

First, I would like to thank senator Vogel for the opportunity to address the committee regarding Senate Bill 1055.

My name is Brian Shaub and I am the owner of Keystone Fireworks as well as the Vice President of the PPA. My family has been selling fireworks in Pennsylvania since 1980.

Back in November of 2004, the PPA was very instrumental in the passing of Senate Bill 856 (our current fireworks law). Since that time, our industry has been playing by a certain set of rules. One of those rules limits the size of a Consumer Fireworks Facility to a 12,000 square foot, stand-alone building. Senate Bill 1055, in its current form, allows a facility of unlimited size. This puts current licensees at a huge disadvantage to those just entering the Pennsylvania market. I have borrowed and invested over 10 million dollars in 5 facilities, all under 12,000 square feet, and would be unable to move or expand these facilities if the regulations were to suddenly change. In my opinion, this change would only benefit large national companies who may or may not currently be doing business in Pennsylvania. The small family businesses that make up the majority of the current industry in Pennsylvania do not have the capital required to build or compete with these mega-stores.

If you were to plot the current licensed facilities in Pennsylvania on a map, you would find that the vast majority of them are within a few miles of the Pennsylvania border. This is because out-of-state residents make up over 90% of our customer base. These sales have little or no impact on our local First Responders due to the fact that these customers are taking the product back to their home state. If Senate Bill 1055 were to pass in its current form, fireworks companies from all over the nation will race to establish retail sites in Pennsylvania's largest population centers. There will immediately be fireworks stores located in Philadelphia, Pittsburgh, Harrisburg, Allentown, Wilkes Barre, etc. In my opinion, this will create an enormous burden on the First Responders in these cities. These locations do not lend themselves to the safe use of our products, which require a safety zone not often found in an urban setting.

Senate Bill 1055, in its current form, contains a 10% excise tax on all retail transactions of our product. A large percentage of our customers drive quite a distance to our facilities- sometimes several hours. Pennsylvania is not the only state that has fireworks stores and our customers have a choice in where they shop. For example, a customer from Virginia has to choose whether to drive north to Pennsylvania or south to South Carolina to buy their fireworks. A 10% tax on their purchase might be the deciding factor in where they shop.

In my opinion, in order for Senate Bill 1055 to be anything other than devastating to our industry, it would need to contain two major components.

First, the number of new licenses issued would need to be limited, and current licensees would need to have first option for these licenses. This situation is very similar to the commonwealth's current liquor privatization conundrum, in which beer distributors would be given first option at new liquor licenses.

Second, the 12,000 square foot limitation from the current law would need to be upheld in order to maintain an even playing field within the industry.

I feel that our current fireworks law has served the commonwealth well over the past 11 years, providing our state with the best of both worlds. Residents have access to a "Safe and Sane" product line to celebrate with "throughout the commonwealth at all times" without the increased burden to First Responders caused by aerial fireworks. The state also benefits from the sales tax revenue from non-residents who purchase their fireworks in Pennsylvania.

In closing, I urge you to reconsider reporting this bill from committee in its current form. Thank you for your time.