

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # 99-1010/3**

**INTRODUCTION # AB 836**

**Admin. Rule #**

**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 from property tax if the equipment is depreciable for property tax purposes and does not use a dry cleaning solvent that is managed as a hazardous waste under state and federal law. In addition, the bill exempts chemicals or detergents used for dry cleaning if the chemicals or detergents are not managed as a hazardous waste under state and federal law.

According to the Wisconsin dry cleaners association, about 10% of the 340 dry cleaning plants in the state do not currently use dry cleaning solvents that are managed as hazardous wastes. Also, according to the dry cleaners association, most plants have 1 or 2 dry cleaning machines and each machine costs about \$40,000 new. Assuming 34 plants (340 x 10%) and assuming the average plant has 1.5 machines that are 50% depreciated, about \$1,020,000 of dry cleaning equipment would be exempted under the bill (34 plants x \$40,000 x 1.5 x 50%).

According to a manufacturer, dry cleaning chemicals that are not hazardous waste cost about \$2.70 per gallon. Assuming each of the 34 dry cleaning plants reports a 55-gallon drum of dry cleaning chemicals as of January 1, about \$5,000 (34 x 55 x \$2.70) of dry cleaning chemicals would be exempt under the bill.

Thus, based on the foregoing assumptions, the bill exempts about \$1,025,000 (\$1,020,000 + \$5,000) of dry cleaning equipment and chemicals. Assuming an average statewide net tax rate of \$22 per \$1,000 of value, about \$23,000 (\$1,025,000 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 \$200 (\$1,025,000 x 0.0002) under the bill.

**Long-Range Fiscal Implications:**

| Agency/Prepared by: (Name & Phone No.)                             | Authorized Signature/Telephone No.                          | Date    |
|--|---|---------|
| Wisconsin Department of Revenue<br>Blair P. Kruger, (608) 266-1310 | Yeang-Eng Braun<br><i>Yeang Eng Braun</i><br>(608) 266-2700 | 3/20/00 |

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**1999 Session**

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**LRB # 99-1010/3**  
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Subject

**Exempt Dry Cleaning Equipment and Chemicals from Property Tax**

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

| II. Annualized Costs:  | Annualized Fiscal impact on State funds from: |                       |
|--|---|-----------------------|
|  | Increased Costs                               | Decreased Costs       |
| <b>A. State Costs by Category</b>  |   |                       |
| State Operations - Salaries and Fringe   | \$  | \$ -                  |
| (FTE Position Changes)   | ( FTE)  | ( - FTE)              |
| State Operations-Other Costs   |   | -                     |
| Local Assistance   |   | -                     |
| Aids to Individuals or Organizations   |   | -                     |
| <b>TOTAL State Costs by Category</b>   | \$  | \$ -                  |
| <b>B. State Costs by Source of Funds</b>   |   |                       |
| GPR  | \$  | \$ -                  |
| FED  |   | -                     |
| PRO/PRS  |   | -                     |
| SEG/SEG-S  |   | -                     |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> | <b>Increased Rev.</b>                         | <b>Decreased Rev.</b> |
| GPR Taxes  | \$  | \$ -                  |
| GPR Earned   |   | -                     |
| FED  |   | -                     |
| PRO/PRS  |   | -                     |
| SEG/SEG-S State forestry taxes   |   | - 200                 |
| <b>TOTAL State Revenues</b>  | \$  | \$ -                  |

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

|                        |              |                   |
|------------------------|--------------|-------------------|
| NET CHANGE IN COSTS    | \$ _____     | \$ _____          |
| NET CHANGE IN REVENUES | \$ 200 _____ | \$ see text _____ |

|  |   |             |
|--|---|-------------|
| <b>Agency/Prepared by: (Name &amp; Phone No.)</b>                  | <b>Authorized Signature/Telephone No.</b>                   | <b>Date</b> |
| Wisconsin Department of Revenue<br>Blair P. Kruger, (608) 266-1310 | Yeang-Eng Braun<br><i>Yeang Eng Braun</i><br>(608) 266-2700 | 3/20/00     |