

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 5** SLS 19RS 108
 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 EG -\$9,600,000 GF RV See Note Page 1 of 1
 Exempts diapers and feminine hygiene products from sales and use tax. (See Act)

Current law treats diapers and feminine hygiene products as subject to the full state sales and use tax of 4.45% through July 1, 2025.

Proposed law exempts purchases of diapers and feminine hygiene products sold directly to the consumer for personal use 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, 2020, pending adoption of the constitutional amendment in SB 4 of this session providing for a state sales tax exemption for these products.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	(\$4,800,000)	(\$9,600,000)	(\$9,600,000)	(\$9,600,000)	(\$9,600,000)	(\$43,200,000)
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

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. It also authorizes political subdivisions to apply this exemption to all or part of sales and use tax levy imposed by the political subdivision.

LA Dept. of Revenue (LDR) does not collect data on consumer purchases of these products. FY20 sales for these products has been projected using a combination of population data, personal and household consumption data, public market research reports and summaries, and fiscal impact estimates of similar recent legislation in other states.

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 \$6.4M associated with an exemption from the 4.45% rate in the full year of FY21.

A population of approximately 1 million women of appropriate age and an annual average of approximately \$71 in expenditures implies \$71M in feminine hygiene products sales for the year, resulting in a tax loss of \$3.2M due to the exemption from the 4.45% rate in the full year of FY21.

The exemptions are applied beginning January 1, 2020, resulting in an estimated half-year impact of approximately \$4.8M to the general fund for FY20.

The combined full-year impact of the exemptions, beginning in FY21, is an annual general fund loss of approximately \$9.6M. To the extent that political subdivisions currently levy the tax, and subsequently apply the exemptions, local revenues will also decrease in all 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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