



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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January 11, 2019

Honorable Debbie Buckner
State Representative
409-A Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 43 1051)

Dear Representative Buckner:

This 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 \$9.0 million in FY 2020, the first year of the bill's full effect (Table 1). The revenue loss would increase to \$9.9 million in FY 2023. Details of CVIOG's analysis are in the appendix.

Table 1. State Revenue Loss

(in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State Revenue Loss	\$2.2	\$9.0	\$9.3	\$9.6	\$9.9

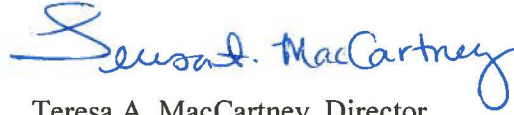
Impact on State Expenditures

The Department of Revenue stated that an identical bill introduced during the 2018 session would have no significant impact on its expenditures.

Sincerely,

A handwritten signature in blue ink that reads "Greg S. Griffin". The signature is fluid and cursive.

Greg S. Griffin
State Auditor

A handwritten signature in blue ink that reads "Teresa A. MacCartney". The signature is fluid and cursive.

Teresa A. MacCartney, Director
Office of Planning and Budget

GSG/TAM/mt

Analysis by the Carl Vinson Institute of Government

Based on data available 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 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 3,236,217 in 2017.

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 \$203,881,671 in Georgia in 2018. Multiplying this estimated taxable sales figure by the state's 4% sales tax rate yields an estimated loss in state sales tax revenue of \$8,155,267 had the provision been in place in 2018. The state's female population aged 10-54 grew by an average annual rate of 0.4% between 2012 and 2017. 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 FY2019 through FY2023. Calendar year sales tax losses were adjusted to a fiscal year basis and prorated for Fiscal Year 2019 based on the assumption that the legislation becomes effective on April 1, 2019.