

**DEPARTMENT OF TAXATION
2018 Fiscal Impact Statement**

1. **Patron** Jennifer B. Boysko
3. **Committee** House Appropriations
4. **Title** Retail Sales and Use Tax; Menstrual Supplies

2. **Bill Number** HB 24
House of Origin:
 Introduced
 X **Substitute**
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would provide an exemption from the Retail Sales and Use Tax for the following menstrual supplies: pads, tampons, and menstrual cups.

Under current law, these items are subject to the Retail Sales and Use Tax.

The effective date of this bill would be January 1, 2019.

6. Budget amendment necessary: Yes.

Page 1, Revenue Estimates

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

8. Fiscal implications:

Administrative Costs

The Department of Taxation (“the Department”) considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would have a negative state and local revenue impact of \$2.1 million in Fiscal Year 2019, \$5.1 million in Fiscal Year 2020, \$5.2 million in Fiscal Year 2021, \$5.3 million in Fiscal Year 2022, \$5.4 million in Fiscal Year 2023, and \$5.5 million in Fiscal Year 2024. The chart on Page 2 shows the revenue impact for Fiscal Years 2019 through 2024.

Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GF-Unrestricted	(\$ 826,000)	(\$ 2,027,000)	(\$ 2,072,000)	(\$ 2,117,000)	(\$ 2,164,000)	(\$ 2,211,000)
GF-Restricted	(\$ 407,000)	(\$ 998,000)	(\$ 1,020,000)	(\$ 1,042,000)	(\$ 1,065,000)	(\$ 1,089,000)
Transportation*	(\$ 292,000)	(\$ 716,000)	(\$ 732,000)	(\$ 748,000)	(\$ 764,000)	(\$ 781,000)
Local Option	(\$ 365,000)	(\$ 895,000)	(\$ 915,000)	(\$ 935,000)	(\$ 955,000)	(\$ 976,000)
HMOF (GF transfer)	(\$ 36,000)	(\$ 89,000)	(\$ 91,000)	(\$ 93,000)	(\$ 96,000)	(\$ 98,000)
Hampton Roads	(\$ 46,000)	(\$ 114,000)	(\$ 116,000)	(\$ 119,000)	(\$ 121,000)	(\$ 124,000)
Northern Virginia	(\$ 88,000)	(\$ 215,000)	(\$ 219,000)	(\$ 224,000)	(\$ 229,000)	(\$ 234,000)
Total	(\$ 2,060,000)	(\$ 5,054,000)	(\$ 5,165,000)	(\$ 5,278,000)	(\$ 5,394,000)	(\$ 5,513,000)

*Includes 0.5% TTF, 0.175% HMOF, 0.050% IPROCF, and 0.075% Mass Transit Fund.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No

11. Other comments:

Background

Generally, the Retail Sales and Use Tax is imposed upon the charge for the sale or use of tangible personal property, unless an exemption applies. Virginia law defines “tangible personal property” as personal property that may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. Current law does not provide an exemption for menstrual supplies such as pads, tampons, and menstrual cups.

Other States

Of the 45 states that impose a sales and use tax, nine states exempt feminine hygiene products from the tax: Connecticut (beginning July 1, 2018), Florida, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, and Pennsylvania. Washington, D.C. also passed legislation to exempt feminine hygiene products and diapers from the sales tax. The exemption was passed “subject to appropriations” and will not take effect until the projected revenue loss is accounted for in its annual budget. The proposed 2018 D.C. budget does not account for the exemption. The California State Assembly also passed legislation in a previous session to exempt feminine hygiene products, but the bill was vetoed by the Governor.

Proposal

This bill would provide an exemption from the Retail Sales and Use Tax for the following menstrual supplies: pads, tampons, and menstrual cups.

The effective date of this bill would be January 1, 2019.

cc : Secretary of Finance

