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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 72
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 72's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Burke

Local Impact Statement Procedure Required: No

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Highlights

- The bill imposes a 4% fee on purchasers of 1.4G consumer fireworks sold in the state beginning January 1, 2021, to be deposited into the Fireworks Fee Receipts Fund, which the bill creates. The revenue that might be generated annually from the 4% fee on consumer fireworks purchases in Ohio is uncertain, but could be very substantial based on national sales data.
- Seven-eighths of the revenue deposited into the Fireworks Fee Receipts Fund will support firefighter training programs. One-eighth of the fee revenue will support the State Fire Marshal's expenses in administering the Fireworks Law, including preparing and distributing fireworks safety pamphlets to all licensed manufacturers and wholesalers of consumer fireworks.
- The bill extends an existing moratorium on issuing annual fireworks manufacturer and wholesaler licenses from the current lapse date of December 15, 2019 to December 15, 2021. If the moratorium is not extended, licensing of manufacturers and wholesalers would resume. The licensing fee revenue would be deposited into the State Fire Marshal Fund (Fund 5460).

Detailed Analysis

State Fire Marshal

Four percent fee on consumer fireworks

The revenue generated by the 4% fee on gross receipts of retail sales of consumer fireworks slated to begin in 2020 under the bill would be used by the State Fire Marshal within the Department of Commerce to (1) carry out firefighter training programs and (2) cover expenses related to administering the Fireworks Law. Specifically, the bill specifies seven-eighths

of the 4% fee collected is to be used solely to fund firefighter training programs, while the remaining one-eighth of the proceeds from the new fee is to be used to regulate the fireworks industry. The fee will be deposited into the Fireworks Fee Receipts Fund which the bill creates. The amount of fee revenue that may be received under the bill is uncertain. According to the American Pyrotechnics Association (APA), overall sales of consumer fireworks in the United States totaled \$885 million in 2017. Although the amount of sales attributable to Ohio purchases is unknown, if the national sales data from the APA were prorated in proportion to Ohio's population, the 4% fee on gross retail fireworks receipts could generate a substantial amount of revenue for firefighter training programs and administering the Fireworks Law.

Administrative expenses

The State Fire Marshal will also incur costs for enforcing the changes related to consumer fireworks in the Fireworks Law. Under the bill, the State Fire Marshal is to prepare a pamphlet that explains how to use consumer grade fireworks safely and distribute the pamphlet to licensed wholesalers and manufacturers to distribute to each purchaser, and that licensed wholesalers and manufacturers are distributing the pamphlet to buyers. The State Fire Marshal is also to ensure that licensees have safety glasses available for free or at a nominal charge if they are selling consumer grade fireworks. Additionally, the State Fire Marshal is required to adopt several rules including administering and enforcing the 4% fee and regulating the time, manner, and location consumer grade fireworks can be discharged. These costs would at least partially be offset by the additional funding from the 4% fee, one-eighth of which is to be used for these purposes.

Extension of fireworks manufacturer and wholesaler license moratorium

The bill also extends a general moratorium on the issuance of new licenses for fireworks manufacturers and fireworks wholesalers until December 15, 2021. Under current law, this moratorium ends December 15, 2019. If the moratorium is not extended, the State Fire Marshal could issue new licenses. The fees are \$2,750 and are deposited into Fund 5460. Any additional license revenue collected as a result of the moratorium ending will depend on the number of new manufacturers and wholesalers wishing to sell fireworks in Ohio. As of May 2019, there are six licensed manufacturers and 44 licensed wholesalers.

Fire Code Rule Recommendation Committee

The bill creates the Ohio Fire Code Rule Recommendation Committee to review any sections of the Fireworks Law and make recommendations to the State Fire Marshal. The Committee, to consist of 15 members from the public and private sectors selected according to criteria specified in the bill, is to submit a report and recommendations by September 30, 2019. Consequently, the State Fire Marshal could incur some costs for carrying out these responsibilities.

Other provisions

The bill contains several other provisions that may have a minimal fiscal effect on state and local government expenditures. The bill allows individuals to purchase and use consumer fireworks in the state. Under current law, consumer fireworks may be purchased legally in Ohio, but such fireworks are required to be transported out of Ohio within 48 hours of purchase. The

bill eliminates the requirements that consumer fireworks must be transported out of the state beginning in 2020. The bill also requires the State Fire Marshal to adopt rules that allow licensed manufacturers or wholesalers to transfer their license from one geographic location to another. The current moratorium on geographic transfer of licenses expires on December 31, 2019 but the bill extends this moratorium to 90 days after the bill's effective date (about 180 days after the bill is enacted).

Lastly, the bill allows counties, townships, or municipal corporations to restrict or ban the discharge, ignition, or explosion of consumer fireworks. The bill also establishes new prohibitions, including prohibiting a person who is under the influence of intoxicating liquor, alcohol, or controlled substances from discharging, igniting, or exploding fireworks. A person who violates this prohibition is guilty of a first degree misdemeanor. Altogether, it may be that local governments incur additional enforcement costs to ensure that people are complying with the provisions of the bill. If there are more violations cited and prosecuted under the bill, adjudication costs for counties and municipalities could increase. However, these costs would be at least partially offset by revenue from more citations being issued.