

# DEPARTMENT OF TAXATION

## 2018 Fiscal Impact Statement

1. **Patron** Jennifer B. Boysko

3. **Committee** House Finance

4. **Title** Retail Sales and Use Tax Exemption;  
Menstrual Supplies

2. **Bill Number** HB 25

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would add specified menstrual supplies, pads, tampons, and menstrual cups, to the list of items that qualify for a limited exemption from the Retail Sales and Use Tax, during the annual August sales tax holiday.

Currently, such sales tax holiday includes certain school supplies, clothing, and footwear. The three-day sales tax holiday has a sunset date of July 1, 2022. It occurs in a three-day period that begins each year on the first Friday in August and ends at 11:59 p.m. on the following Sunday. Under current law, menstrual supplies are not included in this sales tax holiday.

The effective date of this bill is not specified.

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 as routine and does not require additional funding.

#### Revenue Impact

The proposed legislation would have an estimated negative revenue impact to the General Fund of \$23,000 in Fiscal Year 2019; \$26,000 in Fiscal Years 2020 and 2021; \$27,000 in Fiscal Year 2022; and \$28,000 in Fiscal Years 2023 and 2024. In addition, it would have a negative revenue impact of \$5,000 on the Transportation Trust Fund in Fiscal Year 2019; and \$6,000 in Fiscal Years 2020 through 2024. There would also be a

negative impact of \$10,000 on local revenues in Fiscal Years 2019 and 2020; and \$11,000 in Fiscal Years 2021 through 2024.

The chart below shows the revenue impact through Fiscal Year 2024.

<u>Fund</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
GF-Unrestricted	\$(15,000)	\$(17,000)	\$(17,000)	\$(17,000)	\$(18,000)	\$(18,000)
GF-Restricted	(8,000)	(9,000)	(9,000)	(10,000)	(10,000)	(10,000)
Transportation Trust						
Fund	(5,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Local	(10,000)	(10,000)	(11,000)	(11,000)	(11,000)	(11,000)
Total Impact	\$(38,000)	\$(42,000)	\$(43,000)	\$(44,000)	\$(45,000)	\$(28,000)

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

Department of Taxation

**10. Technical amendment necessary: No**

**11. Other comments:**

Background

The sales tax holiday for school supplies and clothing was originally enacted in 2006. School supply items, including dictionaries, notebooks, pens, pencils, notebook paper, calculators, and similar items, can be purchased exempt of the Retail Sales and Use Tax, provided that the sales price for each item does not exceed \$20. Articles of clothing with a sales price of \$100 or less per item are also exempt during the holiday period.

Legislation in the 2015 General Assembly Session combined three separate sales tax holidays for hurricane preparedness, school supplies and clothing, and Energy Star and WaterSense products into one annual three-day holiday. This legislation had a sunset date of July 1, 2017.

Legislation enacted in 2017 extended the sunset date of the exemption for school supplies to July 1, 2022. The exemption applies to a three-day period that begins each year on the first Friday in August and ends at 11:59 p.m. on the following Sunday.

Under current law, menstrual supplies are not included in the list of items qualifying for the sales tax holiday.

Proposal

This bill would add specified menstrual supplies, pads, tampons, and menstrual cups, to the list of items that qualify for a limited exemption from the Retail Sales and Use Tax,

during the annual August sales tax holiday that currently includes certain school supplies, clothing, and footwear.

The effective date of this bill is not specified.

Similar Legislation

**House Bill 24** and **House Bill 448** would provide an exemption from the Retail Sales and Use Tax for the following menstrual supplies: pads, tampons, and menstrual cups.

**House Bill 152** would provide an exemption from the Retail Sales and Use Tax for the following feminine hygiene products: sanitary napkins, tampons, sanitary towels, menstrual cups, and sanitary pads.

cc : Secretary of Finance

Date: 1/18/2018 SK  
DLAS File Name: HB25F161