

STORAGE NAME: h1849s1.ft

DATE: April 25, 2000

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

BILL #: CS/HB 1849

RELATING TO: Sales Tax/Child Restraints/Vehicles

SPONSOR(S): Finance and Taxation, 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 YEAS 13 NAYS 1
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

HB 1849 exempts from state sales tax child restraint systems that are used in motor vehicles. In addition, the bill also exempts tether straps and other items required for the proper installation of child restraint systems, regardless of whether such items are purchased separately or as part of the system.

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The effective date of the bill is July 1, 2000, and the Act shall be repealed on December 31, 2002.

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), FS, 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 currently 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, or any successor provision of the Code of Federal Regulations, and that are for use in motor vehicles. In addition, the bill also exempts tether straps and other items required for the proper installation of child restraint systems, regardless of whether such items are purchased separately or as part of the system.

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, or any successor provision of the Code of Federal Regulations and that are for use in motor vehicles. In addition, it exempts tether straps and other items required for the proper installation of child restraint systems, regardless of whether such items are purchased separately or as part of the system

Section 2: Provides that the Act shall be repealed on December 31, 2002

Section 3: Provides that the Act shall take effect July 1, 2000.

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 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. In addition, they would not pay sales tax on the purchase of tether straps and other items required for the proper installation of child restraint systems, regardless of whether such items are purchased separately or as part of the system.

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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:

None

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.

On April 24, 2000, the Committee on Finance and Taxation adopted a substitute amendment for the traveling amendment and two additional amendments. The bill was then made into a Committee Substitute.

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Amendment 1 - was a substitute amendment for the traveling amendment. This amendment moved the effective date of the Act to July 1, 2000, and the repeal date to December 31, 2002.

Amendment 2 - changed the reference to the Federal Code from "49 C.F.R. s. 571.213 (1998)" to "49 C.F.R. s. 571.213, or any successor provision of the Code of Federal Regulations". This change will simplify the administration of the bill and assure that the sales tax exemption keeps pace with any changes in child restraint system standards.

Amendment 3 - exempts form the sales tax tether straps and other items required for the proper installation of child restraint systems, regardless of whether such items are purchased separately or as part of the system.

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL RULES & REGULATIONS:

Prepared by:

Staff Director:

Shari Z. Whittier

David M. Greenbaum

AS REVISED BY THE COMMITTEE ON FINANCE & TAXATION:

Prepared by:

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