

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0592S.01I  
Bill No.: SB 95  
Subject: Tax Credits; Taxation and Revenue - Income; Taxation and Revenue - Sales and Use  
Type: Original  
Date: February 25, 2025

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Bill Summary: This proposal modifies provisions relating to tax incentives for certain hygiene products.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue Fund*	Could Exceed (\$21,032,531)	Could Exceed (\$27,993,581)	Could Exceed (\$27,993,581)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could Exceed (\$21,032,531)</b>	<b>Could Exceed (\$27,993,581)</b>	<b>Could Exceed (\$27,993,581)</b>

\*Oversight notes the totals above represent extension of the sunset for Section 135.621 (Diaper Bank Tax Credit), as a continuation of full potential impact in FY 2026, and Section 144.030 allowing for a sales tax exemption for all sales of diapers, incontinence products, and feminine hygiene products.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
School District Trust Fund (0688)	Could Exceed (\$6,961,050)	Could Exceed (\$9,281,400)	Could Exceed (\$9,281,400)
Parks and Soils State Sales Tax Fund(S) (0613 & 0614)	Could Exceed (\$696,105)	Could Exceed (\$928,140)	Could Exceed (\$928,140)
Conservation Commission Fund (0609)	Could Exceed (\$868,698)	Could Exceed (\$1,158,265)	Could Exceed (\$1,158,265)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Could Exceed (\$8,525,853)</b>	<b>Could Exceed (\$11,367,805)</b>	<b>Could Exceed (\$11,367,805)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>Could Exceed (\$31,046,283)</b>	<b>Could Exceed (\$41,395,043)</b>	<b>Could Exceed (\$41,395,043)</b>

\*Oversight uses the DOR's projected impact to the local funds.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Section 135.621 Diaper Bank Tax Credit**

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the Diaper Bank tax credit program. The credit sunset December 31, 2024.

DOR notes this program was adopted in 2018 and had a cap of \$500,000 annually. No changes have been made to the program since it started. For informational purposes, DOR is showing the issuances and redemptions over the course of the tax credit.

Year	Authorized	Issued
FY 2024	\$173,152.90	\$173,152.90
FY 2023	\$136,018.86	\$136,018.86
FY 2022	\$182,018.00	\$182,018.00
FY 2021	\$189,453.90	\$189,453.90
FY 2020	\$189,628.19	\$189,628.19
FY 2019	\$0.00	\$0.00
FY 2018	\$0.00	\$0.00

This proposal would be restarting the program which would result in a cost of \$500,000 annually. Additionally, it would require us to update their computer program at a cost of \$1,832.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal makes various definition changes but does not change the total amount of tax credits that may be redeemed. This proposal also extends the sunset to December 31, 2031.

B&P notes that this provision will not impact TSR.

Oversight notes the following for the Diaper Bank Tax Credit:

Year	Authorized	Issued	Redeemed
FY 2024	\$173,153	\$173,153	\$175,525
FY 2023	\$136,019	\$136,016	\$150,010
FY 2022	\$182,018	\$182,018	\$122,611
FY 2021	\$189,454	\$189,454	\$137,331
FY 2020	\$189,628	\$189,628	\$40,082

\*Source: Tax Credit Analysis Forms – January 2025 submission

**Oversight** notes this proposal extends the sunset date for this program. The average, based on the three-year tax credit redemption, was \$149,382  $(\$175,525 + \$150,010 + \$122,611) / 3$ , rounded to nearest dollar, for FY 2022 to FY 2024.

**Oversight** notes this section currently allows sunset as of December 31, 2024; however, this proposal extends the sunset to December 31, 2031 (FY 2032). Therefore, Oversight will reflect the potential full impact of the tax credit cap, as an average of \$149,382, in continued costs to general revenue in FY 2026 and thereafter. (FY 2024 & FY 2025 Tax Credit analysis)

### **Section 144.030 – Diaper and Feminine Hygiene Sales Tax Exemption**

Officials from the **Department of Revenue (DOR)** note:

#### **Sales Tax Law Changes**

DOR notes Section 144.030.2(1) changes the reference from the Missouri pesticide registration law to the Missouri pesticide registration act. It also expands the sections covered by this act from 281.220 to 281.310 to 281.210 to 281.310, RSMo. These changes will not fiscally impact DOR.

Section 144.030.2(18) updates an out-of-date statutory reference. This will not fiscally impact DOR.

Section 144.030.2(25) removes the sectional reference 4091, which was repealed by Congress. This will not fiscally impact DOR.

#### **Diaper Sales Tax Exemption**

DOR notes beginning August 28, 2025, the tax levied and imposed under Chapter 144 (Section 144.030.2(47)) on all retail sales of kid's diapers and adult diapers shall be exempt from taxation. This exemption extends to the local sales tax rate as well as the state sales tax rate. The current state sales tax rate of is 4.225%. The current state tax rate is distributed as:

General Revenue is	3%	
School District Trust Fund is	1%	(Section 144.701)
Conservation Commission Fund is	.125%	(Article IV, Section 43(a))
Parks, Soil & Water Funds	.1%	(Article IV, Section 47(a))

In an effort to more accurately reflect the estimated local impact, B&P and DOR have moved from a population weighted average local sales tax rate to a location weighted average local sales tax rate. This change was made to reflect where sales actually occur, rather than exclusively where people live. For fiscal note purposes, the local sales tax rate will be 4.46%.

#### **Kid Diapers**

DOR notes that the average child wears diapers for three years before becoming fully toilet trained. DOR found the price of diapers vary from \$0.16 per diaper for generics to \$0.60 for name brand. Prices of diapers also depend on the size of the diaper. Estimates by various

children's organizations indicate that an infant in the first year of life goes through 2,500 diapers. The next two years as toddlers they go through 1,500 diapers annually.

Wearing Diaper	How Many	Low Price per Diaper	High Price per Diaper	Total Cost Low	Total Cost High
First Year (Size 1)	2,500	0.16	0.31	400	775
Second Year (Size 3)	1,500	0.18	0.38	270	570
Third Year (Size 5)	1,500	0.29	0.60	435	900

Based on information from the MO Dept of Health & Senior Services, the average number of children born in the last three years was 69,167. Given that 3 years' worth of children are wearing diapers in any one year (1 set of infants and 2 sets of toddlers) the DOR estimate the following:

Births Annually	69,167
# of kids in Diapers Annually	207,500
# of Diapers Annually	
infant	172,916,667
toddler (2yrs)	207,500,000
total (kids * diapers)	380,416,667

Since this would start on August 28, 2025, and sales tax is remitted one month behind collection, this would result in 9 months collected in FY 2026. This would result in a loss to the state sales tax funds and local funds as follows:

State Funds	FY 2026 (9 months)		FY 2027+	
	Low	High	Low	High
General Revenue	(\$1,719,656)	(\$3,493,781)	(\$2,292,875)	(\$4,658,375)
School Districts	(\$573,219)	(\$1,164,594)	(\$764,292)	(\$1,552,792)
Conservation	(\$70,219)	(\$142,663)	(\$93,626)	(\$190,217)
Park, Soil & Water	(\$57,322)	(\$116,459)	(\$76,429)	(\$155,279)
Local Funds	(\$2,556,556)	(\$5,194,088)	(\$3,408,741)	(\$6,925,451)

### Adult Diapers

DOR notes that approximately one third of adults aged 65 and older have moderate to severe urinary incontinence and 6 percent had moderate to severe bowel incontinence. According to the United State Census Bureau 2020 population report, 1,077,757 individuals residing in Missouri were 65 or over. The Department notes that it is estimated that people with minor to moderate incontinence wear approximately 4 diapers per day while those with those with full urinary or fecal incontinence wear 6 diapers per day. The Department estimates that approximately 290,994

individuals aged 65 and over would utilize the four adult urinary incontinence diapers while 64,665 would wear 6 adult diapers daily.

The average cost for urinary incontinence diapers is \$1.33 per diaper.

Number of people	# of Diapers	Days per year	Total Diapers per person	Price per diaper	Total Sales
290,994	4	365	1460	1.33	565,052,907
64,665	6	365	2190	1.33	188,350,969
					753,403,875

Since this would start on August 28, 2025, and sales tax is remitted one month behind implementation, this would result in 9 months collected in FY 2026. This would result in a loss to the state sales tax funds and local funds as follows:

State Funds	FY 2026 (9 months)	FY 2027+
General Revenue	(\$16,951,587)	(\$22,602,116)
School Districts	(\$5,650,529)	(\$7,534,039)
Conservation	(\$706,316)	(\$941,755)
Park, Soil & Water	(\$565,053)	(\$753,404)
Local Funds	(\$25,201,360)	(\$33,601,813)

### Feminine Hygiene Sales Tax Exemption

DOR notes that information from numerous sources indicates that a woman menstruates 500 times in her lifetime, usually between the ages of 12-51. The average length of a period is 3-7 days. Sources indicate that a woman uses the following:

	Number per cycle	Number per year	Number in Box	Boxes per year
Tampons	20	260	36	7.22
Pads/Panty Liners	5	65	36	1.81

Note a woman has 13 cycles a year (28-day cycle) / 352 days a year.

The price per tampons and pads varies. The DOR used a low and high price when determining the fiscal impact.

	Price Low	Price High	Total Cost Low	Total Cost High
Tampons	\$7.00	\$10.00	\$50.56	\$72.22
Pads/Panty Liners	\$7.00	\$10.00	\$12.64	\$18.06
			\$63.19	\$90.28

Using information from the US Census Bureau (2020), DOR calculated the number of women having a period in Missouri (those between 12-51) as 1,555,626.

	Total Cost Low	Total Cost High
Total estimated cost per year	\$98,306,921	\$140,438,458

This proposal begins August 28, 2025 (FY 2026). Sales tax is remitted one month behind collection and therefore, this will impact state and local revenue for only 9 months in FY 2026.

		FY 2026 (9 months)		FY 2027 +	
	Tax Rate	Low	High	Low	High
TSR	4.225%	(\$3,115,101)	(\$4,450,144)	(\$4,153,467)	(\$5,933,525)
General Revenue	3.00%	(\$2,211,906)	(\$3,159,865)	(\$2,949,208)	(\$4,213,154)
School	1.00%	(\$737,302)	(\$1,053,288)	(\$983,069)	(\$1,404,385)
Conservation	0.125%	(\$92,163)	(\$146,290)	(\$122,884)	(\$175,548)
Park, Soil & Water	0.100%	(\$73,730)	(\$105,329)	(\$98,307)	(\$140,438)
		\$0	\$0	\$0	\$0
Locals*	4.46%	(\$3,288,367)	(\$4,697,666)	(\$4,384,489)	(\$6,263,555)

#### Summary of All Sales Tax Exemptions

DOR concludes that this proposal will result in the need for DOR to do one time computer programming changes (\$1,832) and form changes (\$2,200). Therefore, this is estimated to cost \$4,032. Notification through various means will have to occur to notify the vendors to stop collecting tax on diapers.

This will reduce state and local revenues by the following:

State Funds	FY 2026 (9 months)		FY 2027+	
	Low	High	Low	High
General Revenue	(\$20,883,149)	(\$23,605,234)	(\$27,844,199)	(\$31,473,645)
School Districts	(\$6,961,050)	(\$7,868,411)	(\$9,281,400)	(\$10,491,215)
Conservation	(\$868,698)	(\$980,640)	(\$1,158,264)	(\$1,307,520)
Park, Soil & Water	(\$696,105)	(\$786,841)	(\$928,140)	(\$1,049,122)
Local Funds	(\$31,046,282)	(\$35,093,114)	(\$41,395,042)	(\$46,790,819)

These changes will require the DOR modify forms (\$2,200), website, and the DOR computer. **Oversight** notes DOR requests a one-time cost for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

#### Section 144.030 – Diaper and Feminine Hygiene Sales Tax Exemption

B&P assumes that this proposal would exempt all sales of diapers, incontinence products, and feminine hygiene products from sales tax beginning August 28, 2025.

B&P notes that it is unclear whether the language in subdivision 144.030.2(47) is attempting to only exempt these purchases from state sales tax and not local sales tax. However, all items under subsection 144.030.2 are exempted from both local and state sales tax. Therefore, B&P will reflect both a state and local revenue loss from the proposed sales tax exemptions.

#### Feminine Hygiene Products

B&P assumes that based on information from multiple sites, B&P estimates that women purchase an average of 6.8 to 7.2 boxes of tampons (average price \$7 to \$15) and 1.7 to 1.8 boxes (average price \$6 to \$15) of pads and liners per year (using the average cycle length of 28 to 30 days). B&P was also able to determine that the average age for menstruation is 12-51 and based on data provided by the United State Census 2023 population estimates (the most recent complete year available), there are approximately 1,565,677 woman between those ages residing in Missouri.

Therefore, B&P estimates total sales of \$89,953,942 (\$57.45 cost per year x 1,565,677 women) to \$212,601,230 (\$135.79 cost per year x 1,565,677 women) may be impacted by this proposal.



B&P estimates that this provision could reduce TSR by \$3,800,554 to \$8,982,402 annually. Using the sales location weighted average local sales tax rate of 4.46% for 2024, B&P further estimates that this provision could reduce local sales tax collections by \$4,011,946 to \$9,482,015 annually.

Table 1: Estimated Loss by Fund - Feminine Hygiene Products

State Fund	FY26		FY27+	
General Revenue	(\$2,023,964)	(\$4,783,528)	(\$2,698,618)	(\$6,378,037)
Education	(\$674,655)	(\$1,594,509)	(\$899,539)	(\$2,126,012)
Conservation	(\$84,332)	(\$199,314)	(\$112,442)	(\$265,752)
DNR	(\$67,465)	(\$159,451)	(\$89,954)	(\$212,601)
Total TSR Loss	(\$2,850,416)	(\$6,736,801)	(\$3,800,554)	(\$8,982,402)
Local Funds	(\$3,008,959)	(\$7,111,511)	(\$4,011,946)	(\$9,482,015)

Diaper (Child) Sales Tax Exemption

B&P assumes that based on research, B&P found that the average amount spent on diapers was \$1,000 during the first year and then \$500 to \$900 per year until toilet trained. Based on information from the University of Michigan Hospital, the average age until children are toilet trained is 2.5 years. Based on information provided by the United State Census 2023 population estimates (the most recent complete year available), there were approximately 206,138 children living in Missouri ages 0-2 years old, with 67,996 being less than one year old.

Therefore, B&P estimates total sales of \$137,067,000 [(67,996 infants x \$1,000 cost per year) + (138,142 toddlers x \$500 cost per year)] up to \$184,035,280 [(67,996 infants x \$1,000 cost per year) + (138,142 toddlers x \$900 cost per year)] may be impacted by this proposal.

B&P estimates that this provision could reduce TSR by \$5,791,081 to \$7,775,491 annually. Using the sales location weighted average sales tax rate of 4.46% for 2024, B&P further estimates that this provision could reduce local sales tax collections by \$6,113,188 to \$8,207,973 annually.

Table 2: Estimated Loss by Fund - Child Diapers

State Fund	FY26		FY27+	
General Revenue	(3,084,008)	(4,140,794)	(4,112,010)	(5,521,058)
Education	(1,028,003)	(1,380,265)	(1,370,670)	(1,840,353)
Conservation	(128,500)	(172,533)	(171,334)	(230,044)
DNR	(102,800)	(138,026)	(137,067)	(184,035)
Total TSR Loss	(\$4,343,311)	(\$5,831,618)	(\$5,791,081)	(\$7,775,491)
Local Funds	(4,584,891)	(6,155,980)	(6,113,188)	(8,207,973)

#### Diaper (Adult) Sales Tax Exemption

B&P assumes that according to research completed by the CDC, approximately 25% of adults age 65 and up had moderate to severe urinary incontinence and 8% had moderate to severe bowel incontinence. B&P notes that according the United State Census 2023 population (the most recent complete year available) estimates there were approximately 1,136,615 individuals residing in Missouri age 65 and over.

Based on these numbers, B&P estimates that approximately 284,154 (1,136,615 x 25%) individual age 65 and over would utilize adult urinary incontinence diapers. B&P further estimates that approximately 90,929 (1,136,615 x 8%) individuals residing in Missouri age 65 and over would utilize adult bowel incontinence diapers.

Based on information from a budgeting website, the average cost for urinary incontinence diapers is \$100 to \$240 per month, for a yearly cost of \$1,200 to \$2,880. Further information from the budgeting website lists the average monthly bowel incontinence diapers is \$70 to \$210 per month, for a yearly cost of \$840 to \$2,520.

B&P estimates that total annual sales for urinary incontinence adult diapers could be approximately \$340,984,500 (284,154 people x \$1,200 annual cost) up to \$818,362,800 (284,154 people x \$2,880 annual cost).

B&P further estimates that the total annual sales for bowel incontinence adult diapers could be \$76,380,528 (90,929 people x \$840 annual cost) up to \$229,141,584 (90,929 people x \$2,520 annual cost).

Therefore, B&P estimates total sales of \$417,365,028 (\$340,984,500 urinary incontinence + \$76,380,528 bowl incontinence) up to \$1,047,504,384 (\$818,362,800 urinary incontinence + \$229,141,584 bowl incontinence) may be impacted by this proposal.

B&P estimates that this provision could reduce TSR by \$17,633,672 to \$44,257,060 annually. Using the sales location weighted average sales tax rate of 4.46% for 2024, B&P further estimates that this provision could reduce local sales tax collections by \$18,614,480 to \$46,718,696 annually.

Table 3: Estimated Loss by Fund - Adult Diapers

State Fund	FY26		FY27+	
General Revenue	(9,390,713)	(23,568,849)	(12,520,951)	(31,425,132)
Education	(3,130,238)	(7,856,283)	(4,173,650)	(10,475,044)
Conservation	(391,280)	(982,035)	(521,706)	(1,309,380)
DNR	(313,024)	(785,628)	(417,365)	(1,047,504)
Total TSR Loss	(\$13,225,254)	(\$33,192,795)	(\$17,633,672)	(\$44,257,060)
Local Funds	(13,960,860)	(35,039,022)	(18,614,480)	(46,718,696)

Summary

B&P estimates that this proposal may reduce TSR by \$20,418,980 to \$45,761,215 during FY26. Once fully implemented in FY27, this proposal may reduce TSR by \$27,225,307 to \$61,014,953 annually. In addition, this proposal could reduce local sales taxes by \$28,739,614 to \$64,408,684 annually once fully implemented. Table 1 shows the estimated impact by provision and fund.

Table 1: Total Estimated Loss by Provision and Fund

State Fund	FY26		FY27+	
General Revenue	Low	High	Low	High
Feminine Hygiene	(2,023,964)	(4,783,528)	(2,698,618)	(6,378,037)
Diapers - Child	(3,084,008)	(4,140,794)	(4,112,010)	(5,521,058)
Diapers - Adult	(9,390,713)	(23,568,849)	(12,520,951)	(31,425,132)
Total GR Loss	(14,498,684)	(32,493,170)	(19,331,579)	(43,324,227)
Education				
Feminine Hygiene	(674,655)	(1,594,509)	(899,539)	(2,126,012)
Diapers - Child	(1,028,003)	(1,380,265)	(1,370,670)	(1,840,353)
Diapers - Adult	(3,130,238)	(7,856,283)	(4,173,650)	(10,475,044)
Total Education Loss	(4,832,895)	(10,831,057)	(6,443,860)	(14,441,409)
Conservation				
Feminine Hygiene	(84,332)	(199,314)	(112,442)	(265,752)
Diapers - Child	(128,500)	(172,533)	(171,334)	(230,044)
Diapers - Adult	(391,280)	(982,035)	(521,706)	(1,309,380)
Total Conservation Loss	(604,112)	(1,353,882)	(805,482)	(1,805,176)
DNR				
Feminine Hygiene	(67,465)	(159,451)	(89,954)	(212,601)
Diapers - Child	(102,800)	(138,026)	(137,067)	(184,035)
Diapers - Adult	(313,024)	(785,628)	(417,365)	(1,047,504)
Total DNR Loss	(483,289)	(1,083,106)	(644,386)	(1,444,141)
Total TSR Loss	(20,418,980)	(45,761,215)	(27,225,307)	(61,014,953)
Local Funds				
Feminine Hygiene	(3,008,959)	(7,111,511)	(4,011,946)	(9,482,015)
Diapers - Child	(4,584,891)	(6,155,980)	(6,113,188)	(8,207,973)
Diapers - Adult	(13,960,860)	(35,039,022)	(18,614,480)	(46,718,696)
Total Local Loss	(21,554,711)	(48,306,513)	(28,739,614)	(64,408,684)

**Oversight** notes officials from B&P and DOR have conducted independent research and both assume the proposal will have a direct fiscal impact on state revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a fiscal impact that could exceed DOR's estimated impacts in the fiscal note.

Lastly, **Oversight** notes this proposal includes a sales tax exemption for incontinence products "designed specifically for hygiene matters related to urinary incontinence". Oversight assumes there could be additional exempt items aside from the diapers included in the estimates provided by DOR and B&P. Therefore, **Oversight** will show an unknown loss of sales tax revenue for the sales tax exemption of "incontinence products" for state and local funds beginning in FY 2026.

Officials from the **Department of Health and Senior Services** and the **Department of Social Services** both assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for both respective organizations.

Officials from the **City of Kansas City** assume this proposal would have a negative fiscal impact on the City of Kansas City.

**Oversight** notes the above local political subdivisions stated this proposal would have a negative fiscal impact on their respective city/county of an indeterminate amount. Therefore, Oversight will note the DOR's estimates for all local political subdivisions on the fiscal note.

**Oversight** notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight notes the proposed sales tax exemption would decrease the amount of sales tax revenue distributed to the Conservation Sales Tax Fund. Therefore, Oversight will reflect the B&P's and DOR's fiscal impact estimates for MDC's funds.

Officials from the **Department of Natural Resources** defer to the **Department of Revenue** for the potential fiscal impact of this proposal.

**Oversight** notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight notes the proposed sales tax exemption would decrease the amount of sales tax revenue distributed to the Park, Soil, and Water Sales Tax Fund. Therefore, Oversight will reflect the DOR's fiscal impact estimates for DNR's funds.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight is able to absorb the cost with the current budget authority.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs</u> - §§135.621 – Diaper Bank Tax Credit p.3	Could Exceed (\$149,382)	Could Exceed (\$149,382)	Could Exceed (\$149,382)
<u>Revenue Reduction</u> - §144.030 Exemption on child diapers p.5,9	Could Exceed (\$1,719,656)	Could Exceed (\$2,292,875)	Could Exceed (\$2,292,875)
<u>Revenue Reduction</u> - §144.030 Exemption on adult diapers p.6,10	Could Exceed (\$16,951,587)	Could Exceed (\$22,602,116)	Could Exceed (\$22,602,116)
<u>Revenue Reduction</u> - §144.030 Exemption on adult incontinent products p.11,12	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - §144.030 Exemption on feminine hygiene products p.6,7,8	Could Exceed (\$2,211,906)	Could Exceed (\$2,949,208)	Could Exceed (\$2,949,208)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Could Exceed (\$21,032,531)</b>	<b>Could Exceed (\$27,993,581)</b>	<b>Could Exceed (\$27,993,581)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue Reduction</u> - §144.030 Exemption on child diapers p. 5,9	Could Exceed (573,219)	Could Exceed (\$764,292)	Could Exceed (\$764,292)
<u>Revenue Reduction</u> - §144.030 Exemption on adult diapers p.6,10	Could Exceed (\$5,650,529)	Could Exceed (\$7,534,039)	Could Exceed (\$7,534,039)
<u>Revenue Reduction</u> - §144.030 Exemption on adult incontinent products p.11,12	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - §144.030 Exemption on feminine hygiene products p.6,7,8	<u>Could Exceed</u> <u>(\$737,302)</u>	<u>Could Exceed</u> <u>(\$983,069)</u>	<u>Could Exceed</u> <u>(\$983,069)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>Could Exceed</u></b> <b><u>(\$6,961,050)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$9,281,400)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$9,281,400)</u></b>
<b>PARKS AND SOILS STATE SALES TAX FUNDS</b>			
<u>Revenue Reduction</u> - §144.030 Exemption on child diapers p.5,9	Could Exceed (\$57,322)	Could Exceed (\$76,429)	Could Exceed (\$76,429)
<u>Revenue Reduction</u> - §144.030 Exemption on adult diapers p.6,10	Could Exceed (\$565,053)	Could Exceed (\$753,404)	Could Exceed (\$753,404)
<u>Revenue Reduction</u> - §144.030 Exemption on adult incontinent products p.11,12	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - §144.030 Exemption on feminine hygiene products p.6,7,8	<u>Could Exceed</u> <u>(\$73,730)</u>	<u>Could Exceed</u> <u>(\$98,307)</u>	<u>Could Exceed</u> <u>(\$98,307)</u>
<b>ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS</b>	<b><u>Could Exceed</u></b> <b><u>(\$696,105)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$928,140)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$928,140)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue Reduction</u> - §144.030 Exemption on child diapers p.5,9	Could Exceed (\$70,219)	Could Exceed (\$93,626)	Could Exceed (\$93,626)
<u>Revenue Reduction</u> - §144.030 Exemption on adult diapers p.6,10	Could Exceed (\$706,316)	Could Exceed (\$941,755)	Could Exceed (\$941,755)
<u>Revenue Reduction</u> - §144.030 Exemption on adult incontinent products p.11,12	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - §144.030 Exemption on feminine hygiene products p.6,7,8	<u>Could Exceed</u> (\$92,163)	<u>Could Exceed</u> (\$122,884)	<u>Could Exceed</u> (\$122,884)
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>Could Exceed</u></b> <b><u>(\$868,698)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$1,158,265)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$1,158,265)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
<b>LOCAL GOVERNMENT</b>			
<u>Revenue Reduction</u> - §144.030 Exemption on adult incontinent products p.11,12	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Loss</u> - §144.030 Diaper & Feminine Hygiene Product Sales Tax Exemption* p.7	<u>Could Exceed</u> (\$31,046,283)	<u>Could Exceed</u> (\$41,395,043)	<u>Could Exceed</u> (\$41,395,043)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>Could Exceed</u></b> <b><u>(\$31,046,283)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$41,395,043)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$41,395,043)</u></b>
*Oversight reflects DOR's totals			



FISCAL IMPACT – Small Business

Certain small businesses that sell feminine hygiene products and/or diapers could be impacted by this proposal.

FISCAL DESCRIPTION

DIAPER BANK TAX CREDIT

Current law authorizes a tax credit for contributions made to diaper banks. This act modifies the definition of "diaper bank" to require such entities to be a member of a national network organization serving all fifty states through which certification demonstrates nonprofit best practices, data-driven program design, and equitable distribution.

The tax credit sunsets on December 31, 2024. This act extends the sunset until December 31, 2031. (Section 135.621)

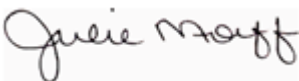
HYGIENE PRODUCTS SALES TAX EXEMPTION

This act authorizes a state sales tax exemption for the sale of diapers, incontinence products, and feminine hygiene products, as such terms are defined in the act. (Section 144.030)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning  
Department of Health and Senior Services  
Department of Revenue  
Department of Natural Resources  
Department of Social Services  
City of Kansas City



Julie Morff  
Director  
February 25, 2025



Jessica Harris  
Assistant Director  
February 25, 2025