

Legislative Analysis



ELIMINATE SALES AND USE TAXES ON FEMININE HYGIENE PRODUCTS

House Bill 4165 (proposed substitute H-2)
Sponsor: Rep. Brian Elder

House Bill 4166 (proposed substitute H-2)
Sponsor: Rep. Tenisha Yancey

Committee: Tax Policy
Complete to 4-23-19

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bills 4165 and 4166 would amend the General Sales Tax Act and the Use Tax Act, respectively, to exempt *feminine hygiene products* from sales and use taxes after June 30, 2019.

Feminine hygiene products, as used in the bills, would mean tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle.

MCL 205.54a (HB 4165) and MCL 205.94 (HB 4166)

FISCAL IMPACT:

As written, the bills would be expected to reduce sales and use tax revenue by approximately \$6.5 million on a full-year basis. Assuming that the vast majority of the revenue loss is from the sales tax, school aid fund (SAF) revenue would decline by about \$4.8 million and constitutional revenue sharing would be reduced by roughly \$650,000. The remaining revenue reduction would be borne by the general fund (GF/GP).

The bill contains enacting language indicating that an amount necessary to hold the SAF harmless would be appropriated each year by the legislature from the general fund. Although the intent is to hold the SAF harmless, the transfer would not happen automatically, and statute or enacting language cannot mandate an appropriation. Therefore, unless the legislature acted each year, the transfer would not occur.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.