

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7366**

**BILL NUMBER: HB 1272**

**DATE PREPARED:** Dec 29, 2000

**BILL AMENDED:**

**SUBJECT:** Sale of Common Fireworks.

**FISCAL ANALYST:** Chris Baker

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill removes the penalty for the possession, transportation, or delivery of common fireworks. It permits a retailer to sell common fireworks at retail, and repeals the categories of common fireworks, novelties, and trick noisemakers that are permitted to be sold. This bill also repeals the wholesaler requirements for fireworks not approved for sale in Indiana. It provides that a person who possesses, transports, or delivers special fireworks other than as authorized commits a Class A misdemeanor. It also makes conforming amendments.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The Department of Fire and Building Services and the State Fire Marshal may experience additional expenditures to produce updated information material explaining the proposed regulations on fireworks. It is believed the agencies could absorb these costs within their existing budgets.

**Explanation of State Revenues:** This proposal would narrow the classification of fireworks which would impose a Class A misdemeanor for unlawful possession, transportation, or delivery. The penalty would only be applied to violations with special fireworks. Special fireworks are defined as fireworks that contain more than 130 milligrams of explosive composition, and aerial shells that contain more than 40 grams of pyrotechnic composition, or other types of display fireworks that exceed the limits to be classified as a common firework.

There may be a reduction of fines and court fees collected due to the narrowing of the classification of fireworks in this proposal. The funds that would be affected would be both the Common School Fund and the General Fund. Ultimately, any impact to revenue would depend upon the number of arrests and convictions processed under this proposal.

The bill also removes the five-day grace period for an interstate wholesaler purchasing common fireworks in Indiana to exit the state for fireworks not approved for sale in the state and establishes the ability to sell common fireworks at retail in Indiana.

The fee involved to sell fireworks would include a retail sales stand permit which is currently set at \$0. The stand would also be required to have a certificate of compliance on file. The fee for a certificate of compliance is \$1,000. In FY 2000, \$167,000 in fees were collected from certificates of compliance. In FY 1999, \$181,000 in fees were collected.

*Secondary Impact:* The proposal could generate increased sales of fireworks directly in Indiana and may increase state sales tax collections as a result. Dr. Lee Craig's *Estimates of the Economic Impact of the Fireworks Industry in Indiana* projects the sales tax on fireworks to generate approximately \$2 M in state revenue in FY 2002. Craig's estimate is based on the types of fireworks offered for retail sale that the statute currently allows. The bill could generate sales tax revenue in addition to this estimate.

**Explanation of Local Expenditures:** Expenditures for incarceration may decrease if fewer violations occur as a result of narrowing the classification of fireworks that would be illegal to possess, transport, or deliver.

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the State Fire Marshal; Department of Fire and Building Services;

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Office of the Auditor of State; Office of the State Fire Marshal; Department of State Revenue; Lee A Craig, Ph.D., *Estimates of the Economic Impact of the Fireworks Industry in Indiana*, Oct. 15, 2000, submitted to the 2000 Interim Study Committee on Public Safety Issues.