

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5198/1	Introduction Number SB-676
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Description
 sales and use tax exemption for diapers, undergarments for incontinence, tampons, and sanitary napkins

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<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	
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

<input type="checkbox"/> Towns	<input type="checkbox"/> Village	<input type="checkbox"/> Cities
<input checked="" type="checkbox"/> Counties	<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts	

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	

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Fiscal Estimate Narratives

DOR 1/16/2020

LRB Number	19-5198/1	Introduction Number	SB-676	Estimate Type	Original
Description sales and use tax exemption for diapers, undergarments for incontinence, tampons, and sanitary napkins					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for diapers, undergarments for incontinence, tampons, and sanitary napkins.

Diapers:

According to a market research report by TechSci Research, total US revenue for the diaper market is estimated to be \$9.8 billion in 2021. The exemption largely applies to products targeted at the population of individuals 0-3 years old and 60 years old and older. Based on US Census data, the Wisconsin share of this portion of the US population is about 1.8%. The department estimates annual sales and use tax revenue to decrease by about \$8.8 million ($\$9.8 \text{ billion} * 1.8\% * 5\%$) under the bill.

Incontinence Products:

An analysis by Statista estimates total US revenue for incontinence products to be about \$2.6 billion in 2021. The WI share of the of the population that is 60 years old and older is about 1.9%. Assuming WI makes up 1.9% of national consumption for these products, the department estimates sales tax revenue to decrease by about \$2.4 million ($\$2.6 \text{ billion} * 1.9\% * 5\%$) under the bill.

Tampons and Sanitary Napkins:

According to a market research report by Information Resources Inc (IRI), US sales of tampons and sanitary napkins totaled \$2.8 billion in 2018. Assuming 2.2% annual growth, sales are estimated to be \$2.9 billion in 2021. The WI share of US female population is about 1.8%. Assuming WI makes up 1.8% of national consumption of the products, the department estimates sales tax revenue to decrease by about \$2.7 million ($\$2.9 \text{ billion} * 1.8\% * 5\%$) under the bill.

The total fiscal effect is estimated to be \$13.9 million. The fiscal effect could be higher or lower to the extent the actual Wisconsin market share of affected products is different from the estimated amount.

County and stadium taxes were 8.5% of state sales taxes in FY19. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by about \$1.2 million ($\$13.9 \text{ million} * 8.5\%$) annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description sales and use tax exemption for diapers, undergarments for incontinence, tampons, and sanitary napkins		
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, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-13,900,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-13,900,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-13,900,000	-\$1,200,000
Agency/Prepared By	Authorized Signature	Date
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