

JAN 17 2008

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# A BILL FOR AN ACT

RELATING TO AMMUNITION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that more than thirty per  
2 cent of all homicides committed in the United States that  
3 involve a gun go unsolved each year. Handgun ammunition  
4 accounts for eighty per cent of all ammunition sold in the  
5 United States. Current technology for matching a bullet used in  
6 a crime to the gun that fired it has worked moderately well for  
7 years, but presupposes that the weapon was recovered by law  
8 enforcement. Bullet coding is a new and effective way for law  
9 enforcement to quickly identify persons of interest in gun crime  
10 investigations.

11           The purpose of this Act is to require that ammunition  
12 manufactured or sold in Hawaii and capable of use in handguns,  
13 including assault pistols, be coded to assist law enforcement in  
14 identifying and prosecuting offenders who use handguns,  
15 including assault pistols, to commit violent crimes.

16           SECTION 2. Chapter 134, Hawaii Revised Statutes, is  
17 amended by adding a new part to be appropriately designated and  
18 to read as follows:



"PART . CODED AMMUNITION

§134-A Possession or sale of non-coded ammunition

prohibited. (a) All ammunition capable of use in a handgun, including an assault pistol, that is manufactured or sold in the State after January 1, 2009, shall be coded by the manufacturer; provided that the coding requirement shall apply only to the following calibers of ammunition:

(b) No later than January 1, 2010, all non-coded ammunition capable of use in a handgun, including an assault pistol, whether owned by private citizens or retail outlets, shall be disposed of in a manner prescribed by the attorney general through rules adopted pursuant to chapter 91.

(c) For purposes of this part, "coded ammunition" means a bullet carrying a unique identifier that has been applied by etching onto the base of the bullet projectile.

§134-B Possession or sale of non-coded ammunition

prohibited. (a) All ammunition capable of use in a handgun, including an assault pistol, manufactured or sold in the State after January 1, 2009, shall be coded by the manufacturer; provided that this requirement shall apply only to the calibers of ammunition specified in section 134-A.



1 (b) No later than January 1, 2010, all non-coded  
2 ammunition for the calibers listed in section 134-A, whether  
3 owned by private citizens or retail outlets, shall be disposed  
4 of in a manner prescribed by the attorney general through rules  
5 adopted pursuant to chapter 91.

6 **§134-C Ammunition coding system database.** (a) The  
7 attorney general shall establish and maintain an ammunition  
8 coding system database containing the information specified in  
9 this section.

10 (b) Manufacturers shall:

11 (1) Register with the attorney general in a manner  
12 prescribed by the attorney general through rules  
13 adopted pursuant to chapter 91; and

14 (2) Maintain records on the business premises for a period  
15 of seven years concerning all sales, loans, and  
16 transfers of ammunition, to, from, or within the  
17 State.

18 (c) Vendors shall:

19 (1) Register with the attorney general in a manner  
20 prescribed by the attorney general through rules  
21 adopted pursuant to chapter 91; and



1           (2) Record the following information in a format  
2           prescribed by the attorney general:  
3           (A) The date of the transaction;  
4           (B) The name of the purchaser;  
5           (C) The purchaser's driver's license number or other  
6           government issued identification card number;  
7           (D) The date of birth of the purchaser;  
8           (E) The unique identifier of all ammunition or  
9           bullets sold; and  
10          (F) All other information prescribed by the attorney  
11          general through rules adopted pursuant to chapter  
12          91.

13          (3) Maintain records on the business premises for a period  
14          of three years from the date of the recorded purchase.

15          (c) To the greatest extent possible or practical, the  
16          ammunition coding system database shall be built within the  
17          framework of existing firearms databases. The ammunition coding  
18          system database shall be operational no later than January 1,  
19          2009.

20          (d) Because privacy of individuals is of the utmost  
21          importance, access to information in the ammunition coding  
22          system database shall be stored in a manner consistent with the



1 provisions of section 846-7 through rules adopted pursuant to  
2 chapter 91, limited to law enforcement personnel, and released  
3 only in connection with a criminal investigation.

4       **§134-D Penalties.** (a) Any vendor who intentionally or  
5 knowingly fails to comply with, or falsifies the records  
6 required to be kept by, this part shall be guilty of a  
7 misdemeanor.

8       (b) Any manufacturer who fails to comply with the  
9 provisions of this section shall be liable for a civil fine of  
10 not more than one \$1,000 for a first violation, not more than  
11 five \$5,000 for a second violation, and not more \$10,000 for a  
12 third or subsequent violation.

13       (c) Any person who intentionally or knowingly destroys,  
14 obliterates, or otherwise renders unreadable the ammunition  
15 coding required pursuant by this part to be placed on any bullet  
16 or assembled ammunition shall be guilty of a misdemeanor.

17       **§134-E Coded ammunition special fund; fee.** (a) There is  
18 established outside the state treasury a special fund, to be  
19 known as the coded ammunition special fund, to be administered  
20 by the attorney general. The fund shall consist of amounts  
21 collected under this section. Moneys paid into the fund are not  
22 general fund revenues of the State. The attorney general shall



1 place the funds in an interest-bearing account at any federally  
2 insured financial institution, separate and apart from the  
3 general fund of the State. Moneys in the fund shall be expended  
4 by the attorney general for infrastructure, implementation,  
5 operational, enforcement, and future development costs of this  
6 part.

7 (b) Effective January 1, 2009, a coded ammunition fee in  
8 the amount of .005 cent per bullet or round of ammunition,  
9 subject to this part, shall be imposed upon the sale of each  
10 bullet or round of ammunition that is capable of use in a  
11 handgun, including an assault pistol. The surcharge shall have  
12 uniform application and shall be imposed on the sale of each  
13 bullet or round of ammunition that is capable of use in a  
14 handgun, including an assault pistol, except those sold to  
15 federal, state, and county government entities.

16 (c) Each vendor may retain two per cent of the amount of  
17 fees collected pursuant to this section to offset administrative  
18 expenses associated with billing and collecting the surcharge.

19 (d) A vendor shall remit to the attorney general for  
20 deposit into the coded ammunition special fund, within sixty  
21 days after the end of the calendar month in which the fee is  
22 collected, an amount that represents the fees collected, less



1 amounts retained for administrative expenses incurred by the  
2 vendor, as provided in subsection (c).

3 (e) The fees collected by the vendor pursuant to this  
4 section shall not be subject to any tax, fee, or other  
5 assessment, nor are they considered revenue of the vendor.

6 (f) At any time the attorney general deems it necessary  
7 and appropriate, the attorney general may make recommendations  
8 to the legislature as to whether the fee and fund should be  
9 discontinued, continued as is, or amended."

10 SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13 "§235- Ammunition coding equipment income tax credit.

14 (a) Any law to the contrary notwithstanding, there shall be  
15 allowed to each taxpayer subject to the taxes imposed by this  
16 chapter an income tax credit that shall be deductible from the  
17 taxpayer's net income tax liability, if any, imposed by this  
18 chapter for the taxable year in which the credit is properly  
19 claimed. The amount of the credit shall be equal to the total  
20 qualified costs that the taxpayer incurred for the acquisition  
21 of ammunition coding equipment required by part , chapter 134.



1        In the case of a partnership, S corporation, estate, or  
2 trust, the tax credit allowable is for qualified acquisition  
3 costs incurred by the entity for the taxable year. The cost  
4 upon which the tax credit is computed shall be determined at the  
5 entity level. Distribution and share of credit shall be  
6 determined by rule.

7        If a deduction is taken under section 179 (with respect to  
8 election to expense depreciable business assets) of the Internal  
9 Revenue Code of 1986, as amended, no tax credit shall be allowed  
10 for those costs for which the deduction is taken.

11        The basis for eligible property for depreciation of  
12 accelerated cost recovery system purposes for state income taxes  
13 shall be reduced by the amount of credit allowable and claimed.

14        (b) The credit allowed under this section shall be claimed  
15 against the net income tax liability for the taxable year. For  
16 the purposes of this section, "net income tax liability" means  
17 net income tax liability reduced by all other credits allowed  
18 under this chapter.

19        (c) If the tax credit under this section exceeds the  
20 taxpayer's income tax liability, the excess of credits over  
21 liability shall be refunded to the taxpayer; provided that no  
22 refunds or payment on account of the tax credits allowed by this





1 section shall be made for amounts less than \$1. All claims,  
 2 including any amended claims, for tax credits under this section  
 3 shall be filed on or before the end of the twelfth month  
 4 following the close of the taxable year for which the credit may  
 5 be claimed. Failure to comply with the foregoing provision  
 6 shall constitute a waiver of the right to claim the credit.

7 (d) To qualify for this tax credit, a taxpayer shall:

8 (1) Enter into a contract for the acquisition of  
 9 ammunition coding equipment required by part ,  
 10 chapter 134;

11 (2) Install the ammunition coding equipment required by  
 12 part , chapter 134; and

13 (3) No later than thirty days following the end of each  
 14 taxable year in which qualified costs were expended,  
 15 submit a written, sworn statement to the attorney  
 16 general identifying:

17 (A) All qualified costs incurred pursuant to  
 18 subsection (a), if any, incurred in the previous  
 19 taxable year; and

20 (B) The amount of tax credits claimed pursuant to  
 21 this section, if any, in the previous taxable  
 22 year.



1        The attorney general shall certify to the department of  
 2        taxation on forms prescribed by the director of taxation the  
 3        correct qualified costs that were incurred pursuant to  
 4        subsection (a).

5        Notwithstanding the authority of the attorney general under  
 6        this section, the director of taxation may audit and adjust the  
 7        tax credit amount to conform to the information filed by the  
 8        taxpayer.

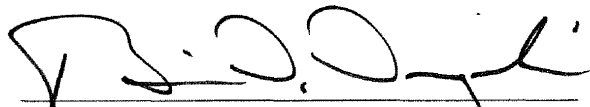
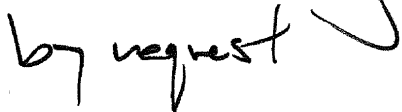
9        (e) The director of taxation shall prepare forms as may be  
 10       necessary to claim a credit under this section. The director  
 11       may also require the taxpayer to furnish information to  
 12       ascertain the validity of the claim for credit made under this  
 13       section and may adopt rules necessary to effectuate the purposes  
 14       of this section pursuant to chapter 91.

15       (f) Total tax credits claimed by a taxpayer pursuant to  
 16       this section shall not exceed \$                    in any tax year."

17       SECTION 4. New statutory material is underscored.

18       SECTION 5. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:   
 by request 



**Report Title:**

Ammunition; Identification

**Description:**

Requires all ammunition of a specified caliber manufactured or sold in Hawaii that is capable of use in handguns, including assault pistols, to be coded to assist law enforcement in identifying and prosecuting gun crime offenders. Requires attorney general to establish a statewide database to track coded ammunition. Effective 7/1/2008.

