

SUBJECT: Fireworks tax to fund a volunteer fire department assistance program

COMMITTEE: Ways and Means — favorable, with amendments

VOTE: 7 ayes — Craddick, Ramsay, Heflin, Holzheuser, Oliveira, Stiles, Thompson
1 nay — Grusendorf
3 absent — Horn, Telford, Williamson

WITNESSES: For — Royce Trout, Texas Pyrotechnic Association
Against — None
On — John Helman, Comptroller's Office

BACKGROUND : Fireworks may be sold in certain areas of Texas during two periods: the 10 days before January 1 and the 10 days before July 4.

DIGEST: HB 3210 would create a dedicated fund in the general revenue fund to assist rural volunteer fire departments in paying for equipment and training of personnel. Funds would be generated through a two percent sales tax on fireworks. The tax could not be collected if it would cause the overall sales tax rate to exceed 8.25 percent. Certain fireworks, including model rockets, noisemakers, pyrotechnic signaling devices, and pyrotechnic devices used by military organizations would not be subject to the tax.

The Texas Forest Service would administer the volunteer fire department assistance program. Administration costs could not exceed seven percent of the amount generated by the tax in the previous year. The forest service director, in consultation with a five-member advisory committee, would determine reasonable criteria and qualifications for distributing the money and establish a procedure for reporting and processing requests for money from the fund. By September 1 of each year, the director would have to submit to the lieutenant governor, the speaker, and the comptroller an annual written report on the activity, status and effectiveness of the fund. Any

assistance provided by the fund could not be considered compensation or paid service.

The advisory committee would be made up of two members of the Texas Rural Fire Advisory Council, two elected county officials, and one elected representative of a county with a population of 10,000 or less.

HB 3210 would take effect July 1, 1997, if finally approved by a two-thirds record vote of the membership of each house. Otherwise, it would take effect October 1, 1997. The Forest Service director could not grant a request for assistance before September 1, 1998.

**SUPPORTERS
SAY:**

HB 3210 would generate approximately \$1 million per year in funding for rural volunteer fire departments, which are often underfunded and in need of new equipment. It is fitting to collect these funds through a tax on fireworks, because too many rural fires are started by people using fireworks. Often the perpetrators are urban residents who have travelled to the rural area to buy and set off the fireworks because local ordinances prohibit sale and use of fireworks within most cities. The tax proposed by HB 3210 would equitably apply to all purchasers of fireworks, whether rural or urban, providing a means of making the people who create a need for fire prevention to help pay its cost.

The tax authorized by HB 3210 would be a part-time tax, because fireworks can only be sold for 20 days each year. This tax would generate all of the funding for the rural fire department assistance program; no additional money from the general revenue fund would be needed.

**OPPONENTS
SAY:**

HB 3210 would raise the cost of fireworks for families who include fireworks in their holiday celebrations. Responsible fireworks users should not have to pay a tax to cover the cost of fighting fires caused by irresponsible users.

Furthermore, establishing a dedicated fund would open the door for additional money to be appropriated from general revenues.

NOTES: The committee amendments would identify the makeup of the advisory board, prohibited the tax if the tax rate was already 8.25 percent and stipulate that administration costs could not exceed seven percent of the total annual revenue generated by tax in the previous year.