

# DEPARTMENT OF TAXATION

## 2023 Fiscal Impact Statement

1. **Patron** Holly M. Seibold

3. **Committee** House Finance

4. **Title** Sales tax exemption; Child restraint device

2. **Bill Number** HB 2416

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would create an exemption from the Retail Sales and Use Tax for child restraint devices purchased by an individual for personal use.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

### 6. **Budget amendment necessary:** Yes.

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### 7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation considers implementation of this bill to be routine and does not require additional funding. This bill would have no impact on local administrative costs.

#### Revenue Impact

It is estimated that this bill would reduce state and local revenues by a total of \$2.2 million in Fiscal Year 2024, \$2.5 million in Fiscal Year 2025, \$2.6 million in Fiscal Year 2026, \$2.7 million in Fiscal Year 2027, \$2.9 million in Fiscal Year 2028, and \$3.0 million in Fiscal Year 2029. These estimates are based on national data for the child car seat market, Virginia's share of national retail sales, and the average effective sales tax rate in Virginia. The table below shows the estimated impact by fund.

	<b>GF Unrestricted</b>	<b>GF Restricted</b>	<b>CTF</b>	<b>Local &amp; Regional</b>
FY 2024	(\$0.8)	(\$0.4)	(\$0.3)	(\$0.6)
FY 2025	(\$1.0)	(\$0.5)	(\$0.4)	(\$0.6)
FY 2026	(\$1.0)	(\$0.5)	(\$0.4)	(\$0.7)
FY 2027	(\$1.1)	(\$0.5)	(\$0.4)	(\$0.7)
FY 2028	(\$1.1)	(\$0.6)	(\$0.4)	(\$0.7)
FY 2029	(\$1.2)	(\$0.6)	(\$0.5)	(\$0.8)

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
All localities

**10. Technical amendment necessary: No.**

**11. Other comments:**

Background

Current law requires any person who drives on the highways of Virginia in any motor vehicle manufactured after January 1, 1968, to ensure that any child, up to age eight, whom he transports therein is provided with and properly secured in a child restraint device of a type which meets the standards adopted by the United States Department of Transportation. Child restraint devices are currently subject to the Virginia Retail Sales and Use Tax.

Proposal

This bill would create an exemption from the Retail Sales and Use Tax for child restraint devices as required pursuant to Article 13 of Chapter 10 of Title 46.2 purchased by an individual for personal use.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

cc: Secretary of Finance

Date: 1/27/2023 VB  
HB2416F161