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H.B. 253
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 253's Bill Analysis](#)

Version: As Reported by Senate Transportation, Commerce & Workforce

Primary Sponsors: Rep. O'Brien

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 100 days after the bill's effective date, to be deposited into the Fireworks Fee Receipts Fund, which the bill creates. The revenue that might be generated from the 4% fee on consumer fireworks purchases in Ohio is uncertain, but could be very substantial based on national sales data. The Fireworks Law is overseen by the State Fire Marshal within the Department of Commerce.
- 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.
- The bill extends an existing moratorium on issuing annual fireworks manufacturer and wholesaler licenses and geographic transfer of licenses from the current lapse date of December 31, 2020, to December 15, 2022. 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).
- The bill declares an emergency regarding the moratorium changes making the new dates effective upon enactment of the bill. The current moratorium is set to expire in fewer than 90 days.
- The bill requires a person obtaining commercial grade (1.3G) fireworks for use in the state to be a licensed exhibitor and to possess a valid public display exhibition permit. The annual license fee for an exhibitor is \$50 and deposited into Fund 5460. Local political subdivisions may charge a fee for public display exhibition permits.

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 100 days after the bill's effective date 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 \$1.00 billion in 2019. 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.

Other administrative expenses

The State Fire Marshal will also incur costs for enforcing the changes related to consumer fireworks in the Fireworks Law. 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 and the geographic transfer from December 31, 2020, to December 15, 2022, and declares an emergency, making the provision effective immediately upon enactment of the bill. The bill does allow the State Fire Marshal to accept applications and approve geographic transfers on the effective date of the bill until December 31, 2021, under certain conditions. This may allow for some geographic transfers of licenses to occur during this time. The fee for new manufacturer and wholesale licenses, as well as geographic transfers, is \$2,750, with the proceeds going into Fund 5460. Currently, there are six licensed manufacturers and 44 licensed wholesalers.

Commercial grade fireworks

The bill requires those obtaining commercial grade fireworks, referred to as 1.3G fireworks, for use in the state to be licensed as an exhibitor and to possess a valid public display exhibition permit. The bill also limits possession of commercial grade fireworks obtained for use in Ohio to the locations and for the time periods specified in the relevant display permit, with an exception for possession while in transit to those locations. The annual license fee for

an exhibitor is \$50, and the proceeds are deposited into Fund 5460. Public display exhibition permits are subject to approval of the legislative authority or political subdivision where the public display is to occur and may require a fee for such a permit.

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 16 members from the public and private sectors selected according to criteria specified in the bill, is to submit a report and recommendations by not more than 100 days after the bill's effective date. 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. Chief among them is a provision that allows individuals to purchase and use consumer fireworks in the state under certain conditions. Under the bill, the use of consumer fireworks in the state is permissible if the local government with jurisdiction over the property where the discharge occurs authorizes the discharge of consumer fireworks on July 3, 4, or 5. Currently, 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 260 days after the bill's effective date.

Among other provisions with little or no fiscal effect is one requiring the State Fire Marshal to adopt rules that allow licensed manufacturers or wholesalers to transfer their license from one geographic location to another. Currently, a moratorium on such transfers exists, expiring on December 31, 2020. The bill changes the date this moratorium expires to 260 days after the bill's effective date.

Lastly, 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.