

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6602

BILL NUMBER: HB 1273

NOTE PREPARED: Dec 15, 2020

BILL AMENDED:

SUBJECT: Sales Tax Exemption for Feminine Hygiene Products.

FIRST AUTHOR: Rep. Hamilton

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that sales of feminine hygiene products are exempt from the state Gross Retail Tax.

Effective Date: July 1, 2021.

Explanation of State Expenditures: The workload of the Department of State Revenue (DOR) could increase to administer the Sales Tax exemption provided by the bill. The bill's requirements are within the DOR's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: The bill provides a Sales Tax exemption for feminine hygiene products. The exemption could reduce revenue by a significant amount. The potential revenue loss is indeterminable and would depend on several factors. However, it is possible to set a benchmark. Indiana's population of females between the ages of 10 and 54 is approximately 1.95 million. If this population spends an average of \$30 each year on exempt items, the annual revenue loss could be \$4.1 M. The fiscal impact would begin in FY 2022. Sales Tax revenue is deposited in the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).

Additional Information - Minnesota and New Jersey both exempt feminine hygiene products from their state sales taxes. Minnesota estimates that this exemption from its 6.875% sales tax costs the state \$3.4 M annually. New Jersey estimates that the cost of this exemption from its 6.625% sales tax is approximately \$6.5 M.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: U.S. Census Bureau, American Community Survey, 5-Year Estimates, 2019. Minnesota Department of Revenue, State of Minnesota Tax Expenditure Budget, Fiscal Years 2020-2023. New Jersey Division of Taxation, Fiscal Year 2021 Tax Expenditure Report.

Fiscal Analyst: Lauren Tanselle, 317-232-9586.