

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> 99-4638/3
<b>INTRODUCTION #</b> AB 937
<b>Admin. Rule #</b>

**Subject**

Exempt Dry Cleaning Equipment and Chemicals from Property Tax

**Fiscal Effect**

**State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

- Increase Costs - May be Possible to Absorb Within Agency's Budget  Yes  No  
 Decrease Costs

**Local:**  No Local Government Costs

**see text**

1.  Increase Costs  
 Permissive  Mandatory  
 2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory  
 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:  
 Towns     Villages     Cities  
 Counties     Others    special districts  
 School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

The bill exempts dry cleaning equipment and chemicals from property tax.

According to the Wisconsin dry cleaners association, most of the 340 dry cleaning plants in the state have 1 or 2 dry cleaning machines, each costing about \$40,000. Assuming the average plant has 1.5 machines that are 50% depreciated, about \$10,200,000 (\$40,000 x 340 x 1.5 x 50%) of dry cleaning equipment would be exempted under the bill.

According to a manufacturer, dry cleaning chemicals cost about \$2.70 per gallon. Assuming each of the 340 dry cleaning plants reports a 55-gallon drum of dry cleaning chemicals as of January 1, about \$50,000 (340 x 55 x \$2.70) of dry cleaning chemicals would be exempt under the bill.

Based on the foregoing assumptions, the bill exempts about \$10,250,000 (\$10,200,000 + \$50,000) of dry cleaning equipment and chemicals. Assuming an average statewide net tax rate of \$22 per \$1,000 of value, about \$226,000 (\$10,250,000 x 0.022) would be shifted from owners of dry cleaning equipment to owners of other taxable property under the bill.

SEG state forestry taxes would decrease by about \$2,100 (\$10,250,000 x 0.0002) under the bill.

The bill would require minor revisions to the *Wisconsin Property Assessment Manual*. The costs of the revisions would be absorbed.

**Long-Range Fiscal Implications:**

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