Fiscal Estimate - 2021 Session

Original	Updated	Correcte	ed [Supplem	ental
LRB Number 21-1	749/1	Introduction	on Number	AB-068	0
Description sales and use tax exemption	n for diapers, underga	arments for incontine	nce, tampons, an	nd sanitary n	apkins
Fiscal Effect				·	
State: No State Fiscal Effect Indeterminate Increase Existing Appropriations Decrease Existing Appropriations Create New Appro	☐ Increa Rever ☑ Decre Rever	ase Existing	☐ Increase Cost absorb within ☐ Yes ☐ Decrease Cos	agency's bu	
Local: No Local Governmer Indeterminate 1. Increase Costs Permissive N 2. Decrease Costs	3. ☐ Increa	ase Revenue issive Mandatory ease Revenue	5.Types of Local Units Affected Towns Counties School Districts	Governmen Village Others WTCS Districts	Cities
Fund Sources Affected GPR FED	PRO PRS	SEG SEGS	Affected Ch. 20	Appropriat	ions
Agency/Prepared By		Authorized Signatu	ıre		Date
DOR/ Travis Arthur (608) 26	Ann DeGarmo (608) 266-7179			11/4/2021	

Fiscal Estimate Narratives DOR 11/4/2021

LRB Number 21-1749/1	Introduction Number	AB-0680	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.

Disposable Diapers:

According to a market forecast report by Statista, total US revenue for the disposable diaper market is estimated to be \$7.1 billion in FY 2022. The exemption largely applies to products targeted at the population of individuals 0-3 years old. 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 \$6.4 million (\$7.1 billion * 1.8% * 5%) under the bill.

Cloth Diapers:

Using data provided by Statista, the department estimates cloth diapers to be about 18.3% of the total diaper market. Therefore, the department estimates sales and use tax revenue to decrease by about \$1.4 million (\$1.6 billion * 1.8% * 5%) under the bill.

Incontinence Products:

An analysis by Statista estimates total US revenue for incontinence products to be about \$3.7 billion in FY 2022. 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 \$3.5 million (\$3.7 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 5.0% annual growth, sales are estimated to be \$3.3 billion in FY 2022. 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 \$2.9 million (\$3.3 billion * 1.8% * 5%) under the bill.

The total fiscal effect is estimated to be \$14.3 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 8.3% of state sales taxes in FY 2021. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by about \$1.2 million (\$14.3 million * 8.3%) annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

⊠ Or	iginal	Updated		Corrected		Supplemental	
LRB 1	Number	21-1749/1		Introduction Num	ber	AB-0680	
Descrip sales ar napkins		emption for diapers, und	ergar	ments for incontinence, tai	mpons,	and sanitary	
	ime Costs or zed fiscal ef		State	and/or Local Governme	nt (do	not include in	
II. Annu	alized Costs	7 A		Annualized Fiscal Impact on funds from:			
				Increased Costs		Decreased Costs	
A. State	Costs by C	ategory			-		
		Salaries and Fringes		\$		\$	
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		or Organizations					
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Agency/Prepared By Autl			horized Signature		Date		
DOR/ Travis Arthur (608) 266-8565 Ann			n DeGarmo (608) 266-7179 11/4/20				