



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3747	Introduced on January 27, 2021
Author:	Matthews	
Subject:	Female Health and Wellness Act	
Requestor:	House Ways and Means	
RFA Analyst(s):	Gallagher	
Impact Date:	March 11, 2021	

Fiscal Impact Summary

This bill exempts the sale of feminine hygiene products from sales and use tax. We anticipate that the Department of Revenue (DOR) will be able to administer the new exemption with existing staff and resources, as the department already administers several sales tax exemptions. Therefore, this bill is not expected to impact expenditures for the agency.

This bill will reduce state General Fund sales and use tax by \$3,891,000, the Education Improvement Act (EIA) Fund by \$973,000, and the Homestead Exemption Act (HEX) Fund by \$973,000 beginning in FY 2021-22, for a total state revenue reduction of \$5,837,000. Further, this bill will reduce local sales and use taxes by an estimated \$1,391,000 beginning in FY 2021-22. Collectively, the proposed sales and use tax exemption will reduce total state and local sales and use tax revenue by an estimated \$7,228,000 beginning in FY 2021-22. This analysis assumes feminine hygiene products include menstrual care products and cleaning and deodorizing products, such as tampons, menstrual cups, panty liners, pads, and feminine treatment products. If the definition in the bill is interpreted to include additional products beyond these, then this analysis would be affected.

Explanation of Fiscal Impact

Introduced on January 27, 2021

State Expenditure

This bill exempts the sale of feminine hygiene products from sales and use tax, therefore requiring DOR to administer additional sales tax exemptions. We anticipate that DOR will be able to administer the new exemption with existing staff and resources, as DOR already administers several sales tax exemptions. Therefore, this bill is not expected to impact expenditures for the agency.

State Revenue

This bill exempts the sale of feminine hygiene products from sales and use tax beginning on July 1, 2021. Feminine hygiene products are defined as tampons, sanitary napkins, and other similar personal care items for use in connection with the menstrual cycle.

According to Global Industry Analysts (GIA), a global marketing and consumer survey company specializing in market research, total sales of feminine hygiene products in the U.S. was \$5.9 billion in 2017 and grew to an estimated \$6.2 billion in 2020¹. GIA's analysis is based on historical and estimated market trends in feminine hygiene product sales and considers stakeholder analysis from manufacturers of feminine hygiene products², differences in preference by age, and changing sales trends, among other factors. This analysis assumes feminine hygiene products include menstrual care products and cleaning and deodorizing products, such as tampons, menstrual cups, panty liners, pads, and feminine treatment products. If the definition in the bill is interpreted to include additional products beyond these, then this analysis would be affected.

Adjusting the total \$6.2 billion in U.S. feminine hygiene product sales by a population factor of 1.57 percent for South Carolina sales yields an estimated gross sales amount of \$97,269,000. Applying the total state sales and use tax rate of 6 percent yields a reduction in state sales and use tax of an estimated \$5,837,000 beginning in FY 2021-22. Of this amount, General Fund sales and use tax would be reduced by \$3,891,000, the EIA Fund would be reduced by \$973,000, and the HEX Fund would be reduced by \$973,000 beginning in FY 2021-22.

Local Expenditure

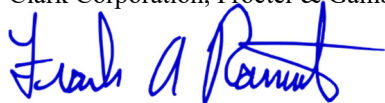
N/A

Local Revenue

This bill exempts the sale of feminine hygiene products from sales and use tax. Local sales and use taxes in South Carolina average an additional 1.43 percent. Based upon the analysis outlined in the State Revenue section, this bill would, therefore, reduce local sales and use taxes by an estimated \$1,391,000 beginning in FY 2021-22. Collectively, the proposed sales and use tax exemption would reduce total state and local sales and use tax revenue by an estimated \$7,228,000 beginning in FY 2021-22.

¹ Strategyr.com. (n.d.). Feminine Hygiene Products - Market Study by Global Industry Analysts, Inc. Retrieved March 09, 2021, from <https://www.strategyr.com/market-report-feminine-hygiene-products-forecasts-global-industry-analysts-inc.asp>

² Global Industry Analysts, Inc. identified the following four companies as leading manufacturers of feminine hygiene products: Edgewell Personal Care Company (Johnson & Johnson and Playtex Products Inc.), Kimberly-Clark Corporation, Procter & Gamble, and THINX, Inc.



Frank A. Rainwater, Executive Director