

# SB 1964 - HB 1926

## FISCAL NOTE



Fiscal Review Committee  
Tennessee General Assembly

February 27, 2026

Fiscal Analyst: Laura Moore | Email: [laura.moore@capitol.tn.gov](mailto:laura.moore@capitol.tn.gov) | Phone: 615-741-2564

**SUMMARY OF BILL:** Extends the period in which seasonal retailers may engage in the sale of fireworks; adds a new sales period for Memorial Day and Labor Day. Increases, from \$100 to \$150, the seasonal retailer permit fee to sell fireworks. Repealed on February 1, 2027.

### FISCAL IMPACT:

STATE GOVERNMENT		
REVENUE	General Fund	State Fire Marshal's Offices
FY25-26	\$262,000	\$34,100
FY26-27	\$205,600	\$11,400

LOCAL GOVERNMENT	
REVENUE	Mandatory
FY25-26	\$106,900
FY26-27	\$83,900

#### Assumptions:

- All seasonal retail permits are purchased through the State Fire Marshall's office (SFMO).
- All seasonal permits are for the calendar year or any fraction of the year and expire on December 31.
- Permit holders are authorized to sell fireworks for a period of 40 days within the state between the dates of:
  - June 20<sup>th</sup> and July 5<sup>th</sup> (16 days); and
  - December 10<sup>th</sup> and January 2<sup>nd</sup> (24 days).
- The proposed legislation increases the permit fee by \$50 (\$150 new - \$100 current) and extends the sales period to an additional 37 days as follows:

New Permit Dates:	Extended Days
May 20 - May 30	11
June 10 - July 10	15
September 1 - September 10	10
December 10 - January 3	1
Total extended days allowed to Sell	<b>37</b>

- The SFMO provides that in FY24-25 there were 909 permits issued.
- It can be reasonable assumed that at least 75 percent, or 682 permits (909 permits x 75%), will be purchased in May or June of 2026 in order to participate in the extended selling season; the remaining 227 permits are estimated to be purchased in FY26-27. It is further assumed that May/June permits would have been purchased in June of 2026 under current law.
- An increase in revenue to the SFMO of \$34,100 (\$50 increased fee x 682 permits) in FY25-26 and of \$11,350 (\$50 increased fee x 227 permits) in FY26-27.

*Sales Tax:*

- The proposed legislation authorizes licensed seasonal retailers to make retail sales of fireworks within the state between:
  - May 20<sup>th</sup> and May 30<sup>th</sup>;
  - June 10<sup>th</sup> and July 10<sup>th</sup>;
  - September 1<sup>st</sup> and September 10<sup>th</sup>; and
  - December 10<sup>th</sup> and January 3<sup>rd</sup>.
- Such authorization is repealed effective February 1, 2027.
- Based on information provided by DOR, total sales and use tax collections on the retail sale of fireworks were \$3,977,150 in FY24-25.
- Fiscal Review Committee staff's current estimates for total sales tax collection growth rates are 3.37 percent in FY25-26 and 3.00 percent in FY26-27.
- Assuming identical growth rates, the total sales tax collections on fireworks are estimated to be \$4,111,180 (\$3,977,150 x 1.0337) in FY25-26 and \$4,234,515 (\$4,111,180 x 1.030) in FY26-27.
- Total taxable fireworks sales are estimated to be \$58,731,143 (\$4,111,180 / 7.0%) in FY25-26 and \$60,493,071 (\$4,234,515 / 7.0%) in FY26-27.
- It is reasonably estimated that as a result of extending the sales season by 37 days, the fireworks industry will experience a 15.0 percent increase in sales.
- The current sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- The duration and timing of the authorized sales are such that additional sales tax revenues will be realized in FY25-26 and FY26-27.
- The increase in state revenue is estimated to be:
  - \$262,019  $\{[(\$58,731,143 \times 7.0\%) - (\$58,731,143 \times 7.0\% \times 3.617\%)] \times 1.15 \times (21 \text{ days} / 365 \text{ days})\}$  in FY25-26; and
  - \$205,578  $\{[(\$60,493,071 \times 7.0\%) - (\$60,493,071 \times 7.0\% \times 3.617\%)] \times 1.15 \times (16 \text{ days} / 365 \text{ days})\}$  in FY26-27.
- The mandatory increase in local revenue is estimated to be:
  - \$106,923  $\{[(\$58,731,143 \times 2.5\%) + (\$58,731,143 \times 7.0\% \times 3.617\%)] \times 1.15 \times (21 \text{ days} / 365 \text{ days})\}$  in FY25-26; and
  - \$83,891  $\{[(\$60,493,071 \times 2.5\%) + (\$60,493,071 \times 7.0\% \times 3.617\%)] \times 1.15 \times (16 \text{ days} / 365 \text{ days})\}$  in FY26-27.

**IMPACT TO COMMERCE:**

<b>BUSINESS IMPACT</b>		
<b>FISCAL YEAR</b>	<b>REVENUE</b>	<b>EXPENSES</b>
<b>FY25-26</b>	\$3,883,600	\$34,100
<b>FY26-27</b>	\$3,047,000	\$11,400

Assumptions:

- There will be an increase in business expenditures for the purchase of 909 permits with the SFMO of \$34,100 (\$50 increased fee x 682 permits) in FY25-26 and of \$11,350 (\$50 increased fee x 227 permits) in FY26-27.
- Based on the above fiscal analysis, it is reasonably estimated that the fireworks industry will experience an increase in business revenue of:
  - \$3,883,597 [(\$58,731,143 x 1.15 x (21 days / 365 days)] in FY25-26; and
  - \$3,047,036 [\$60,493,071 x 1.15 x (16 days / 365 days)] in FY26-27.
- Any impact to jobs in this state is estimated to be not significant.

**CERTIFICATION:**

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



Bojan Savic, Executive Director