

**DEPARTMENT OF TAXATION  
2018 Fiscal Impact Statement**

1. **Patron** Debra H. Rodman

3. **Committee** House Finance

4. **Title** Retail Sales and Use Tax; Feminine Products

2. **Bill Number** HB 448

**House of Origin:**

  X   **Introduced**

       **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 is not specified.

**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 \$4.5 million in Fiscal Year 2019, \$5 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.

<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	\$(1,818,000)	\$(2,027,000)	\$(2,072,000)	\$(2,117,000)	\$(2,164,000)	\$(2,211,000)
GF-Restricted	(975,000)	(1,087,000)	(1,111,000)	(1,135,000)	(1,161,000)	(1,187,000)
Transportation						
Trust Fund	(642,000)	(716,000)	(732,000)	(748,000)	(764,000)	(781,000)
Local	(1,098,000)	(1,224,000)	(1,250,000)	(1,278,000)	(1,305,000)	(1,334,000)
Total Impact	\$(4,533,000)	\$(5,054,000)	\$(5,165,000)	\$(5,278,000)	\$(5,394,000)	\$(5,513,000)

**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 is not specified.

Similar Legislation

**House Bill 24** is substantively identical to this bill.

**House Bill 25** would add the following menstrual supplies: pads, tampons, and menstrual cups to the list of items that are given a limited exemption from the Retail Sales and Use Tax during the August sales tax holiday for certain school supplies, clothing and footwear.

**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: HB448F161