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## A BILL FOR AN ACT

RELATING TO FIREWORKS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 132D, Hawaii Revised Statutes, is  
2 amended by adding three new sections to be appropriately  
3 designated and to read as follows:

4           "§132D- Taxes. (a) Every wholesaler or dealer, in  
5 addition to any other taxes provided by law, shall pay for the  
6 privilege of conducting business and other activities in the  
7 State, an excise tax equal to           cents for each consumer  
8 fireworks item sold, used, or, possessed by a wholesaler or  
9 dealer, whether or not sold at wholesale, or if not sold then at  
10 the same rate upon the use by the wholesaler or dealer.

11           Where the tax imposed has been paid on consumer fireworks  
12 that thereafter become the subject of a casualty loss deduction  
13 allowable under chapter 235, the tax paid shall be refunded or  
14 credited to the account of the wholesaler or dealer.

15           (b) For the purposes of this section:

16           "Consumer fireworks" has the same meaning as defined in  
17 section 132D-2. Consumer fireworks does not include any  
18 explosives or pyrotechnics regulated under chapter 396 or



1 automotive safety flares, nor shall the term be construed to  
2 include toy pistols, toy cannons, toy guns, party poppers, pop-  
3 its, or other devices which contain twenty-five hundredths of a  
4 grain or less of explosive substance or article pyrotechnic as  
5 defined under section 132D-2.

6 "Consumer fireworks item" means a single item or piece of  
7 consumer fireworks that may be sold in a bundled form or by a  
8 specified quantity that is taxable under this chapter by the  
9 item or piece.

10 "Dealer" means any person coming into the possession of  
11 consumer fireworks or any person rendering a distribution  
12 service who buys and maintains, at the person's place of  
13 business, a stock of consumer fireworks which have not been  
14 acquired from a wholesaler or dealer and who distributes or uses  
15 consumer fireworks.

16 "Wholesaler" means a person rendering a distribution  
17 service who buys and maintains, at the person's place of  
18 business, a stock of consumer fireworks that the person uses,  
19 possesses, or distributes only to retailers, or other  
20 wholesalers, or both.

21 (c) The taxes imposed under this section are subject to  
22 the following limitations:



- 1        (1) The measure of the taxes shall not include any  
2                    consumer fireworks exempted from the imposition of  
3                    taxes by the Constitution or laws of the United  
4                    States;
- 5        (2) The measure of taxes shall exempt and exclude all  
6                    sales of consumer fireworks to the United States  
7                    (including any agency or instrumentality thereof that  
8                    is wholly owned or otherwise so constituted as to be  
9                    immune from the levy of a tax under this chapter),  
10                   sold by any person under this chapter; and
- 11        (3) The taxes shall be paid only once with respect to the  
12                    same consumer fireworks.
- 13        (d) The collection and enforcement of the taxes imposed  
14 under this section shall be administered by the department of  
15 taxation. The department of taxation may adopt rules pursuant  
16 to chapter 91 to effectuate this section.
- 17        §132D-    **Inspection; taxes.** The department of taxation  
18 and the attorney general may examine all records, including any  
19 tax returns, reports required to be kept by law, or any books or  
20 papers of any person engaged in the business of wholesaling or  
21 dealing in consumer fireworks to verify the accuracy of the  
22 payment of the taxes imposed by this chapter.



1        Every person in possession of any books, papers, or  
 2 records, and the person's agents and employees, shall provide to  
 3 the department of taxation and the attorney general the means,  
 4 facilities, and opportunities for the examinations.

5        §132D-        Disposition of revenues. All moneys collected  
 6 pursuant to this chapter shall be paid into the state treasury  
 7 as state realizations to be kept and accounted for as provided  
 8 by law."

9        SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
 10 amended by adding a new section to be appropriately designated  
 11 and to read as follows:

12        "§235-        Consumer fireworks; taxes. Pursuant to chapter  
 13 132D, every wholesaler or dealer, in addition to any other taxes  
 14 provided by law, shall pay for the privilege of conducting  
 15 business and other activities in the State, an excise tax equal  
 16 to                cents for each consumer fireworks item sold, used, or,  
 17 possessed by a wholesaler or dealer, whether or not sold at  
 18 wholesale, or if not sold then at the same rate upon the use by  
 19 the wholesaler or dealer."

20        SECTION 3. Section 132D-10, Hawaii Revised Statutes, is  
 21 amended to read as follows:



1           "**§132D-10 Permits.** A permit shall be required for the  
2 purchase and use of:

3           (1) Any consumer fireworks commonly known as firecrackers  
4           ~~[upon payment of a fee of \$25];~~ and

5           (2) Any aerial devices, display fireworks, or articles  
6           pyrotechnic for the purposes of section 132D-16 upon  
7           payment of a fee of \$110."

8           SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10           SECTION 5. This Act shall take effect upon its approval  
11 and shall apply to taxable years beginning after December 31,  
12 2007.

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INTRODUCED BY:  \_\_\_\_\_

JAN 14 2008



**Report Title:**

Fireworks; Taxes

**Description:**

Assesses a tax on the sale of fireworks instead of assessing a permit fee to discharge fireworks.

