

- SUBJECT:** Repealing the 2 percent excise tax on fireworks
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 9 ayes — D. Bonnen, Bohac, Button, Darby, Murphy, Parker, Springer, C. Turner, Wray
- 2 nays — Y. Davis, Martinez Fischer
- WITNESSES:** For — Trey Blocker, State Firefighter’s and Fire Marshals’ Association  
(*Registered, but did not testify:* Eric Glenn, Texas Pyrotechnic Association)
- Against — None
- On — (*Registered, but did not testify:* Karey Barton and Tom Currah, Texas Comptroller of Public Accounts)
- BACKGROUND:** In 2001, the 77th Legislature enacted HB 3667 by Cook, which created the Rural Volunteer Fire Department Insurance Fund, an account within general revenue funded by a 2 percent sales tax on fireworks sold in the state. Under Government Code, subch. F money from this account may be directed to rural volunteer fire departments to pay for accidental death, disability, and workers’ compensation insurance. The Texas Forest Service administers this account.
- DIGEST:** HB 2113 would eliminate the 2 percent tax on fireworks sales and replace the revenue from the tax currently directed to the Rural Volunteer Fire Department Insurance Fund with money from general revenue.
- It would require the deposit of “an amount equal to the revenue derived from the collection of taxes at the rate of two percent on each sale at retail of fireworks” to the insurance fund. The comptroller would determine this amount based on statistical data “indicating the estimated or actual total receipts in this state from taxes imposed on sales at retail of fireworks.”

The bill also would move the definition of “fireworks” from Tax Code, sec. 161 to sec. 151.801(e).

This bill would take effect September 1, 2015, and would not affect tax liability accruing before the bill’s effective date.

**SUPPORTERS  
SAY:**

HB 2113 would increase state revenues because the fireworks tax imposes a large opportunity cost on the comptroller’s resources. Resources now spent administering and enforcing the fireworks tax would generate more revenue if redeployed to audit or enforcement activities for other taxes.

This bill would provide a stable funding source for the insurance fund, allowing the Texas Forest Service more flexibility and foresight when issuing decisions on requests for assistance. Allocations from general revenue would be more frequent and more reliable than funds deposited from the collection of the fireworks tax, which varies seasonally.

The fireworks tax represents a significant administrative and fiscal burden on fireworks retailers, many of which are small businesses run by families. This bill would allow them to allocate their resources more efficiently and keep more of their hard-earned profits.

Consumers, small businesses, and the state would be better off eliminating this unnecessary tax which generates too little revenue to offset the administrative opportunity cost.

**OPPONENTS  
SAY:**

HB 2113’s elimination of the 2 percent tax on fireworks would have a direct negative impact on revenue, and the state should not cut taxes when it faces needs in critical areas like education and transportation.

**NOTES:**

The Legislative Budget Board’s fiscal note states that HB 2113 would have a negative impact of \$2,930,000 through fiscal 2016-17.

The Senate companion bill, SB 761 by Creighton, was approved by the Senate on March 31.