

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-3921/1	Introduction Number SB-0388
Description a sales and use tax exemption for various items used in the care of babies	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <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 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" 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	
Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773
Date 8/21/2023	

Fiscal Estimate Narratives

DOR 8/21/2023

LRB Number	23-3921/1	Introduction Number	SB-0388	Estimate Type	Original
Description a sales and use tax exemption for various items used in the care of babies					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for the following: 1) baby cribs, baby playpens, and baby play yards; 2) baby safety gates; 3) baby monitors; 4) child safety cabinet locks and latches; 5) electrical outlet safety covers; 6) baby strollers; 7) bicycle child carrier seats and trailers; 8) child safety restraint systems designed for transporting young children in a motor vehicle; 9) baby exercisers, jumpers, bouncer seats, and swings; 10) breast pumps, baby bottles and nipples, baby bottle sterilizers, pacifiers, and teethers; 11) children's diapers, reusable diaper covers, and baby wipes; and 12) baby changing tables and changing pads.

Using various market reports that cover the products included in the bill along with data from Department of Health Services regarding the number of Wisconsin births, the department estimates sales and use tax revenue to decrease by about \$20.5 million in FY 24 on an annualized basis.

County taxes were 8.3% of state sales taxes in FY23. Assuming this percentage does not change, county sales and use taxes would decrease by about \$1.7 million under the bill.

Based on department records and assuming the City of Milwaukee makes up 50% of the county's sales tax base, the department estimates the city sales tax to decrease by approximately \$500,000 on annual basis under the bill.

Because this bill reduces tax revenue, it may impact the state's maintenance of effort requirement under the American Rescue Plan Act. The Dept of Administration should review this bill for this specific purpose to provide further clarity on the matter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description a sales and use tax exemption for various items used in the care of babies			
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	\$	\$-20,500,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-20,500,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-20,500,000	\$See Text	
Agency/Prepared By			
DOR/ Travis Arthur (608) 266-8565		Authorized Signature	Date
		Robert Schmidt (608) 266-5773	8/21/2023