

STORAGE NAME: h1849.ft

DATE: April 17, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FINANCE & TAXATION
ANALYSIS**

BILL #: HB 1849

RELATING TO: Sales Tax/Child Restraints/Vehicles

SPONSOR(S): Representative Waters and Others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GOVERNMENTAL RULES & REGULATIONS YEAS 7 NAYS 0
 - (2) FINANCE & TAXATION
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

HB 1849 exempts from state sales tax child restraint systems that are used in motor vehicles.

The estimated negative fiscal impact upon General Revenue is \$400,000 for FY 2000-2001 and the estimated negative fiscal impact upon local governments is insignificant.

The effective date of the bill is January 1, 2001.

One amendment is traveling with the bill.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

The Department of Revenue, as required with any tax law change, will need to notify the affected public on how to comply with the new law.

B. PRESENT SITUATION:

Florida law requires 6 percent sales tax to be charged on sales of tangible personal property. Currently, sales of child restraint systems are subject to state sales taxes.

Section 316.613(1)(a), F.S., mandates that "every operator of a motor vehicle...shall, if the child is 5 years of age or younger, provide for protection of the child by properly using a crash-tested, federally approved child restraint device." The federal guidelines for child safety restraints are detailed in 49 C.F.R. s. 571.213 (1998).

According to the National Center for Statistical Analysis Research and Development, "Child safety seats reduce the risk of fatal injury by 69 percent for infants and by 47 percent for toddlers."

The "1998 Florida Department of Transportation Observational Study of Safety Belt and Child Restraint Usage in Florida" reported the following:

- for the age category of 0-1 year, compliance with requirements ranged from 80%-96%,
- for the age category of 2-3 years, compliance with requirements ranged from 78%-94%,
and
- for the age category of 4-5 years, compliance with requirements ranged from 40%-56%.

C. EFFECT OF PROPOSED CHANGES:

HB 1849 exempts from state sales tax child restraint systems that comply with the requirements of 49 C.F.R. s. 571.213 (1998) and that are for use in motor vehicles.

Proponents of this bill argue that with the tax exemption, compliance rates will rise for all age categories from 0-5 years.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Provides a sales tax exemption for the sale of child restraint systems that comply with the requirements of 49 C.F.R. s. 571.213 (1998) and that are for use in motor vehicles.

Section 2: Provides that the Act shall take effect January 1, 2001.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. <u>Revenues:</u>	<u>FY 2000-2001</u>	<u>FY 2001-2002</u>
General Revenue	(\$400,000)	(\$400,000)
2. <u>Expenditures:</u>		
N/A		

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
The estimated negative fiscal impact on local governments is insignificant.
2. Expenditures:
N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Consumers purchasing child restraint systems for use in motor vehicles would not pay state sales tax for these items.

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Although the bill will reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

While the bill will reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

The Department of Revenue (department) notes that “a strict interpretation of this exemption would not include tether anchorages, tether straps, tether hooks, or other items that may be necessary to install the child restraint system when purchased separately.” In addition, the department staff suggests that a provision be added “or any successor provision of the Code of Federal Regulations” which would include any child restraint systems that were added after 1998.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 23, 2000, the Committee on Governmental Rules & Regulations adopted the following amendment and reported the bill favorably, as amended:

Amendment 1 - repeals the tax exemption for child restraint systems on July 1, 2003.

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL RULES & REGULATIONS:

Prepared by:

Staff Director:

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