



## DEPARTMENT OF AUDITS AND ACCOUNTS

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**Greg S. Griffin**  
STATE AUDITOR  
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February 9, 2018

Honorable Jay Powell  
Chairman, House Ways and Means  
133 Capitol  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
House Bill 731 (LC 43 0764)

Dear Chairman Powell:

The bill would exempt purchases of feminine hygiene products from the state sales and use tax. Local sales and use taxes are not impacted by the bill. The bill has no effective date and is assumed effective on the date of the governor's signature.

### Impact on State Revenue

The University of Georgia's Carl Vinson Institute of Government (CVIOG) estimated that the bill would reduce state revenue by approximately \$8.4 million in FY 2019, the first year of the bill's full effect (Table 1). The revenue loss would increase to \$9.2 million in FY 2022. Details of CVIOG's analysis are in the appendix.

**Table 1. State Revenue Loss**

	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
State Revenue Loss	\$2.1	\$8.4	\$8.7	\$8.9	\$9.2

### Impact on State Expenditures

The Department of Revenue stated that the bill would have no significant impact on its expenditures.

Sincerely,

A handwritten signature in blue ink that reads "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

A handwritten signature in blue ink that reads "Teresa A. MacCartney". The signature is written in a cursive style.

Teresa A. MacCartney, Director  
Office of Planning and Budget

GSG/TAM/mt

### **Analysis by the Carl Vinson Institute of Government**

Based on data from Global Industry Analysts, Inc., a market research firm, sales of feminine hygiene products in the U.S. are approximately \$5.9 billion annually. The U.S. Census Bureau estimates that the population of U.S. females between the ages of 10 and 54 is currently 93,683,000. This amounts to average annual per capita sales of feminine hygiene products among menstruation-aged females of approximately \$63. U.S. Census estimates of Georgia's population of 10-54 year old females was 3,206,761 in 2016. This estimate was adjusted to 3,108,208 to account for the population of women expected to stop menstruating while pregnant or nursing, but not to accommodate other factors that may stop menstruation, such as medical procedures, health conditions, or voluntary menstrual suppression. To the extent that these factors reduce consumption of feminine hygiene products, the revenue reduction will be less than estimated.

Assuming that the average female in the target category of 10-54 years of age currently spends \$63 per year on feminine hygiene products, this would amount to taxable sales of \$195,817,104 in Georgia in 2017. Multiplying this estimated taxable sales figure by the state's 4% sales tax rate yields an estimated loss in state sales tax revenue of \$7,832,684 had the provision been in place in 2017. The state's female population aged 10-54 grew by an average annual rate of .4% between 2011 and 2016. A market growth rate of 3% to adjust for population growth and inflation was used to project the loss in sales tax revenue under the proposed legislation for FY2018 through FY2022. Calendar year sales tax losses were adjusted to a fiscal year basis and prorated for Fiscal Year 2018 based on the assumption that the legislation becomes effective on April 1, 2018.