

## Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-1141/1</b>	<b>Introduction Number</b> <b>AB-391</b>
<b>Subject</b> Incontinent underpads and briefs	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue              5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Agency/Prepared By</b> DOR/ Rebecca Boldt (608) 266-6785	<b>Authorized Signature</b> Dennis Collier (608) 266-5773
<b>Date</b> 5/25/01	

## Fiscal Estimate Narratives

DOR 5/29/01

LRB Number	<b>01-1141/1</b>	Introduction Number	<b>AB-391</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Incontinent underpads and briefs					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, cloth diapers are exempt from sales and use tax; however, incontinent briefs, pads, shields and adult diapers are subject to tax. The bill creates a sales and use tax exemption for reusable or disposable incontinent underpads and briefs that are prescribed. While the bill does not specifically include "shields" and "adult diapers", it is assumed for purposes of estimating the fiscal effect that these products would be exempt; it is also assumed that "underpads" include pads worn under clothing as well as protective bed pads.

According to the Wisconsin Department of Health and Family Services (DHFS), there was an average of 43,265 residents of nursing homes in Wisconsin in 1998 and 37% of all Wisconsin nursing homes were owned by nonprofit entities. Also according to DHFS, 43% of nursing home residents suffer from frequent to total incontinence. Assuming constant trends, it is assumed that approximately 7,000 [(43,265 residents x 37%) x 43%] residents of nonprofit nursing homes currently suffer from incontinence.

According to the National Association for Continence, an estimated 18 million people suffer from incontinence nationally, half of which seek medical attention for the condition. Assuming the number of Wisconsin sufferers of incontinence reflects the state's population share, there are an estimated 171,000 sufferers of incontinence in Wisconsin that seek medical attention [18 million x 1.9% population share x .5]. To the extent that residents of nonprofit nursing homes are currently exempt from sales and use tax for the consumption of incontinent products, an estimated 164,000 (171,000 - 7,000) Wisconsin residents that have sought medical attention for incontinence would be affected under the bill.

According to professionals specializing in incontinence, usage of such products can vary from 5 pads or briefs per day to 1 or 2 pads, depending on the severity of the condition. According to incontinent product information, products cost from \$1.00 to \$0.25 per item. Assuming a daily usage of 2 pads/briefs and assuming \$0.50 per pad/brief, an estimated \$59.9 million [164,000 x \$0.50 x 2 x 365 days] is spent annually on incontinent products.

Exempting these sales would result in a \$3 million [\$59.9 million x 5%] decrease in sales and use tax revenue annually.

For FY02, county and stadium sales tax revenues are expected to be 7.064% of state sales tax. Thus, the revenue loss to local governments would be approximately \$212,000 (\$3 million x 7.064%).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number <b>01-1141/1</b>		Introduction Number <b>AB-391</b>	
<b>Subject</b>			
Incontinent underpads and briefs			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</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>			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$-3,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-3,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE		\$-3,000,000	\$-\$212,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Rebecca Boldt (608) 266-6785		Dennis Collier (608) 266-5773	
		<b>Date</b>	
		5/25/01	