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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 19  
133rd General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 19's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Antani and Kelly

**Local Impact Statement Procedure Required:** Yes

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### Highlights

Fund	FY 2019	FY 2020	Future Years
<b>State General Revenue Fund</b>			
Revenues	Potential loss	Loss between \$3.1 million and \$3.9 million	Loss between \$3.1 million and \$3.9 million per year
<b>Local Government and Public Library funds (counties, municipalities, townships, and public libraries)</b>			
Revenues	Potential loss	Loss of about \$0.1 million	Loss of about \$0.1 million per year
<b>Counties and transit authorities</b>			
Revenues	Potential loss	Loss between \$0.8 million and \$1.0 million	Loss between \$0.8 million and \$1.0 million per year

Note: The state or school district fiscal year runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- Exempting feminine hygiene products from the sales and use tax base would reduce revenue from the state tax by \$3.2 million to \$4.0 million annually, and decrease revenue from local permissive county and transit authority sales taxes by between \$0.8 million and \$1.0 million annually.
- The state sales tax revenue loss would be shared by the General Revenue Fund (GRF, 96.68%), the Local Government Fund (LGF, 1.66%), and the Public Library Fund (PLF,

1.66%) under codified law; a temporary law provision set to expire June 30, 2019 increases the PLF share to 1.68%. Funds deposited into the LGF and PLF are distributed to counties, municipalities, townships, and public libraries according to statutory formulas and decisions by county budget commissions.

## Detailed Analysis

The bill would exempt tampons, panty liners, menstrual cups, sanitary napkins, and other similar feminine hygiene products used in connection with the menstrual cycle from the state sales and use tax. The exemption applies to all such items purchased on or after the first day of the first month that begins at least 30 days after the bill's effective date.

### Fiscal effect

The bill would potentially reduce state revenue from the sales and use tax by between \$3.2 million and \$4.0 million per year. The bill would also reduce the tax base for county permissive and transit authorities' sales taxes because local permissive taxes share the same tax base as the state sales and use tax. The annual potential revenue loss to local governments, at approximately 24.5% of state sales tax revenues, would be between \$0.8 million and \$1.0 million.

The state sales tax revenue loss would be shared by the General Revenue Fund (GRF, 96.68%), the Local Government Fund (LGF, 1.66%), and the Public Library Fund (PLF, 1.66%) under codified law. A provision of H.B. 49, the main operating budget act for the current biennium, that is in effect through the end of FY 2019 increases the PLF share of GRF tax revenue to 1.68%.<sup>1</sup> Sales tax revenue to the GRF would decline by between \$3.1 million and \$3.9 million per year, therefore, and distributions to the LGF and PLF would be reduced by about \$0.1 million per year. Total annual revenue reductions for local governments, including reduced LGF and PLF distributions, would be between \$0.9 million and \$1.1 million.

The estimates above are based on the following methods and sources of information. According to [Statista.com](https://www.statista.com), in 2018 total sales of liners and tampons in the U.S. was estimated at approximately \$2.7 billion, or about \$32 for each female person aged between 15 and 50 years. Using Ohio's female population in that age range of about 2.6 million would result in potential sales of nearly \$82 million per year. That amount was reduced by 15% to adjust for nontaxable purchases by nonprofit organizations (that may not pay sales tax) and revenue leakages due to Internet sales to provide an estimated annual taxable base of about \$70 million. The resulting potential state revenue loss from the bill, at the state sales tax rate of 5.75%, would be about \$4.0 million. Please note that the bill exempts more than liners and tampons. Thus, to the extent actual taxable sales in Ohio of all items under consideration in the bill would be substantially above \$70 million on an annual basis, the potential revenue loss above would be understated.

Using tax expenditure estimates related to sales tax exemptions of feminine hygiene products from Minnesota and New Jersey and after adjusting for differences in tax rates and populations, the estimated annual Ohio sales tax revenue loss from this bill may be as low as

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<sup>1</sup> Under permanent law, the GRF receives 96.68% of the revenue from the sales and use tax, while 1.66% of the receipts are transferred each to the LGF (Fund 7069) and PLF (Fund 7065).

\$3.2 million.<sup>2</sup> However, it should be noted that the exact tax statutes of those states may differ from the sales tax changes in this bill.

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<sup>2</sup> The State of Minnesota Tax Expenditure Budget Fiscal Years 2016-2019 (dated February 2016) published an estimated revenue loss of \$2.3 million per year from FY 2016 through FY 2019. The State of New Jersey FY 2018 Tax Expenditure reported a revenue loss estimate of \$3.2 million.