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

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ORIGINAL

Bill Number:HB2067Patron:GarrettBill Title:Statewide Fire Prevention Code; State Fire Marshal; consumer fireworks; penalties.

Bill Summary: Authorizes the use of consumer fireworks in the Commonwealth and distinguishes by definition consumer fireworks from display fireworks and permissible fireworks. The bill provides that the storage and transportation of consumer fireworks are to be considered the same hazard class as the storage and transportation of 1.4G explosives under the Statewide Fire Prevention Code (SFPC) and Uniform Statewide Building Code. The bill requires any locality authorizing the sale of consumer fireworks to require annual permits for any business offering consumer fireworks for retail sale and provides that the State Fire Marshal or other issuing authority may charge a fee for the retail sale of fireworks on a permanent basis or on a temporary basis in localities that do not employ a local fire marshal. The bill excludes from the provisions of the SFPC, unless prohibited by a local ordinance, (i) the sale of consumer or permissible fireworks; (ii) any person using, igniting, or exploding consumer or permissible fireworks on private property with the consent of the owner of such property; or (iii) such consumer or permissible fireworks when they are being transported from a locality where they were legally obtained to a locality where they are legally permitted. Current law only excludes the sale of permissible fireworks or the use of such fireworks on private property. The bill also directs 13 percent of the sales and use tax revenue generated by the local sales and use tax on the sale of consumer or permissible fireworks to be allocated to a special fund and specifies that, of such 13 percent, 10 percent will be used for providing funding for first responders, as defined in the bill, and three percent will be allocated to the local fire marshal or, for localities that do not appoint a fire marshal, to the State Fire Marshal to be used solely on behalf of the locality that transferred such funds. The bill contains technical amendments and has a delayed effective date of January 1, 2026.

Budget Amendment Necessary:YesItems Impacted:Items 258 and 407Explanation:See fiscal analysis.Items Impacted:Items 258 and 407

Fiscal Summary: According to the Department of Fire Programs (DFP), one additional full-time equivalent position at an annual fiscal impact of \$118,025 nongeneral fund would be required to support the provisions of the bill. According to the Department of Taxation, one-time general fund support of \$351,000 would be required to delineate the sales and use tax proceeds from fireworks sales.

General Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	<u>FY2028</u>	FY2029	FY2030
TAX		\$351,000	\$2,500	\$2,500	\$2,500	\$2,500
TOTAL		\$351,000	\$2,500	\$2,500	\$2,500	\$2,500

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Nongeneral Fund Expenditure Impact: FY2025 FY2026 FY2027 FY2028 FY2029 FY2030 Agency DFP \$118,025 \$118,025 \$118,025 \$118,025 \$118,025 TOTAL \$118,025 \$118,025 \$118,025 \$118,025 \$118,025 **Position Impact:** Agency FY2025 FY2026 FY2027 FY2028 FY2029 FY2030 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.