

**STORAGE NAME:** h0255.grr

**DATE:** October 22, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
GOVERNMENTAL RULES & REGULATIONS  
ANALYSIS**

**BILL #:** HB 255

**RELATING TO:** Sales Tax Exemption/Diapers

**SPONSOR(S):** Representatives Kyle and Maygarden

**TIED BILL(S):**

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

- (1) GOVERNMENTAL RULES & REGULATIONS
  - (2) FINANCE & TAXATION
  - (3) GENERAL GOVERNMENT APPROPRIATIONS
  - (4)
  - (5)
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I.

HB 255 exempts from state sales tax diapers for infants and incontinence garments.

The estimated negative fiscal impact upon General Revenue is \$19.1 million for FY 2000-2001 and \$21.9 million for FY 2001-2002. The estimated negative fiscal impact upon local governments is \$3.0 million for FY 2000-2001 and \$3.5 million for FY 2001-2002. The total estimated negative fiscal impact for this bill is \$22.1 million for FY 2000-2001 and \$25.4 million for FY 2001-2002.

The act shall take effect July 1, 2000.

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 diapers and incontinence garments are subject to state sales taxes. For the 52-week period ending July 31, 1999, actual sales were approximately \$229,293,149 for disposable diaper products and \$10,649,313 for incontinence products at grocery and drug stores in the state.

An infant or toddler is defined in sections 391.302 and 411.202, F.S., as any child from birth to three years of age. As of October 1, 1999, there were approximately 753,278 children from zero to three years of age in Florida.

C. EFFECT OF PROPOSED CHANGES:

HB 255 exempts from state sales tax diapers for infants and incontinence garments.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Provides a sales tax exemption for the sale of diapers for infants and incontinence garments.

Section 2: 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	(\$19.1 million)	(\$21.9 million)

2. Expenditures:

N/A

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

Local government:

Local Govt. Half Cent TF	(\$1.8 million)	(\$2.1 million)
Local Option Sales	(\$1.2 million)	(\$1.4 million)
TOTAL	(\$3.0 million)	(\$3.5 million)

2. Expenditures:

N/A

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Consumers purchasing diapers and incontinence garments would not pay state sales tax on diapers and incontinence garments.

**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.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

Restricting the exemption of sales tax to "diapers for infants" requires consumers buying diapers for children over the age of three to pay sales tax on these items. Although the average age by which children are toilet trained is 30 months, toilet training may extend past the age of three.

The Department of Revenue suggests that the bill only refer to the item being taxed and not the population that will be using the item. The department recommends striking the phrase "for infants."

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL RULES & REGULATIONS:

Prepared by:

Staff Director:

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David M. Greenbaum