

Department of Revenue Fiscal Note

Bill Number: 1053 HB	Title: Feminine hygiene/sales tax	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	(3,613,000)	(4,471,000)	(8,084,000)	(9,360,000)	(9,950,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax	(6,000)	(7,000)	(13,000)	(15,000)	(16,000)
Total \$	(3,619,000)	(4,478,000)	(8,097,000)	(9,375,000)	(9,966,000)

Estimated Expenditures from:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5		0.3		
General Fund-State 001-1	37,300		37,300		
Total \$	37,300		37,300		

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill exempts feminine hygiene products from retail sales and use taxes.

"Feminine hygiene product" is defined as sanitary napkins, tampons, menstrual cups or any other similar product sold at retail designed specifically to catch menstrual flow either internally or externally.

The tax preference in this bill is specifically exempted from the ten-year expiration provision in RCW 582.32.805(1)(a).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

- Sales tax exemption will not cause people to change (increase) their buying behavior.
- The rate of increased consumption of feminine hygiene products is 3.1 percent per year.
- Prices of products available on commercial websites accurately reflect real-world prices for these products.
- "Feminine hygiene products" does not include soaps, cleaning solutions, or shampoo.
- Exemption of such products is not a violation of the Streamlined Sales and Use Tax Agreement (SSUTA).
- The assumed effective date of this bill is August 1, 2019, with 10 months of cash collections in Fiscal Year 2020.

DATA SOURCES:

- US Census Bureau
- Statista.com

REVENUE ESTIMATES:

This bill decreases state revenues by an estimated \$3.6 million in the 10 months of impacted collections in Fiscal Year 2020, and by \$4.5 million in Fiscal Year 2021, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$1.9 million in the 10 months of impacted collections in Fiscal Year 2020, and by \$1.6 million in Fiscal Year 2021, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	(\$ 3,619)
FY 2021 -	(\$ 4,478)
FY 2022 -	(\$ 4,616)
FY 2023 -	(\$ 4,759)
FY 2024 -	(\$ 4,907)
FY 2025 -	(\$ 5,059)

Local Government, if applicable (cash basis, \$000):

FY 2020 -	(\$ 1,573)
FY 2021 -	(\$ 1,947)
FY 2022 -	(\$ 2,007)
FY 2023 -	(\$ 2,069)
FY 2024 -	(\$ 2,133)

FY 2025 - (\$ 2,220)

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

This bill affects approximately 10,000 taxpayers.

FIRST YEAR COSTS:

The Department will incur total costs of \$37,300 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 0.5 FTEs.

- Create a special notice for affected taxpayers.
- Answer phone calls.

Object Costs - \$1,700.

- Print and mail special notice.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5		0.3		
A-Salaries and Wages	20,500		20,500		
B-Employee Benefits	6,100		6,100		
C-Professional Service Contracts					
E-Goods and Other Services	7,400		7,400		
G-Travel					
J-Capital Outlays	3,300		3,300		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	\$37,300		\$37,300		

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
TAX INFO SPEC 1	40,908	0.5		0.3		
Total FTEs		0.5		0.3		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule making required.