



Senate Fiscal Agency  
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House Bill 4270 (Substitute H-2 as passed by the House)  
House Bill 5267 (Substitute H-2 as passed by the House)  
Sponsor: Representative Tenisha Yancey (H.B. 4270)  
Representative Bryan Posthumus (H.B. 5267)  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 10-20-21

### **CONTENT**

**House Bill 4270 (H-2) and House Bill 5267 (H-2) would amend the Use Tax Act and General Sales Tax Act, respectively, to exempt from taxation under those Acts the sale of feminine hygiene products.**

"Feminine hygiene products" 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.

The Acts generally exempt from taxation certain transactions with respect to sale of data center equipment; however, they require an amount equal to the revenue lost to the State School Aid Fund as a result of those exemptions to be deposited into the School Aid Fund. Under the bill, this also would apply to the exemptions proposed under the bills.

The bills would take effect 90 days after their enactment.

MCL 205.94 & 206.111 (H.B. 4270)  
205.54a & 205.75 (H.B. 5267)

Legislative Analyst: Christian Schmidt

### **FISCAL IMPACT**

The bills, if both were enacted, would reduce revenue to the State General Fund and the School Aid Fund by an unknown amount, that likely would be negligible but could approach \$6.3 million per year.

Senate Bill 154, which would provide a similar exemption under the sales tax as House Bill 5267 (H-2), is tie-barred to House Bill 4270. House Bills 4270 (H-2) and 5267 (H-2) are not tie-barred to any bills. House Bill 4270 (H-2) would provide effectively the same exemption as Senate Bill 153, although Senate Bill 153 is tie-barred to Senate Bill 154 and both of those bills would make their exemptions effective after September 30, 2021. House Bills 4270 (H-2) and 5267 (H-2) do not contain provisions making the exemptions effective after September 30, 2021.

Most of any potential impact from exempting the sale of feminine hygiene products likely would fall under a sales tax exemption, such as that provided under House Bill 5267 (H-2) (or Senate Bill 154). As a result, if only House Bill 4270 (H-2) were enacted, the impact of

the bill likely would be relatively negligible. If only House Bill 5267 (H-2) were enacted, the impact of the bill likely would be near, but less than, \$6.3 million per year because sales that would be taxed under the use tax would not be exempted. However, exempting feminine hygiene products under both the sales tax and use tax could reduce revenue by approximately \$6.3 million per year.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.