

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3233-02  
Bill No.: HCS for HB 1271  
Subject: Health, Public; Children and Minors  
Type: Original  
Date: March 4, 2020

Bill Summary: This proposal prohibits the sale of baby crib bumper pads.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	Less than (\$41,625)	Less than (\$83,250)	Less than (\$83,250)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Less than (\$41,625)</b>	<b>Less than (\$83,250)</b>	<b>Less than (\$83,250)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
School District Trust Fund	Less than (\$13,875)	Less than (\$27,750)	Less than (\$27,750)
Conservation Commission	Less than (\$1,735)	Less than (\$3,469)	Less than (\$3,469)
Parks, Soil & Water Fund	Less than (\$1,388)	Less than (\$2,775)	Less than (\$2,775)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Less than (\$16,998)</b>	<b>Less than (\$33,944)</b>	<b>Less than (\$33,944)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>Less than (\$53,558)</b>	<b>Less than (\$107,115)</b>	<b>Less than (\$107,115)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning** assume the proposed legislation should not result in additional costs or savings to the Division of Budget and Planning.

Subsection 407.780.3. establishes a penalty between \$100 and \$500 for entities listed in the bill that violate this section by providing baby crib bumpers for sale in this state. To the extent that these fines are deposited into the state treasury, total state revenues will increase.

To the extent that this legislation decreases sales tax, general and total state revenues could decrease. This proposal will impact the calculation under Article X, Section 18(e). The DOR may be able to provide any estimates.

Officials at the **Department of Revenue (DOR)** assume the proposed legislation could reduce Total State Revenue by an estimated \$117,244 each fiscal year.

### Section 407.780

This section states that no commercial dealer, manufacturer, importer, distributor, wholesaler, or retailer shall sell, lease, offer for sale, or offer for lease in the state any crib bumper pad as an accessory to a crib or as a separate item. For any violation of the provisions of this section, there shall be a penalty of not less than one hundred dollars nor more than five hundred dollars for each offense. The enactment of Section 407.780 of Section A of this act shall become effective on January 1, 2021.

Based on information published on Missouri Health and Senior Service's website, the average number of births is about 75,000. The DOR's estimate is based on assuming that a bumper would be purchased for each child.

The DOR reviewed various websites and searches to try and determine the price of baby bumpers and arrived at an estimate an average price of \$37.

If each child born in FY 21 used a baby bumper, the total taxable sales would equal \$2,775,000. The State of Missouri would collect 4.225 percent on the total taxable sales for a potential total state sale tax collection amount of \$117,244.

ASSUMPTION (continued)

The DOR estimates that Total State Revenue could decrease by \$117,244 each fiscal year. Sales tax is collected and deposited into various funds per Missouri statute and Missouri Constitution. The itemized impact to the various funds are shown below.

Decrease to Total State Revenue - Per Fund			
Fund	Fiscal Year		
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
General Revenue	\$0.00	(\$83,250)	(\$83,250)
Conservation	\$0.00	(\$3,469)	(\$3,469)
Education	\$0.00	(\$27,750)	(\$27,750)
Parks and Soil	\$0.00	(\$2,775)	(\$2,775)
Total State Revenue	\$0.00	(\$117,244)	(\$117,244)

The DOR believes that the impact shown above could be reduced or offset by an unknown amount from any penalty collected from any commercial dealers, manufacturers, importers, distributors, wholesalers, or retailers who violate the provisions under this section.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a fiscal impact that could be up to DOR’s estimate.

**Oversight** will also reflect a 6 month loss in sales tax in FY 21 using DOR’s numbers since the proposal becomes effective January 1, 2021. Oversight will also reflect a loss to local political subdivisions in sales tax collected using a population weighted estimate of 3.86% or \$107,115 (\$2,775,000 \* .0386) for FYs 22 and 23 and a 6 month loss of \$53,558 in FY 21.

Oversight assumes the actual loss in sales tax revenue would be lower than DOR’s estimates, because:

- Oversight assumes not every newborn would use a bumper pad. The potential dangers of these items has been publicized and Oversight assumes some parents are choosing not to use them;
- Oversight assumes not every bumper pad used would be purchased new. Oversight assumes some bumper pads would be used for multiple newborns in the same household, or perhaps purchased/utilized by other families.

Therefore, Oversight will reflect an impact of “less than” the estimates provided by DOR.

ASSUMPTION (continued)

Officials at the **Department of Health and Senior Services (DHSS)** assume section 407.470.4 of the proposed legislation prohibits the sale of baby bumper pads and requires the DHSS to create and distribute information about the provisions of this section to commercial dealers, distributors, wholesalers, importers, manufacturers, and retailers. It is assumed that DHSS would meet this requirement by creating a press release, social media posts, and placing a notification on the DHSS website. These activities are within the current scope of work of the Bureau of Genetics and Healthy Childhood, therefore the assumption is this fiscal note will create a Zero Fiscal Impact.

The department anticipates being able to absorb these costs. However, until the FY21 budget is final, the department cannot identify specific funding sources.

**Oversight** notes that the DHSS has stated the department anticipates being able to absorb costs as a result of this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Office of the Attorney General** and the **Department of Social Services** both assume no fiscal impact to their respective agencies from this proposal.

**Oversight** notes that the Office of the Attorney General and the Department of Social Services both have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE FUND</b>			
<u>Loss - DOR - in sales tax revenue from no longer selling crib bumper pads</u>	<u>Less than</u> <u>(\$41,625)</u>	<u>Less than</u> <u>(\$83,250)</u>	<u>Less than</u> <u>(\$83,250)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Less than</u></b> <b><u>(\$41,625)</u></b>	<b><u>Less than</u></b> <b><u>(\$83,250)</u></b>	<b><u>Less than</u></b> <b><u>(\$83,250)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Loss - DOR - in sales tax revenue from no longer selling crib bumper pads</u>	<u>Less than</u> <u>(\$13,875)</u>	<u>Less than</u> <u>(\$27,750)</u>	<u>Less than</u> <u>(\$27,750)</u>
<b>ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND</b>	<b><u>Less than</u></b> <b><u>(\$13,875)</u></b>	<b><u>Less than</u></b> <b><u>(\$27,750)</u></b>	<b><u>Less than</u></b> <b><u>(\$27,750)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Loss - DOR - in sales tax revenue from no longer selling crib bumper pads</u>	<u>Less than</u> <u>(\$1,735)</u>	<u>Less than</u> <u>(\$3,469)</u>	<u>Less than</u> <u>(\$3,469)</u>
<b>ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND</b>	<b><u>Less than</u></b> <b><u>(\$1,735)</u></b>	<b><u>Less than</u></b> <b><u>(\$3,469)</u></b>	<b><u>Less than</u></b> <b><u>(\$3,469)</u></b>
<b>PARKS, SOIL &amp; WATER FUND</b>			
<u>Loss - DOR - in sales tax revenue from no longer selling crib bumper pads</u>	<u>Less than</u> <u>(\$1,388)</u>	<u>Less than</u> <u>(\$2,775)</u>	<u>Less than</u> <u>(\$2,775)</u>
<b>ESTIMATED NET EFFECT ON THE PARKS, SOIL &amp; WATER FUND</b>	<b><u>Less than</u></b> <b><u>(\$1,388)</u></b>	<b><u>Less than</u></b> <b><u>(\$2,775)</u></b>	<b><u>Less than</u></b> <b><u>(\$2,775)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> - DOR - in sales tax revenue from no longer selling crib bumper pads	<u>Less than</u> <u>(\$53,558)</u>	Less than <u>(\$107,115)</u>	Less than <u>(\$107,115)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Less than</u></b> <b><u>(\$53,558)</u></b>	<b><u>Less than</u></b> <b><u>(\$107,115)</u></b>	<b><u>Less than</u></b> <b><u>(\$107,115)</u></b>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that sells, manufactures, or refurbishes baby crib bumpers.

FISCAL DESCRIPTION

This bill prohibits commercial dealers, manufacturers, importers, distributors, wholesalers, or retailers from selling, leasing, offering for sale, or offering for lease in Missouri, either in physical location or through any electronic marketplace, any crib bumper pad as an accessory to a crib or as a separate item. Any violations of the provisions of this bill will result in a penalty of at least \$100 and no more than \$500 for each offense. This bill has a delayed effective date of January 1, 2021.

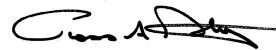
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Division of Budget & Planning  
Department of Revenue  
Department of Health and Senior Services  
Office of the Attorney General  
Department of Social Services  
Office of the Secretary of State



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