

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 106 - SB 458

February 7, 2019

SUMMARY OF BILL: Authorizes the sale of Class C common fireworks in Millington, Tennessee.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$1,000/Department of Commerce and Insurance
\$4,900/General Fund**

Increase Local Revenue - \$1,600/Permissive

Assumptions:

- Pursuant to Tenn. Code Ann. § 68-104-112(a)(4), Lakeland City within Shelby County is permitted to sale by retail Class C common fireworks.
- According to the Department of Commerce and Insurance (DCI), one firework retailer license is issued annually in the municipality of Lakeland City.
- Pursuant to Tenn. Code Ann. § 68-104-102(d)(1), a firework retailer permit fee is \$1,000.
- Pursuant to Tenn. Code Ann. § 68-104-102(g), permit fee revenues constitute expendable receipts of the Fire Prevention Division of the DCI.
- Based on 2017 population estimates provided by the United States Census Bureau, Lakeland City and Millington have populations of 12,618 and 11,033 respectively.
- It can be reasonably assumed that due to similar population estimates, Millington will be issued one annual firework retailer permit.
- Any increase in expenditures for DCI to issue additional firework sale permits will not be significant.
- Based on prior data provided by the Department of Revenue, the average sales tax paid per retail firework stand is estimated to be \$4,923 in state revenue and \$1,583 in local revenue.
- It is assumed that the City of Millington can store, sell, and regulate the use of consumer fireworks within existing resources.

IMPACT TO COMMERCE:

Increase Business Revenue – \$127,900

Increase Business Expenditures – Less Than \$127,900

Assumptions:

- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Millington is 2.75 percent.
- The licensed firework retailer’s taxable sales are estimated to be approximately \$127,892 [(\$4,923 / 7.0%) + (\$1,583 / 2.75%)].
- It is presumed that the recurring increase in business revenue exceeds the recurring increase in business expenditures such that the retailer will have solvent operations within Millington.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/agr