

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1065**

HOUSE BILL NUMBER **236**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to taxation.**

SPONSOR **Representative A. Scott**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$6,800,000)	(\$8,200,000)	(\$8,200,000)
EXPENDITURES				
NET EFFECT		(6,800,000)	(\$8,200,000)	(8,200,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this proposal is to exempt from sales and use tax the following items: feminine hygiene products, diapers for both children and adults, diaper wipes, breast pumps, baby bottles, nipples and bottle liners. The exemption would affect purchases on or after August 1, 2018, but before August 1, 2022.

PROVISIONS/MECHANICS: Section 1 amends KRS 139.480 to exempt feminine hygiene products, diapers for both children and adults, diaper wipes, breast pumps, baby bottles, nipples and bottle liners from sales and use tax.

FISCAL EXPLANATION: This proposal, if enacted, will have an estimated negative impact to the General Fund of (\$6,800,000) in FY 2018-2019 and (\$8,200,000) in FY 2019-2020, the year of full implementation.

Data from the Bureau of Labor Statistics' *Consumer Expenditure Survey* (CES) was used to estimate the potential fiscal impact for much of this proposal. This source contains average expenditure data on a household's spending on personal hygiene products, and infant underwear under the age of two. Feminine hygiene products and diapers are included in these larger

spending categories as well as other products. Therefore, an adjustment was made in an effort to isolate expenditures related to the feminine hygiene products and diapers. To estimate the impacts of exempting breast pumps, baby bottles, nipples and liners, staff used the Center for Disease Control and Prevention data on breastfeeding rates in this state and used average household spending estimates available from several baby and parenting websites to arrive at an annual household spending amount.

DATA SOURCE(S): Bureau of Labor Statistics, *Consumer Expenditure Survey, 2016 All Consumer Unit Prepublication Tables*, Center for Disease Control and Prevention data, retail websites, and LRC Economists office

PREPARER: Charlotte T. Quarles NOTE NUMBER: 76 REVIEW: JAB DATE: 2/14/2018