

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

House Bill 333 (Delegate Petzold. *et al.*)

Ways and Means

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Sales and Use Tax - Supplies Supporting Breast-Feeding

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This bill exempts from the sales and use tax tangible personal property used for initiating, supporting, or sustaining breast-feeding.

The bill takes effect July 1, 1999.

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Fiscal Summary

**State Effect:** General fund revenues could decrease by \$377,300 in FY 2000. Future year revenue losses grow by 7% annually. Expenditures would not be affected.

| (in dollars)    | FY 2000     | FY 2001     | FY 2002     | FY 2003     | FY 2004     |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenues     | (\$377,300) | (\$403,700) | (\$432,000) | (\$462,200) | (\$494,600) |
| GF Expenditures | 0           | 0           | 0           | 0           | 0           |
| Net Effect      | (\$377,300) | (\$403,700) | (\$432,000) | (\$462,200) | (\$494,600) |

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Fiscal Analysis

**State Revenues:** According to the Mothers' Survey, Ross Products Division, Abbott Laboratories, 63.8% of babies were breast-fed in hospitals in 1997. After six months, 26.6% of babies were breast-fed. Based on the total number of babies born in Maryland in 1997, 44,830 babies were breast-fed in hospitals and 18,690 continued to be breast-fed at home for six months.

If supplies supporting breast-feeding are exempt from the sales tax, general fund revenues would decrease by \$377,400 in fiscal 2000. The estimate is based on the following facts and assumptions:

- Half of the mothers who breast-feed in hospitals continue to do so at home and purchase a breast pump.
- Breast pumps range in price from \$19 to \$275, with an average price of \$175.
- Half of the mothers who breast-feed in hospitals purchase other breast-feeding supplies that average around \$100.

The estimates grow by 7% annually, accounting for inflation, population growth, and the increase in the percentage of mothers who breast-feed.

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**Information Source(s):** Abbott Laboratories, Centers for Disease Control and Prevention, Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Health and Mental Hygiene (Community and Public Health Administration), Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 1999

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