LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6422
BILL NUMBER: HB 1170

NOTE PREPARED: Dec 13, 2022
BILL AMENDED:

SUBJECT: Local Regulation of Consumer Fireworks.

FIRST AUTHOR: Rep. Schaibley
FIRST SPONSOR:

BILL STATUS: As Introduced

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

IMPACT: State & Local

Summary of Legislation: This bill allows a county or municipality to limit the use of consumer fireworks between certain hours on June 29, June 30, July 1, July 2, July 6, July 7, July 8, and July 9.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: *Sales Tax*–This bill could affect sales tax revenue if limiting the use of fireworks results in reduced sales of fireworks. Sales taxes collected from fireworks sales have averaged approximately $5.2 M annually from FY 2018 through FY 2022. Sales tax revenue is deposited in the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).

Public Safety Fees–In addition to sales tax, individuals who acquire fireworks in a retail transaction are liable for a 5% public safety fee which is deposited in the General Fund. The bill could affect public safety fee revenue if limiting the kinds of fireworks that can be sold results in reduced sales of fireworks. Public safety fees collected from fireworks sales have averaged approximately $3.7 M annually from FY 2018 through FY 2022. The first $2 M in public safety fees collected on an annual basis are transferred to the Regional Public Safety Training Fund. The remainder of the funds collected in that year is split evenly between the State Disaster Relief Fund and the Regional Public Safety Training Fund.

Additional Information– This bill will reduce the number of days on which counties and municipalities are prohibited from limiting the use of fireworks. Current law protects use of consumer fireworks on 10 days surrounding Independence Day. This bill reduces the window of protected use to July 3 and July 5. There

is no change to the window of protected use for July 4, December 31, and January 1.

Explanation of Local Expenditures: This bill authorizes (but does not require) counties and municipalities to adopt ordinances that restrict the use of fireworks in their respective communities. Adoption and enforcement of these ordinances is within these units' routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of Local Revenues: This bill authorizes county and municipal governments to adopt ordinances restricting the use of fireworks. These ordinances may be enforced with fines, the revenue from which would be distributed according to the practice established by the unit of government which imposes them. Actual revenue would depend on several factors including the rate of compliance, enforcement efforts, and the amount of the penalties imposed.

State Agencies Affected: Department of Homeland Security.

Local Agencies Affected: Counties and municipalities that adopt ordinances under this law.

Information Sources: Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations,* FY 2022.

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