

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session

Bill: SB231

Patron: Boysko

Date: 1/14/2020

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Sales and use tax exemption for menstrual supplies. Provides that menstrual cups and pads, pantyliners, sanitary napkins, tampons, and other products used to absorb or contain menstrual flow shall be fully exempt from sales and use tax. Under current law, such menstrual supplies are subject to a reduced state sales tax rate of 1.5 percent, which also applies to food purchased for human consumption and essential personal hygiene products, as well as a local sales tax rate of 1 percent.

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### Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$115,000.00. A majority of localities noted that the fiscal impact of the bill would be the loss of sales tax revenue from the sale of menstrual product. Some of those localities that responded with a fiscal impact, used data from the Department of Taxation and/or Census data to derive their estimates, which seems to be a reasonable approach. Many localities responded with no fiscal impact but noted that there would be a loss of revenue however, such amount is indeterminate.

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### Local Analysis:

**Locality:** Augusta County

**Estimated Fiscal Impact:** \$8,260.00

Staff in Augusta County does not have access to detailed information from the Department of Taxation in relation to commodity type. \$8260 in lost local sales tax is calculated as follows:

\$4 cost of commodity x 1% local sales tax = \$.04 x 17209 females in Augusta County ages 15-54 (per Weldon Cooper/Census 2018) = \$688 x 12 months = \$8260.

For comparison purposes, Augusta County's FY20 local sales tax budget is \$5.8 million.

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Locality: City of Alexandria

Estimated Fiscal Impact: \$0.00

No hard data on this for analysis.

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**Locality:** City of Danville **Estimated Fiscal Impact:** \$0.00

Since we do not collect sales tax and cannot obtain sales figures/projections from local businesses regarding feminine hygiene products, we are unable to provide an estimate other than to say there will be a reduction in revenue.

**Locality:** City of Emporia **Estimated Fiscal Impact:** \$0.00

This bill has minimal impact on revenues at -2.5% as an exemption of tax on these items.

**Locality:** City of Harrisonburg **Estimated Fiscal Impact:** \$0.00

Sales and use tax is collected by the Department of Taxation. The City does not have the information to determine what the fiscal impact would be but there would financial impact from reduced revenue.

**Locality:** City of Martinsville **Estimated Fiscal Impact:** \$100.00

Sorry to sound rude, but how in the world do you expect anyone to be able to estimate this? This item is a waste of my time. Surely there are more important bills to address. I inserted \$100 because it won't take a zero.

**Locality:** City of Norfolk **Estimated Fiscal Impact:** \$0.00

We were unable to find any information on what Virginia women spend annually on menstrual supplies. According to Cosmopolitan Magazine, "the revenue loss depends on the size of the state's population who menstruate and the products they buy." Jezebel estimates, "the average woman spends about \$120 per year on pads and tampons and an additional \$20 each year on over-the-counter medication to combat cramps and other period-related side effects. Women on average menstruate for 40 years (taking into account that some women have children), so each woman spends approximately \$5,600 on her period over her lifetime." There is no way for us to give a more definitive answer, and there's no data to help us analyze any fiscal impact.

**Locality:** City of Roanoke **Estimated Fiscal Impact:** \$0.00

The City does not have a way of readily identifying the current sales tax received through the sale of menstrual supplies. However, we would anticipate a negligible impact on revenue if these supplies become fully exempt.

**Locality:** City of Virginia Beach

**Estimated Fiscal Impact:** \$39,019.00

According to a 2019 Department of Taxation Fiscal Impact Statement, the Commonwealth-wide impact of a sales tax exemption on menstrual supplies for the 1% local option was \$766,000 for FY 2021. Based on the Department of Taxation's FY 2018 Annual Report, the City of Virginia Beach is distributed 5.1% of the total Commonwealth-wide local option sales tax. Based on these amounts, we estimate the elimination of the 1% tax rate on this products would cause revenue loss of \$39,019.

**Locality:** City of Winchester

**Estimated Fiscal Impact:** \$5,000.00

• SB231 – Begins to whittle away at sales tax revenue by opening the door for further exemptions of sales tax revenue. This might not seem a big deal, but when other sources of local revenue (e.g. BPOL and PP taxes) face annual challenges or risk of elimination and we regularly experience additional exemptions to real estate tax, it may be worrisome to also face additional losses in sales tax revenue as well. As an aside, this is not a very environmentally sensitive bill as I understand it applies only to single-use disposable products and not the reusable versions. So if this one passes, there will likely be a companion bill coming.

**Locality:** Fairfax County

**Estimated Fiscal Impact:** \$115,000.00

This bill would result in an estimated decrease in local sales tax revenue of \$115,000 for Fairfax County.

**Locality:** Henrico County.

**Estimated Fiscal Impact:** \$47,574.00

Based on Henrico being 5.4% of total Statewide taxable sales and applying that percentage to the local option impact of the fiscal impact statement of \$881,000 developed by the Virginia Department of Taxation.

**Locality:** Prince Edward County

**Estimated Fiscal Impact:** \$0.00

Unable to calculate the impact of the Bill as we do not track the amount spent on such products. But if assume each women spends an average of \$10 per month on such supplies and because of the heavy concentration of women attending Longwood Assume 14,000 women in Prince Edward then total sales would be \$1,680,000 and the sales tax of 1.5% would generate \$25,200. which would be lost

**Locality:** Prince George County

**Estimated Fiscal Impact:** \$500.00

The impact would be more than \$0, but we are unable to quantify. We do not have retailer sales information, and computing impact would require a breakdown of sales by type of commodity.

**Locality:** Richmond County

**Estimated Fiscal Impact:** \$500.00

Tough to know actual costs without knowing what current revenue is from these products to the locality. When the locality sees the sales tax report, it is broken down by retailer, not products. I would imagine an impact, but small.

Locality: Rockingham County

Estimated Fiscal Impact: \$1,000.00

This is very tough to quantify as we have no way of knowing the amount of money generated from menstrual supplies. I would say the impact is minimal but it would be a decrease overall to the County's sales tax revenue.

Locality: Town of Ashland

Estimated Fiscal Impact: \$0.00

unknown because Towns receive a portion of the county's sales tax revenue based on the number/percentage of school age children.

Locality: Town of Blacksburg

Estimated Fiscal Impact: \$7,500.00

Unable to directly determine exact impact of this on the Town. As a Town we receive 22.74% of half of the 1% local options. As a town, we do not have the breakdown by product of sales tax received. Estimating that this may be 0.5% of our sales tax receipts which is the number above. The administrative burden will be on the retailers and the Town, County and State will lose the review.

Locality: Town of Buchanan

Estimated Fiscal Impact: \$0.00

I am not sure what the exact fiscal impact will be. To gain an accurate picture more research would need to be done to capture what the exact monthly/ annual sales are for these products. Since, half of the state is female, I imagine this would be a big fiscal impact to localities.

Locality: Town of Luray

Estimated Fiscal Impact: \$0.00

No Issue

Locality: Town of Marion.

Estimated Fiscal Impact: \$100.00

Because sales tax on such products is not currently delineated, we can only estimate, but feel sure the impact would be minimal.

Professional and Other Organization  
Analysis:

**Organization:** Accomack-Northampton Planning District  
Commission

The fiscal impact for exemption from tax for Accomack County is estimated to be \$4,435 annually and for Northampton County is estimated to be \$1,539 annually. There is one major retail store in Accomack County that may increase the fiscal impact for Accomack while reducing the fiscal impact by a similar amount. No estimate was prepared for retail tracking as it would be expected that the electronic systems would track this after an initial setup.

The calculation to arrive at this impact is 6,977 Accomack County women (2017 Census estimate) between the ages of 10 and 49 multiplied by 12 months multiplied by 13 individual products (estimate is 3 products per day for 3 days and 2 products per day for 2 days) multiplied by .163 cents (individual product cost for a middle of the road product available at a retail store in Accomack County) multiplied by .025 the value of the exemption. Northampton used the exact same calculation for 2,420 women (2017 Census estimate) between the ages of 10 and 49.

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