

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4985/1	Introduction Number AB-0856
Description Sales and use tax exemption for diapers and undergarments for incontinence	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs </div> </div>	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <input type="checkbox"/> Baseball District <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>	
Fund Sources Affected Affected Ch. 20 Appropriations <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	
Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773
Date 1/31/2018	

Fiscal Estimate Narratives

DOR 1/31/2018

LRB Number	17-4985/1	Introduction Number	AB-0856	Estimate Type	Original
Description					
Sales and use tax exemption for diapers and undergarments for incontinence					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for diapers and undergarments for incontinence.

According to a market research report by IBIS World, total U.S. revenue for the diaper industry is approximately \$13 billion.

The exemption largely applies to products targeted at the population of individuals 0-3 and 60 years old and older. Based on US Census data, the Wisconsin share of this portion of the US population is 1.88%. The department estimates annual sales and use tax revenue to decrease by about \$12.2 million ($\$13 \text{ billion} * 1.88\% * 5\%$) under the bill.

The fiscal effect could be higher or lower to the extent the actual Wisconsin market share of diaper sales is different from the estimated amount.

County and stadium taxes were 7.6% of state sales taxes in FY17. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by about \$930,000 ($\$12.2 \text{ million} * 7.6\%$) annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 17-4985/1	Introduction Number AB-0856	
Description Sales and use tax exemption for diapers and undergarments for incontinence		
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 funds from:		
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-12,200,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-12,200,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-12,200,000	-\$932,000
Agency/Prepared By		
Authorized Signature		Date
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		1/31/2018