

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1122

SPONSOR: Senator Silver

SUBJECT: Lead-acid Battery Fee

DATE: March 31, 1999

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

The bill specifies that the \$1.50 lead-acid battery fee currently assessed on the retail sale of these batteries will be imposed on the sale of new and remanufactured batteries and may only be imposed one time on any battery. The impact of the bill would be to remove requirements for the collection and remittance of the fee from businesses that deal with the sale of used batteries that are being resold for a second time such as used car dealers.

The bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 403.717 and 403.7185

## II. Present Situation:

A lead-acid battery is defined in s. 403.717, F.S., as “those lead-acid batteries designed for use in motor vehicles, vessels, and aircraft, and includes such batteries when sold as a component part of a motor vehicle, vessel, or aircraft, but not when sold to recycle components.”

The lead-acid battery fee was established through the passage of chapter 88-393, L.O.F. The original fee was set at \$1.00 per battery. A 1987 analysis of the funding for the Water Quality Assurance Trust Fund (“WQATF”) indicated that expenditures would exceed revenues in fiscal year 1987-88. The former Department of Environmental Regulation (“DER”) indicated that contamination of sites by several other types of materials, including lead-acid batteries, was generating little or no revenue to the fund while representing a significant portion of fund expenditures. As a result of these concerns, DER recommended expanding the tax base.

Chapter 89-171, L.O.F., increased the fee to \$1.50 for each new or remanufactured lead-acid battery sold at retail within the state. Receipts from the lead-acid battery fee are deposited into the WQATF as required under s. 376.307(4)(d), F.S. The WQATF, pursuant to s. 376.307, F.S., funds a variety of activities including the investigation, assessment, cleanup, restoration,

maintenance, and monitoring of any site contaminated with hazardous wastes, hazardous substances, and pollutants, and for the restoration or replacement of potable water supplies.

The lead-acid battery fee is one of six revenue sources for the WQATF. Other sources include fees levied on the following: solvents, petroleum products, ammonia, chlorine, and pesticides.

In 1991, the Legislature modified the application of the battery fee. Chapter 91-112, L.O.F., amended the statutes to strike language applying the fee to “new or remanufactured” lead-acid batteries. This had the effect of levying the fee on each lead-acid battery sold at retail within the state. As a result, the fee is often levied more than once on the same battery.

Specific data that reflects what fees are collected from new batteries versus remanufactured or resold batteries is not maintained by the Department of Revenue. The following table indicates the collections from the lead-acid battery fee since FY 1994-95.

Fiscal Year	Lead-acid Battery Fees
1994-95	\$8.3 M
1995-96	\$8.4 M
1996-97	\$8.3 M
1997-98	\$8.8 M
1998-99*	\$8.9 M
1999-00*	\$9.1 M

\*Estimates

(Source: 1999 Florida Tax Handbook)

**III. Effect of Proposed Changes:**

The bill amends s. 403.717, F.S., by modifying the definition of a lead-acid battery to include “such batteries when sold *new* as a component part of a motor vehicle...”

The bill amends s. 403.7185, F.S., to require the fee be assessed on the retail sale of “new or remanufactured” batteries. Establishes that the fee may only be assessed “one time” per battery at retail.

The bill takes effect on October 1, 1999.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

By narrowing the requirements for the application of the lead-acid battery fee, less money would be available to the WQATF. This bill would have an annual negative fiscal impact of \$0.8 million to the WQATF and an annual loss to the General Revenue Fund of \$0.2 million in sales tax revenue and the General Revenue service charge.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Lead-acid Battery Fee	(0.1)	(0.2)	(0.6)	(0.8)	(*)	(*)	(0.7)	(1.0)

\* Insignificant  
 \*\* Indeterminate

B. Private Sector Impact:

The \$1.50 lead-acid battery fee would apply only once to new or remanufactured battery sales. The bill would remove requirements for the collection and remittance of the lead-acid battery fee from businesses that deal with the sale of reconditioned batteries or those batteries that are not considered new or remanufactured, such as batteries in used cars. This would reduce companies' administrative costs associated with the collection and reporting of the lead-acid battery fees. In addition, the bill would reduce the amount of fees paid by those companies or individual consumers.

C. Government Sector Impact:

Reduction in WQATF revenues will reduce the amount of funding available for the DEP's water restoration program and site rehabilitation activities at hazardous waste sites contaminated with pollutants.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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