Treasury of the United States a trust
11 fund to be known as the “Health Care Trust Fund”, con-
12 sisting of such amounts as may be appropriated or cred-
13 ited to such Trust Fund as provided in this section or sec-
14 tion 9602(b).

15 “(b) TRANSFERS TO THE TRUST FUND.—There are
16 hereby appropriated to the Health Care Trust Fund
17 amounts equivalent to—

18 “(1) the taxes received in the Treasury under
19 section 4056,

20 “(2) the taxes received in the Treasury under
21 section 4181 which are attributable to the tax on ar-
22 ticles subject to the 25-percent rate, and

23 “(3) the amounts described in section
24 923(a)(3)(D) of title 18, United States Code.

1 “(c) EXPENDITURES FROM THE TRUST FUND.—
2 Funds in the Health Care Trust Fund shall be available,
3 as provided in appropriations Acts, only for the purpose
4 of making grants to assist hospitals, trauma centers or
5 other health care providers that have incurred substantial
6 uncompensated costs in providing medical care to gunshot
7 victims except that no single hospital, trauma center or
8 health care provider may receive more than one-tenth of
9 1 percent of the funds appropriated under this section.

10 “(d) ELIGIBILITY FOR TRUST FUND MONEYS.—A
11 hospital, trauma center or other health care provider is
12 eligible to apply for grants from the Trust Fund for any
13 calendar year if the hospital, trauma center or health care
14 provider—

15 “(1) is in compliance with Federal and State
16 certification and licensing requirements;

17 “(2) is a not-for-profit entity; and

18 “(3) has incurred substantial uncompensated
19 costs during the previous calendar year in providing
20 medical care to gunshot victims.

21 “(e) REGULATIONS FOR TRUST FUND.—The Sec-
22 retary shall, not later than 60 days after the date of enact-
23 ment of this section and in consultation with the Secretary
24 of Health and Human Services, issue such regulations as
25 are necessary to implement the provisions of this section.”

1 (b) CONFORMING AMENDMENT.—The table of sec-
 2 tions for subchapter A of chapter 98 of such Code is
 3 amended by adding at the end the following new item:

“Sec. 9512. Health Care Trust Fund.”

4 **SEC. 5. LICENSE APPLICATION FEES FOR DEALERS IN**
 5 **FIREARMS.**

6 (a) IN GENERAL.—Section 923(a)(3) of title 18,
 7 United States Code, is amended—

8 (1) in subparagraph (B) by striking “\$25” and
 9 inserting “\$2,500”;

10 (2) in subparagraph (C) by striking “\$10” and
 11 inserting “\$2,500”; and

12 (3) by adding at the end the following new sub-
 13 paragraph (D):

14 “(D) There are hereby appropriated to the
 15 Health Care Trust Fund established under sec-
 16 tion 9512 of the Internal Revenue Code of 1986
 17 (26 U.S.C. 9512) United States Code one-half
 18 of the revenue from the fees collected under
 19 subparagraphs (B) and (C).”

20 (b) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to license applications filed after
 22 the 30th day after the date of the enactment of this Act.

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