



Please Support AR.120, which Urges Amendment of Streamlined Sales and Use Tax Agreement to Create Definition for Oral Health Care Products

Assembly Health Committee Hearing – May 13, 2024

Good morning, Mr. Chair and members of the Committee, my name is Jeffrey Wood, Public Affairs Coordinator for the New Jersey Dental Association.

Thank you for the opportunity to speak before you today. Mr. Chair, and Assemblywoman Speight, thank for your leadership on this important initiative.

On behalf of the more than 4,600 members of the NJDA, I am pleased to register our strong support of AR.120, which urges the Streamlined Sales and Use Tax Agreement to create a new definition in the agreement for "Oral Health Care Products".

New Jersey currently assesses a 6.625% Sales and Use Tax on the purchase of essential personal oral health products such as toothbrushes, toothpaste, mouthwash, dental floss, and more. This additional cost burden hurts the most vulnerable among us. Approximately 40% of New Jersey residents are on either Medicare or Medicaid, and millions more are struggling to make ends meet.

Dental professionals recommend replacing toothbrushes every three months and using a pea-sized amount of toothpaste when brushing your teeth, which can have prohibitive cost implications for many New Jersey families. Affordable access to these products is essential to maintain good oral health.

Families in New Jersey are often forced to make an economic decision between purchasing basic food and other necessities versus a toothbrush or other essential oral care items. **We believe that it should be made easier for New Jerseyans to choose these essential products by eliminating the additional prohibitive tax barrier.**

Oral health outcomes in our state continue to be poor, as illustrated by the Department of Health's 2022 Smile Survey, a survey assessing the oral health of New Jersey's third graders. According to the report, 36% of third graders have untreated tooth decay, compared to the national average of 20%. Tooth decay is the most chronic childhood disease in the United States, according to the CDC, and is the leading cause of missed school among children.

The United States spends more than \$124 billion on costs related to dental care each year. On average, over 34 million school hours and more than \$45 billion in productivity are lost each year because of dental emergencies requiring unplanned care (CDC).

According to the American Dental Association, even before an infant's teeth break through, their gums should be wiped with a damp cloth or a gauze pad after meals. Studies also show that in recent decades, older Americans are keeping more of their natural teeth longer into life. This means that our senior citizens, many of whom are on a fixed income, still must maintain proper oral hygiene habits and purchase oral products. Oral health is paramount from birth until death for each of us.

New Jersey Sales and Use Tax applies to retail sales of most tangible personal property. However, many essential healthcare and basic food items are exempt from this tax. Exempt items include feminine hygiene products, acne creams, medicated ChapStick, most food items, and more. However, items also exempt include gift

certificates, costumes, food coloring, ice cream, cake mixes, powdered and unsweet mixes for alcoholic beverages, and more.

Maryland, then Florida, recently became the first two states in the nation to exempt oral healthcare products from sales tax. Based on fiscal estimates in these states, we estimate that this exemption would cost the state around \$10-15 million dollars per year, which would account for roughly one-tenth of one percent of New Jersey's annual Sales and Use Tax revenue. **This cost is well worth the increased access to these products that are so critical and essential to the sustenance of our overall health.**

Despite an initial decrease in tax revenue, we believe this will be a long-term saver for the state. Those who utilize these products regularly and effectively dramatically reduce their chances of serious health consequences due to poor oral health. Poor oral hygiene can lead to tooth decay (cavities), periodontal (gum) disease, oral cancer, and more. According to the CDC, oral conditions are frequently considered separate from other chronic conditions, but they are inter-related.

The mouth is the gateway to the body. Growing evidence continues to show a direct connection between oral health and overall health. We know that those with poor oral health are at risk for several serious health issues such as heart disease, cancer, diabetes, dementia, pneumonia, and more. **Utilizing personal oral healthcare products such as toothbrushes, toothpaste, mouthwash and more offers critical protection against serious health risks and are a cost-effective way to dramatically improve oral health outcomes.**

Currently, New Jersey is a Full Member of the Streamlined Sales and Use Tax Agreement (SSUTA), an interstate sales tax agreement that includes common definitions to makes it easier for retailers, particularly those that operate in multiple states, to ascertain whether a product is taxable in one state versus another. This agreement precludes a simple elimination of Sales and Use Tax on personal oral healthcare products. Notably, Maryland and Florida are not part of this agreement.

Under the SSUTA, personal oral healthcare products are apart of the broader "Grooming and Hygiene Product" category along with soaps, shampoos, deodorants, and more. New Jersey levies a 6.625% Sales and Use Tax on products that meet this definition. To allow New Jersey to exempt oral healthcare products from taxation, a new category must be created in the agreement.

Our teeth allow us to speak, to eat, to breath, to work, and to live. They are a critical, and often-overlooked part of our health. This resolution is a positive step in the right direction towards increasing awareness about the essential nature of oral health and its importance in connection with our overall health and driving access to oral health products for the most vulnerable among us.

We are asking for the adoption of this resolution so that New Jersey, and the 23 other states that are a part of this agreement can follow Maryland and Florida in being a leader in oral health by eliminating barriers to essential oral healthcare items.

Thank you for your time and consideration of this resolution. I humbly ask for your support of AR.120.