



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 82** SLS 11RS 2
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 18, 2011 9:46 AM	Author: DORSEY
Dept./Agy.: Revenue	
Subject: State sales tax exemption for breastfeeding items	Analyst: Deborah Vivien

TAX/SALES EG DECREASE GF RV See Note Page 1 of 1
Provides that the state sales or use tax shall not apply to consumer purchases of "breastfeeding items." (gov sig)

Proposed law establishes a state sales tax exemption on purchases of any item which is required or commonly used to breastfeed or assist in the breastfeeding of a baby. The statute specifically lists eligible items as including, but not limited to, breastpumps and accessories, replacement parts, breastfeeding accessories, storage bags and accessories, nursing bras, nursing pads and pillows, bottles and accessories, nursing stools and nursing covers.

Effective October 1, 2011.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Currently, there are no state sales tax exemptions for breastfeeding equipment. According to the Department of Revenue, an exemption for patient aids for home use when prescribed by a physician does not apply broadly because breastfeeding items are not typically prescribed.

According to the State Center for Health Statistics at DHH, there were an average of about 64,000 live births in Louisiana over the last five years. The U.S. Center for Disease Control states that about 57% or 36,480 Louisiana mothers will breastfeed at least one child. Various estimates of the average cost of breastfeeding compiled by the Fiscal Office ranged from \$544-\$668, including the purchase of a breast pump along with other lower cost items. For those not purchasing a pump, the costs range from \$268-\$315.

Different assumptions concerning the number of women purchasing breastpumps and the total expenditures involved can generate different total revenue loss exposures. For example, assuming 25% of mothers purchase a pump with different average total expenditures, the estimated amount of spending related to breast feeding is estimated at \$12,996,000 (25% * \$600 * 34,680 + 75% * \$275 * 34,680 = \$12,996,000). At a 4% state sales tax rate, estimated state general fund exposure would be \$519,480 (\$12,996,000 * 4%) or about \$500,000 as a result of this measure.

However, the Fiscal Office has little confidence in any particular set of assumptions. Revenue loss exposure may be more or less than the example above. The true extent of breastpump purchases is unknown as are the purchases of the various other accessories available. In addition the bill provides illustrative items but does not limit the exemption to those items.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 _____ Gregory V. Albrecht Chief Economist
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	