



## Fiscal Estimate Narratives

DOR 11/17/2021

LRB Number	21-0124/1	Introduction Number	SB-227	Estimate Type	Updated
<b>Description</b> 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 ( $\$7.1 \text{ billion} * 1.8\% * 5\%$ ) 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 ( $\$1.6 \text{ billion} * 1.8\% * 5\%$ ) 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 ( $\$3.7 \text{ billion} * 1.9\% * 5\%$ ) 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 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 ( $\$3.3 \text{ billion} * 1.8\% * 5\%$ ) 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 ( $\$14.3 \text{ million} * 8.3\%$ ) annually.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 21-0124/1	<b>Introduction Number</b> SB-227	
<b>Description</b> sales and use tax exemption for diapers, undergarments for incontinence, tampons, and sanitary napkins		
<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>		
	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	\$	\$-14,300,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-14,300,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-14,300,000	-\$1,200,000
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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