

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2022 REGULAR SESSION**

MEASURE

2022 BR NUMBER 142

HOUSE BILL NUMBER 27

TITLE AN ACT relating to the taxation of feminine hygiene products.

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	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$1,900,000)	(\$2,300,000)	(\$2,300,000)
EXPENDITURES				
NET EFFECT		(\$1,900,000)	(\$2,300,000)	(\$2,300,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of HB 27 is to provide a sales and use tax exemption for feminine hygiene products, including tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle. The effective date of the Act is August 1, 2022.

FISCAL EXPLANATION:

Staff used data from the Bureau of Labor Statistics' 2020 *Consumer Expenditure Survey* (CES) to estimate the potential fiscal impact of exempting from the sales tax the products in HB 27. Additionally, tax expenditure estimates related to sales tax exemptions of feminine hygiene products from Connecticut, Florida, Minnesota, New Jersey, and New York, after adjusting for differences in tax rates and populations, were used to estimate spending on the exempted products in Kentucky.

The CES contains average expenditure data on a household's spending on feminine hygiene products, although these products are included in a larger spending category that contains other personal hygiene products. An adjustment was made in an effort to isolate only the portion of the category that is attributable to feminine hygiene products.

This memo does not consider any behavioral effects that may occur because of the proposed exemption, although it is expected that these impacts would be small. To the extent that spending in Kentucky on products in HB 27 differs from the national spending estimates from the CES, or spending by residents in

the states used in this analysis, these estimates may over or underestimate the true fiscal impact. Finally, all household spending amounts were adjusted for inflation.

The exemption is expected to decrease General Fund sales tax collections by \$1.9 million in FY 2023 and \$2.3 million in FY 2024.

DATA SOURCE(S): LRC Staff

PREPARER: Katy Jenkins NOTE NUMBER: 153 REVIEW: JAB DATE: 3/21/2022