



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 9, 2023

Honorable Chuck Hufstetler
Chairman, Senate Finance Committee
121-C State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
Senate Bill 51 (LC 43 2571)

Dear Chairman Hufstetler:

The bill would exempt menstrual products from state and local sales tax. The bill does not specify an effective date, the exemption is assumed to be effective July 1, 2023.

Impact on State Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would decrease state revenue and local revenue as shown in Table 1. The table also includes FRC’s estimate of the sales that would be exempt as a result of the bill. The increase in sales is a result of both female population growth and inflation. Details are included in the appendix.

Table 1. Estimated Exempt Sales, and State and Local Revenue Effects from LC 43 2571

(\$ millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Exempt Sales	\$153.6	\$159.0	\$164.3	\$169.7	\$175.4
Revenue Effects:					
State	(\$6.1)	(\$6.4)	(\$6.6)	(\$6.8)	(\$7.0)
Local	(\$5.2)	(\$5.4)	(\$5.5)	(\$5.7)	(\$5.9)
Total	(\$11.3)	(\$11.7)	(\$12.1)	(\$12.5)	(\$12.9)

Impact on State Expenditures

The Department of Revenue (DOR) did not anticipate any costs associated with the bill.

Respectfully,

Greg S. Griffin
State Auditor

Kelly Farr, Director
Office of Planning and Budget

GSG/KF/mt

Analysis by the Fiscal Research Center

The total U.S. market for feminine hygiene products in 2022, according to Statista, is estimated to be \$4.22 billion. Sharing that amount down to Georgia based on the state share of the age 10-64 female population in the 2020 U.S. Census (approximately 3.40 percent), Georgia sales for 2022 are estimated to be approximately \$143.7 million. That amount is assumed to grow with inflation and the growth of the Georgia female population to the amounts shown in Table 1 below for state fiscal years 2024-28. Inflation is assumed at the rates currently forecast by the OECD for the U.S. in 2023 and 2024, and for the remaining years at the rates forecast by the Congressional Budget Office in May 2022, the latest CBO forecast available. Population-growth estimates are from the Office of Planning and Budget (2021 vintage estimates).

Resulting projected revenue losses to the state and to local governments are provided in Table 1, with local revenues calculated at 3.37 percent, the population-weighted average local rate as of July 1, 2022, according to the Tax Foundation.