

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION**

MEASURE

2019 BR NUMBER 0065

HOUSE BILL NUMBER 24

TITLE AN ACT relating to the exemption of certain baby products from sales and use taxation.

SPONSOR Representative Attica Scott

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: _____

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$5,500,000)	(\$6,000,000)
EXPENDITURES			
NET EFFECT		(\$5,500,000)	(\$6,000,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of this proposal is to exempt from sales and use tax diapers, wipes, breast pumps, baby bottles, nipples, and bottle liners. The exemption would affect purchases on or after August 1, 2019, but before August 1, 2023.

FISCAL EXPLANATION: This proposal, if enacted, will have an estimated negative impact to the General Fund of (\$5,500,000) in FY 2019-2020 and (\$6,000,000) each year at full implementation.

Data from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES) was used to estimate the potential fiscal impact for this proposal. This source contains average expenditure data on a household's spending on infant underwear under the age of two. While this category may contain some spending on underwear other than diapers, it is likely that the majority of this spending is on non-adult diapers. CES provides an average annual household spending estimate for adult diapers. To the extent that spending in Kentucky on diapers differs from the national spending estimates from the CES, these estimates may over- or underestimate the true fiscal impact. To estimate the annual spending on breast pumps, staff examined the number of live births in the most recent year. This figure is adjusted to account for births of multiples, the percentage of births that were first births, and the number of women who do not breastfeed to more accurately capture a demographic that would use a breast pump.

DATA SOURCE(S): Bureau of Labor Statistics, Consumer Expenditure Survey and LRC Economist office
PREPARER: Katy Jenkins **NOTE NUMBER:** 14 **REVIEW:** JAB **DATE:** 2/8/2019