

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 16, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB321 by Howard (Relating to a sales and use tax exemption for certain feminine hygiene products.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB321, As Introduced : a negative impact of (\$40,157,000) through the biennium ending August 31, 2023.

Additionally, the bill will have a direct impact of a revenue loss to the Tax Reduction and Excellence in Education Fund of (\$1,456,000) for the 2022-23 biennium. Any loss to the Tax Reduction and Excellence in Education Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$18,859,000)
2023	(\$21,298,000)
2024	(\$22,041,000)
2025	(\$22,813,000)
2026	(\$23,614,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from General Revenue Fund 1	Probable Savings/(Cost) from Tax Reduc. & Excell. Edu. Fund 305	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities
2022	(\$18,859,000)	(\$684,000)	(\$3,590,000)	(\$1,200,000)
2023	(\$21,298,000)	(\$772,000)	(\$4,050,000)	(\$1,360,000)
2024	(\$22,041,000)	(\$799,000)	(\$4,190,000)	(\$1,410,000)
2025	(\$22,813,000)	(\$827,000)	(\$4,340,000)	(\$1,460,000)
2026	(\$23,614,000)	(\$856,000)	(\$4,490,000)	(\$1,510,000)

<i>Fiscal Year</i>	Probable Revenue (Loss) from Counties & Special Districts
2022	(\$780,000)
2023	(\$880,000)
2024	(\$910,000)
2025	(\$940,000)
2026	(\$980,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, to add Section 151.3131, to provide for exemption of certain feminine hygiene products from the sales and use tax.

The new section would define "feminine hygiene products" to include tampons, sanitary napkins, menstrual cups, menstrual sponges, menstrual pads, and other similar tangible personal property sold for the principal purpose of feminine hygiene related to the menstrual cycle.

The bill would take effect September 1, 2021.

Methodology

The Comptroller indicates that industry data on national sales of sanitary protection products were apportioned to the state based on female population, reduced to omit estimated non-taxable sales to entities such as nonprofit organizations, multiplied by the sales tax rate to estimate the applicable sales tax, and extrapolated through 2026. An estimated amount of tax attributable to sales made by marketplace sellers was allocated to the Tax Reduction and Excellence in Education (TREE) Fund.

Local Government Impact

Estimated loss of sales and use tax revenue from units of local government was estimated proportionally.

Source Agencies: 304 Comptroller of Public Accounts

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