

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
DFP		\$118,025	\$118,025	\$118,025	\$118,025	\$118,025
TOTAL		\$118,025	\$118,025	\$118,025	\$118,025	\$118,025

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
DFP		1.00	1.00	1.00	1.00	1.00
TOTAL		1.00	1.00	1.00	1.00	1.00

Fiscal Analysis: According to DFP, one additional full-time fire marshal inspector with a base salary of \$75,000 plus fringe benefits and \$9,383 of equipment costs for a total estimated fiscal impact of \$118,025 annually is required to carry out the provisions of the bill. The position would be funded from the proposed 13 percent sales and use tax on the sale of consumer or permissible fireworks, of which three percent is proposed to be allocated to the State Fire Marshal’s Office (SFMO) for localities that do not appoint their own local fire marshals. The provisions of the bill allow DFP to charge a fee for issuing permits, which according to DFP could also be able to support the required position. The position would have the responsibilities of investigating incidents, issuing permits, and enforcing the Statewide Fire Prevention Code—to include the proposed expansion of consumer and permissible fireworks—in localities that do not appoint their own local fire marshal (197 localities). Assuming that the proposed sales and use tax are deposited into a nongeneral fund, the bill would require a budget amendment providing 1.00 full-time equivalent position and \$118,025 nongeneral fund appropriation to Item 407 (Regulation of Structure Safety).

According to the Virginia Department of Taxation, it is estimated that the general fund fiscal impact for administrative costs associated with updating forms and systems to accommodate the reporting of fireworks sales by dealers and to capture the information for localities regarding the dedication of 13 percent of revenues from the local option sales tax on sales of consumer or permissible fireworks would be \$351,000 in FY 2026 and \$2,500 ongoing annually starting in FY 2027. Given it is unclear whether the change in definitions of consumer and permissible fireworks will result in a significant expansion in the volume of fireworks sales in Virginia, the revenue impact of this bill is unknown. However, using estimates of fireworks sales in Virginia based on existing definitions of fireworks, the total annual distributions to local first responder funds of 13 percent of the local option sales tax on sales of consumer or permissible fireworks would be approximately \$83,000 across all localities. The actual annual distribution amount may be greater to the extent that this bill would result in a significant expansion in the volume of fireworks sales in Virginia.

According to the Virginia Criminal Sentencing Commission (VCSC), because the bill does not expand the applicability of any felony penalties, the proposed legislation is not expected to increase the future state-responsible (prison) bed space needs of the Commonwealth. VCSC anticipates that the fiscal impact of the bill on the local-responsible (jail) bed space needs, adult community corrections programs, juvenile direct care, and juvenile detention facilities is indeterminate, though any violation of the Fire Code can result in Class 1

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misdemeanor penalties and possible jail time. Although there is not enough information available to reliably estimate a potential increase in jail population as a result of this proposal, any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$5.00 a day for each misdemeanant or otherwise local-responsible prisoner held in a jail and \$15.00 a day for each state-responsible prisoner. It also funds a considerable portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2024), the estimated total state support for local jails averaged \$56.38 per inmate, per day in FY 2023.

Other: None.