

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 24** SLS 17RS 173  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 6, 2017 2:40 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax Exemption: Diapers & Feminine Hygiene Products	

TAX/SALES-USE, ST-EXEMPTIONS OR -\$7,500,000 GF RV See Note Page 1 of 1  
 Exempts diapers and feminine hygiene products from state and local sales and use tax.

Current law treats diapers and feminine hygiene products as subject to the full state sales and use tax of 5% thru June 30, 2018, at which time they will be subject to a state sales tax rate of 4%.

Proposed law exempts purchases of diapers and feminine hygiene products from state sales and use tax, and authorizes local political subdivisions to apply the exemption to all or part of local sales and use tax applied to these transactions.

Effective January 1, 2018, pending adoption of a constitutional amendment providing for a state sales tax exemption for these products.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$7,500,000)	(\$12,300,000)	(\$12,600,000)	(\$13,000,000)	(\$13,300,000)	<b>(\$58,700,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>(\$7,500,000)</b>	<b>(\$12,300,000)</b>	<b>(\$12,600,000)</b>	<b>(\$13,000,000)</b>	<b>(\$13,300,000)</b>	<b>(\$58,700,000)</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Proposed law fully exempts diapers and feminine hygiene products from the state sales and use tax. LA Dept. of Revenue (LDR) does not collect data on consumer purchases of these products. FY18 sales for these products has been projected using a combination of population data, personal and household consumption data, and public market research reports and summaries.

A population of approximately 190,000 children of diaper-wearing age, an average price of \$0.30 per diaper, and an average of 7 diapers used per day per child implies \$143.9M in diaper sales for the year. This results in a tax loss of \$7.2M associated with an exemption from the 5% rate in the full year of FY18.

A population of approximately 1.0M women of appropriate age and an annual average of approximately \$150 in expenditures implies \$154.8M in feminine hygiene products sales for the year, resulting in a tax loss of \$7.8M due to the exemption from the 5% rate in the full year of FY18.

A sales tax rate of 5% is applied in FY18, and the exemption is applied beginning in January for a half-year effect. In FY19 and beyond, the revenue impacts assume a 4% tax rate as provided by current law, a 0.8% population growth rate as projected the US Census Bureau, and the annual rate of inflation projected by the Federal Reserve.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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