

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Jennifer B. Boysko

3. **Committee** Senate Finance

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

2. **Bill Number** SB 1715

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.

If enacted during the 2019 Regular Session of the General Assembly, this bill would be effective July 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 result in an estimated decrease in state and local tax revenue of \$3.85 million in Fiscal Year 2020; \$4.33 million in Fiscal Year 2021; \$4.46 in Fiscal Year 2022; \$4.58 in Fiscal Year 2023; \$4.71 million in Fiscal Year 2024 and \$4.85 in Fiscal Year 2025.

SB 1715: Cost of Sales Tax Exemption on Menstrual Supplies

(all figures in dollars)

Fund	FY 2020*	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
State Sales and Use Tax (5.3%)	\$ (3,601,000)	\$ (4,047,000)	\$ (4,166,000)	\$ (4,284,000)	\$ (4,404,000)	\$ (4,528,000)
GF - Unrestricted ⁽¹⁾	(1,374,000)	(1,544,000)	(1,590,000)	(1,635,000)	(1,681,000)	(1,728,000)
GF - Restricted ⁽²⁾	(675,000)	(759,000)	(781,000)	(803,000)	(826,000)	(849,000)
Education School Age 1/8% ⁽³⁾	(85,000)	(96,000)	(99,000)	(101,000)	(104,000)	(107,000)
Education SOQ- 1/4% ⁽³⁾	(171,000)	(192,000)	(197,000)	(203,000)	(209,000)	(214,000)
Transportation ⁽³⁾	(546,000)	(613,000)	(631,000)	(649,000)	(667,000)	(686,000)
Local Option	(682,000)	(766,000)	(789,000)	(812,000)	(834,000)	(858,000)
HMOF (GF transfer)	(68,000)	(77,000)	(79,000)	(81,000)	(83,000)	(86,000)
Regional Trans. Funds (0.7%) ⁽⁴⁾	\$ (252,000)	\$ (283,000)	\$ (292,000)	\$ (300,000)	\$ (309,000)	\$ (318,000)
Hampton Roads (TPO)	(87,000)	(98,000)	(101,000)	(104,000)	(107,000)	(110,000)
Northern Virginia (NVTa)	(165,000)	(185,000)	(191,000)	(196,000)	(202,000)	(208,000)
Total Sales and Use Tax ⁽⁴⁾	\$ (3,853,000)	\$ (4,330,000)	\$ (4,458,000)	\$ (4,584,000)	\$ (4,713,000)	\$ (4,846,000)

Notes:

1) Includes: 2.025% General Fund Unrestricted, -0.01% Dealer Discount.

2) Includes: 1% Education 1% based on school age population, -0.01% Dealer Discount.

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

4) The assumed state, local and regional sales and use blended tax rate is 5.65%, after dealer discount.

*FY 2020 assumes an 11-month impact

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, ten states exempt feminine hygiene products from the tax: Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, Nevada, and Pennsylvania. Washington, D.C. also exempts feminine hygiene products and diapers from the sales tax.

Proposal

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

If enacted during the 2019 Regular Session of the General Assembly, this bill would be effective July 1, 2019.

Similar Legislation

House Bill 2194 is identical to this bill.

House Bill 2540 would apply the reduced state sales and use tax rate of 1.5%, which under current law applies only to food purchased for human consumption, to essential personal hygiene products, defined as (i) nondurable incontinence products such as diapers, disposable undergarments, pads, and bed sheets; and (ii) menstrual cups and pads, pantyliners, sanitary napkins, tampons, and other products used to absorb or contain menstrual flow.

cc : Secretary of Finance

Date: 1/19/2019 SK
SB1715F161