

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -2109\1

INTRODUCTION # AB 184

Admin. Rule #

Subject
Sales and Use Tax Exemption for Laundry and Personal Hygiene Products

Fiscal Effect

- State:** No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No
- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation Decrease Costs

Local: No Local Government Costs

- | | | |
|---|---|---|
| <p>1. <input type="checkbox"/> Increase Costs
 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> <p>2. <input type="checkbox"/> Decrease Costs
 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> | <p>3. <input type="checkbox"/> Increase Revenues
 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> <p>4. <input type="checkbox"/> Decrease Revenues
 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> | <p>5. Types of Local Governmental Units Affected:
 <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities
 <input type="checkbox"/> Counties <input type="checkbox"/> Others _____
 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts</p> |
|---|---|---|

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

This bill creates a sales and use tax exemption for detergents, feminine napkins and tampons, soap, toilet paper, toothbrushes, toothpaste and tooth powder.

According to U.S. Industry and Trade Outlook 1998, the national market for sanitary paper products (including facial tissues, toilet paper, disposable diapers, feminine napkins and tampons) for 1999 is an estimated \$17.5 billion. Since the bill does not exempt diapers, which have an estimated value of \$5.4 billion (based on national disposable diaper sales data published by A.C. Nielson), the applicable national sales value is approximately \$12.1 billion. Wisconsin sales, based on Wisconsin's share of the U.S. population, are \$234.1 million (\$12.1 billion x 1.93%).

The national retail value of soap and detergents in 1999, according to U.S. Industry and Trade Outlook 1998, is approximately \$14.2 billion. Wisconsin's share is an estimated \$274 million (\$14.2 x 1.93%).

Data on dental care products obtained from business and trade magazines show that the 1999 U.S. retail market for these items is estimated at \$4.8 billion. Wisconsin's share, again based on population, is approximately \$93.6 million (\$4.8 billion x 1.93%).

Based on available data, the state revenue loss would be approximately \$30.1 million, as shown in the following table:

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue	Yeang-Eng Braun <i>Yeang Eng Braun</i>	4/8/99
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FISCAL ESTIMATE FORM

AB 184

Page 2

Wisconsin Sales, 1999	Value
Sanitary Paper Products	\$234.1 million
Soap and Detergents	\$273.9 million
Dental Care Products	\$93.6 million
Total Value of Sales	\$601.6 million
Sales Tax Rate	5%
Estimated State Revenue Loss	\$30.1 million

County and stadium sales tax revenues were 6.25% of state sales tax revenues in 1997. Assuming this percentage applies, county and stadium sales tax revenues would decline by approximately \$1.9 million annually (\$30.1 million x .0625).

The Department would incur one-time costs of \$54,100, relating to the mailing of information regarding the new exemption to retailers and associated taxpayer assistance.

YFB 4/8/99

