

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 4** SLS 19RS 107
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2019 3:59 PM	Author: MORRELL
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Diapers & Feminine Hygiene Products	

TAX/SALES EG DECREASE GF RV See Note Page 1 of 1
 Constitutional amendment to exempt diapers and feminine hygiene products from state sales and use tax. (2/3 - CA13s1(A))

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 amendment exempts purchases of diapers and feminine hygiene products sold directly to the consumer for personal use from state sales and use tax.

Proposed amendment specifies an effective date of January 1, 2020 for accompanying legislation (SB 5 of this session) providing statutory language, pending passage at a statewide election to be held on October 12, 2019.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
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	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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 amendment fully exempts diapers and feminine hygiene products from the state sales and use tax, and specifies an effective date of January 1, 2020.

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. More detail on these estimates is provided in the fiscal note for the accompanying legislation in SB 5.

The exemption is 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 revenue 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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