

BILL ANALYSIS

Senate Research Center

H.B. 3667
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Finance
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Engrossed

DIGEST AND PURPOSE

Fundraisers and donations are the primary source of revenue for rural volunteer fire departments in this state. Even though such fire departments operate with little or no reserve personnel funds, they respond to most of the wildland fires around the state. If there was a tax placed on fireworks, then there might be adequate funds to compensate such fire departments. H.B. 3667 establishes the rural volunteer fire department insurance program and imposes a two percent sales tax on fireworks.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the director of the Texas Forest Service in SECTION 1 (Chapter 614.072, Government Code), of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 614, Government Code, by adding Subchapter F as follows:

SUBCHAPTER F. RURAL VOLUNTEER FIRE DEPARTMENT INSURANCE PROGRAM

Sec. 614.071. DEFINITIONS. Defines “director,” “fund,” “partially paid fire department,” “program,” “service,” and “volunteer fire department.”

Sec. 614.072. ADMINISTRATION OF PROGRAM. (a) Requires the Texas Forest Service to administer the rural volunteer fire department insurance program established under this subchapter.

- (b) Authorizes the director of the Texas Forest Service (director) to adopt rules necessary to assist rural volunteer fire departments in the payment of workers' compensation insurance and accidental death and disability insurance.
- (c) Authorizes the service to employ staff to administer the program.
- (d) Requires the director, in consultation with the advisory committee appointed under Section 614.073, to take certain actions.
- (e) Provides that the director, in developing the criteria and qualifications for the distribution of money from the fund under Subsection (d), may not prohibit a volunteer fire department from receiving funds from a political subdivision.
- (f) Requires the director to prepare an annual written report on the activity, status, and effectiveness of the fund and to submit the report to the lieutenant governor, the speaker of the house of representatives, and the comptroller before September 1 of each year.
- (g) Prohibits any assistance provided under this subchapter to a volunteer fire department or a firefighter who is a member of a volunteer fire department from being

considered compensation, and a firefighter receiving assistance under this subchapter may not be considered to be in the paid service of any governing body.

(h) Prohibits administration costs associated with the program during a state fiscal year from exceeding seven percent of the total revenue collected from the tax imposed under Chapter 161, Tax Code, during the previous fiscal year.

Sec. 614.073. **ADVISORY COMMITTEE.** (a) Requires the director to appoint an advisory committee to advise the director in regard to the administration of the program.

(b) Provides that the advisory committee consists of five specified members.

(c) Requires the director to appoint one advisory committee member from each of the following geographic regions of the state: north, south, east, west, and central.

Sec. 614.074. **REQUESTS FOR ASSISTANCE.** (a) Requires a request for assistance from the fund to be submitted to the director.

(b) Requires the director, on receiving a request for assistance, to determine whether to provide assistance and the amount of the assistance to be provided, if any, based on the criteria developed in consultation with the advisory committee under Section 614.072. Requires a written copy of the decision to be sent to the requestor and each member of the advisory committee.

Sec. 614.075. **FUND.** Provides that the rural volunteer fire department insurance fund is an account in the general revenue fund and is composed of money collected under Chapter 161, Tax Code, and contributions to the fund from any other source. Provides that money in the fund may be used only for a purpose under this subchapter.

SECTION 2. Amends Title 2E, Tax Code, by adding Chapter 161, as follows:

CHAPTER 161. FIREWORKS TAX

Sec. 161.001. **DEFINITION.** Defines “fireworks.”

Sec. 161.002. **FIREWORKS SALES TAX.** (a) Provides that a tax is imposed on each sale at retail of fireworks.

(b) Provides that the tax rate is two percent of the sale price of the fireworks.

(c) Provides that the tax imposed under this chapter is in addition to the tax imposed under Chapter 151. Provides that the tax imposed by this chapter does not apply to a sale unless the tax imposed under Chapter 151 applies to the sale.

Sec. 161.003. **EXCEPTIONS TO APPLICABILITY OF CHAPTER.** Provides that this chapter does not apply to certain items.

Sec. 161.004. **APPLICATION OF OTHER PROVISIONS OF CODE.** (a) Provides that except as provided by this chapter: the tax imposed by this chapter is administered, imposed, collected, and enforced in the same manner as the tax under Chapter 151 is administered, imposed, collected, and enforced; and the provisions of Chapter 151 applicable to the sales tax imposed under Subchapter C, Chapter 151, apply to the tax imposed by this chapter.

(b) Provides that a change in the law relating to the taxation of the sale of fireworks under Chapter 151 also applies to the tax imposed by this chapter.

Sec. 161.005. ALLOCATION OF TAX. Requires the comptroller to allocate the revenue from taxes imposed by this chapter, other than penalties and interest, to the rural volunteer fire department insurance fund established by Section 614.075, Government Code.

SECTION 3. (a) Provides that this Act takes effect July 1, 2001, if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution, for an effective date before the 91st day after the last day of the legislative session.

(b) Provides that this Act takes effect October 1, 2001, if this Act does not receive a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution, for an effective date before the 91st day after the last day of the legislative session.

(c) Prohibits the director of the Texas Forest Service from granting a request for assistance under Subchapter F, Chapter 614, Government Code, as added by this Act, before September 1, 2002.