

MINNESOTA • REVENUE

SALES AND USE TAX Child Car Seats

February 23, 2015

Department of Revenue
Analysis of S.F. 389 (Rest) / H.F. 404 (Carlson)

	Yes	No
DOR Administrative Costs/Savings		X

	Fund Impact			
	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>	<u>F.Y. 2018</u>	<u>F.Y. 2019</u>
	(000's)			
General Fund	(\$900)	(\$1,000)	(\$1,100)	(\$1,100)
Natural Resources and Arts Funds	<u>(\$50)</u>	<u>(\$60)</u>	<u>(\$60)</u>	<u>(\$60)</u>
Total – All Funds	(\$950)	(\$1,060)	(\$1,160)	(\$1,160)

Effective for sales and purchases made after June 30, 2015.

EXPLANATION OF THE BILL

The bill would grant a sales and use tax exemption for infant or child car seats and booster seats. To qualify for exemption, the car seats must meet the requirements of a child passenger restraint system under standards established by the U.S. Department of Transportation.

REVENUE ANALYSIS DETAIL

- The estimate was based on Minnesota demographic data and retailers' literature.
- According to the State Demographer's Office, there were an estimated 565,619 children in Minnesota under the age of eight in 2013.
- The number of children was reduced by 10% to 509,057 for noncompliance with the current requirement to use child safety seats.
- It was estimated, based on retail sales reporting, that car seats for one-third of the adjusted number of children under age eight would be purchased each year.
- The average retail price per item was estimated at \$90.
- The annual growth used in the estimate was the consumer price index, excluding food and energy, forecast by IHS - *U.S. Economic Outlook*.
- The estimate for fiscal year 2016 was adjusted for the effective date of July 1, 2015.

Source: Minnesota Department of Revenue
Tax Research Division
[www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)