

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 27** SLS 17RS 170
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Diapers & Feminine Hygiene Products		

TAX/SALES-USE, ST-EXEMPTIONS EG DECREASE 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 amends the constitution to provide that the state sales tax shall not apply to purchases of diapers and feminine hygiene products as they are defined in state law on January 1, 2019.

Effective January 1, 2019.

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

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

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, effective January 1, 2019, as defined in statute on that day. Potential state revenue losses are explained in the fiscal note accompanying Senate Bill No. 24 of the Regular Session of 2017, where these products are defined and exempted from tax. As that bill is originally introduced, the state revenue losses are estimated at \$7.5 million in the first year (half year effect), then rise into the \$12 million to \$13 million per year range in subsequent full years.

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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