

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0811S.01I
 Bill No.: SB 37
 Subject: Taxation and Revenue - Sales and Use
 Type: Original
 Date: January 30, 2025

Bill Summary: This proposal authorizes a sales tax exemption for feminine hygiene products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	Could exceed (\$2,211,906)*	Could exceed (\$2,949,208)	Could exceed (\$2,949,208)
Total Estimated Net Effect on General Revenue	Could exceed (\$2,211,906)*	Could exceed (\$2,949,208)	Could exceed (\$2,949,208)

*The fiscal impact for FY2026 is lesser because FY2026 is a partial year (9 months)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
School District Trust Fund (0688)	Could exceed (\$737,302)*	Could exceed (\$983,069)	Could exceed (\$983,069)
Conservation Commission Fund (0609)	Could exceed (\$92,163)*	Could exceed (\$122,884)	Could exceed (\$122,884)
Parks and Soils State Sales Tax Fund(s) (0613 & 0614)	Could exceed (\$73,730)*	Could exceed (\$98,307)	Could exceed (\$98,307)
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed (\$903,195)*	Could exceed (\$1,204,260)	Could exceed (\$1,204,260)

*The fiscal impact for FY2026 is lesser because FY2026 is a partial year (9 months)

Numbers within parentheses: () indicate costs or losses.

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

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

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	Could exceed (\$3,288,367)*	Could exceed (\$4,384,489)	Could exceed (\$4,384,489)

*The fiscal impact for FY2026 is lesser because FY2026 is a partial year (9 months)

FISCAL ANALYSIS

ASSUMPTION

Section 144.030 - Sales Tax Exemption for Feminine Hygiene Products

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

Feminine Hygiene Sales Tax Exemption

Beginning August 28, 2025, the tax levied and imposed under Chapter 144 (Section 144.030.2(47)) on all retail sales of all feminine hygiene products 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%.

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 vary. 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.

	Tax Rate	FY 2026 (9 months)		FY 2027 +	
		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)
Locals	4.46%	(\$3,288,367)	(\$4,697,666)	(\$4,384,489)	(\$6,263,555)

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 feminine hygiene products.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would exempt all sales of feminine hygiene products from sales tax beginning August 28, 2025.

Feminine Hygiene Products

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)

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) of the Missouri Constitution, thus DNR’s sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect DOR’s fiscal impact estimates for DNR’s funds.

Officials from the **Missouri Department of Conservation** assume an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43(a) of the Missouri Constitution, thus MDC’s sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect DOR’s fiscal impact estimates for MDC’s funds.

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.

Officials from the **City of Kansas City** assume the proposed legislation has a negative fiscal impact of an indeterminate amount.

Officials from the **Phelps County Sheriff, St. Louis County Police Dept,** and the **Kansas City Police Dept.** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

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
GENERAL REVENUE FUND			
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption for feminine hygiene products	<u>Could exceed</u> <u>(\$2,211,906)</u>	<u>Could exceed</u> <u>(\$2,949,208)</u>	<u>Could exceed</u> <u>(\$2,949,208)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Could exceed</u> <u>(\$2,211,906)</u>	<u>Could exceed</u> <u>(\$2,949,208)</u>	<u>Could exceed</u> <u>(\$2,949,208)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
SCHOOL DISTRICT TRUST FUND			
<u>Revenue Reduction - §144.030 - Sales tax exemption for feminine hygiene products</u>	<u>Could exceed</u> <u>(\$737,302)</u>	<u>Could exceed</u> <u>(\$983,069)</u>	<u>Could exceed</u> <u>(\$983,069)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>Could exceed</u> <u>(\$737,302)</u>	<u>Could exceed</u> <u>(\$983,069)</u>	<u>Could exceed</u> <u>(\$983,069)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue Reduction - §144.030 - Sales tax exemption for feminine hygiene products</u>	<u>Could exceed</u> <u>(\$92,163)</u>	<u>Could exceed</u> <u>(\$122,884)</u>	<u>Could exceed</u> <u>(\$122,884)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>Could exceed</u> <u>(\$92,163)</u>	<u>Could exceed</u> <u>(\$122,884)</u>	<u>Could exceed</u> <u>(\$122,884)</u>
PARKS AND SOILS STATE SALES TAX FUNDS			
<u>Revenue Reduction - §144.030 - Sales tax exemption for feminine hygiene products</u>	<u>Could exceed</u> <u>(\$73,730)</u>	<u>Could exceed</u> <u>(\$98,307)</u>	<u>Could exceed</u> <u>(\$98,307)</u>
ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS	<u>Could exceed</u> <u>(\$73,730)</u>	<u>Could exceed</u> <u>(\$98,307)</u>	<u>Could exceed</u> <u>(\$98,307)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (9 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption for feminine hygiene products	<u>Could exceed</u> (\$3,288,367)	<u>Could exceed</u> (\$4,384,489)	<u>Could exceed</u> (\$4,384,489)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Could exceed</u> (\$3,288,367)	<u>Could exceed</u> (\$4,384,489)	<u>Could exceed</u> (\$4,384,489)

FISCAL IMPACT – Small Business

Small businesses that sell feminine hygiene products would no longer collect sales tax on these items.

FISCAL DESCRIPTION

This act provides a sales tax exemption for all purchases of feminine hygiene products, defined as tampons, pads, liners, and cups.

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

Department of Revenue
 Office of Administration - Budget and Planning
 Missouri Department of Conservation
 Department of Natural Resources
 Office of the Secretary of State
 Joint Committee on Administrative Rules
 City of Kansas City

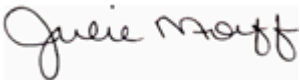
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Phelps County Sheriff
St. Louis County Police Dept
Kansas City Police Dept.



Julie Morff
Director
January 30, 2025



Jessica Harris
Assistant Director
January 30, 2025