



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1016**

**Bill Subtitle: TO CREATE A SALES AND USE TAX EXEMPTION FOR MENSTRUAL DISCHARGE COLLECTION DEVICES; TO CREATE A SALES AND USE TAX EXEMPTION FOR DIAPERS; AND TO CREATE A SALES AND USE TAX EXEMPTION FOR CERTAIN ITEMS RELATED TO BREASTFEEDING.**

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**Sponsors:**

**Rep. Collins**

**Basic Change:**

HB1016 creates a sales and use tax exemption for sales of menstrual discharge collection devices and diapers. The bill also creates a new section, § 26-52-457, to provide a sales and use tax exemption for sales of the following items related to breastfeeding:

- A baby bottle;
- A baby bottle nipple;
- A baby bottle sterilizer;
- A breast pump;
- A breast pump kit;
- Breast pump collection and storage supplies;
- Nipple shields; and
- Nursing pads.

**Menstrual Discharge Collection Devices** --- The bill defines "menstrual discharge collection devices" to include "tampons, panty liners, menstrual cups, pads, and other similar tangible personal property designed for use in connection with the human menstrual cycle." "Menstrual discharge collection devices" also include "period underwear and all other items of clothing that are marketed specifically for use as menstrual discharge collection devices for the human menstrual cycle, such as period swimwear, period running shorts, and period sleep shorts."

The bill excludes grooming and hygiene products from the definition of "menstrual discharge collection devices." "Grooming and hygiene products" are defined as soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, regardless of whether the items meet the definition of "over-the-counter drugs." "Over-the-counter-drug" is defined as "a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66, as it existed on January 1, 2025."

**Diapers** --- The bill defines "diapers" as "an absorbent garment worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements." The exemption includes diapers for children and adults and includes disposable diapers.

**Items Related to Breastfeeding** --- The bill also exempts sales of certain items related to breastfeeding from sales and use tax, including: a baby bottle, a baby bottle nipple, a baby bottle sterilizer, a breast pump, a breast pump kit, breast pump collection and storage supplies, nipple shields, and nursing pads.



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"Breast pump" is defined as an electrically or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation. A breast pump includes the pump device and any battery, AC adapter, or other power supply unit packaged and sold with the pump device at the time of sale to power the pump device.

"Breast pump collection and storage supplies" are defined to include items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption. Breast pump collection and storage supplies include:

- Breast shields and breast shield connectors;
- Breast pump tubes and tubing adapters;
- Breast pump valves and membranes;
- Backflow protectors and backflow protector adaptors;
- Bottles and bottle caps specific to the operation of the breast pump;
- Breast milk storage bags; and
- Other items that may be useful to initiate, support, or sustain breastfeeding using a breast pump during lactation that may be sold separately but are generally sold as part of a breast pump kit.

The items below are not included in "breast pump collection and storage supplies":

- Bottles and bottle caps not specific to the operation of the breast pump;
- Breast pump travel bags and other similar carrying accessories, including ice packs, labels and other similar products;
- Breast pump cleaning supplies; and
- Nursing bras, bra pads, breast shells, and other similar products.

Additionally, creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples are not considered to be "breast pump collection and storage supplies" unless they are sold as part of a breast pump kit prepackaged by the breast pump manufacturer or distributor.

"Breast pump kit" is defined as a kit that contains a breast pump and one or more of the following:

- Breast pump collection and storage supplies; and
- Other taxable items of tangible personal property that may be useful to initiate, support, or sustain breastfeeding using a breast pump during lactation, so long as the other taxable items of tangible personal property sold with the breast pump kit at the time of the sale are less than 10% of the total sales price of the breast pump kit.

HB1016 is effective on the first day of the calendar quarter following the effective date of this act. For the purposes of the fiscal impact below, an effective date of October 1, 2025, is assumed.



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**Fiscal Impact:**

**FY2026**

**Total Approximate State Sales and Use Tax Loss -\$39,927,771**

(Estimated Effective Date 10/1/2025 --- 8 months reduced tax collection)

General Revenue - 4.5%	-\$26,785,391
Property Tax Relief - .5%	-\$2,976,155
Conservation Fund - .125%	-\$744,039
Educational Adequacy Fund - .875%	-\$5,208,271
Highway Fund - .5%	-\$3,071,367
Educational Excellence Trust Fund -	\$0
Educational Adequacy (GR Transfer) -	\$0
State Central Services -	-\$773,984
Constitutional Officers -	-\$368,564

**Total Approximate Local City and County Sales and Use Tax Loss -\$20,271,022**

**FY2027**

**Total Approximate State Sales and Use Tax Loss -\$61,688,406**

General Revenue - 4.5%	-\$37,261,158
Property Tax Relief - .5%	-\$4,598,159
Conservation Fund - .125%	-\$1,149,540
Educational Adequacy Fund - .875%	-\$8,046,778
Highway Fund - .5%	-\$4,745,262
Educational Excellence Trust Fund -	-\$3,787,454
Educational Adequacy (GR Transfer) -	-\$334,817
State Central Services -	-\$1,195,806
Constitutional Officers -	-\$569,431

**Total Approximate Local City and County Sales and Use Tax Loss -\$31,318,729**

**Taxpayer Impact:**

The sale of menstrual discharge collection devices, diapers, breast pumps and other breast pump related items would no longer be subject to sales or use tax.



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**Resources Required:**

None.

**Time Required:**

Adequate time is provided for implementation.

**Procedural Changes:**

Updates to the Sales and Use Tax Rules will need to be promulgated.

**Other Comments:**

None.

**Legal Analysis:**

The State of Arkansas is a full member of the Streamlined Sales and Use Tax Agreement (SSUTA). The SSUTA provides that Arkansas can exempt products from sales and use tax as a product-based exemption. The SSUTA provides that each member of SSUTA must utilize common definitions as provided in the SSUTA. A member state is not in compliance with the SSUTA if the member state excludes any product or service that is included within a product definition or includes a product or service that is excluded from a product definition.

The SSUTA defines "menstrual discharge collection devices" and "diapers." The definitions of those terms in HB1016 are substantially the same as those found in the SSUTA. SSUTA also defines "breast pump," "breast pump collection and storage supplies," and "breast pump kit." HB1016 contains definitions for those items that are substantially similar to those provided by the SSUTA and complies with the SSUTA agreement.

The definition of "breast pump kits" provides that otherwise taxable items can be included as part of the kit and exempt from sales and use tax, so long as the taxable items represent less than 10% of the total sales price of the breast pump kit. Retailers could potentially experience difficulty in determining whether a breast pump kit includes taxable property that represents 10% or more of the total sales price of the kit.