Fiscal Estimate - 2025 Session

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Introduction Numbe	r AB-017	7
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Robert Schmidt (608) 266-5773 4/15		4/15/2025
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Fiscal Estimate Narratives DOR 4/15/2025

LRB Number	25-1576/1	Introduction Number	AB-0177	Estimate Type	Original	
Description						
sales and use tax exemption for diapers and feminine hygiene products						

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for diapers and feminine hygiene products. Under the bill, diaper is defined as "an absorbent garment worn by humans who are incapable of or have difficulty controlling their bladder or bowel movements".

Diapers (including cloth diapers and incontinence products):

According to a Statista market outlook, FY 2026 US sales of diapers are estimated to reach \$17.48 billion. Wisconsin's population is approximately 1.76% of the US. Assuming the Wisconsin share of the diaper market is 1.76%, the department estimates annual sales and use tax revenue to decrease by about \$15.38 million (\$17.48 billion * 1.76% * 5%) under the bill on an annualized basis.

Feminine Hygiene Products:

According to a Statista market outlook, FY 2026 US sales of feminine hygiene products are projected to be \$5.06 billion. Assuming WI makes up 1.76% of national consumption of the products, the department estimates sales tax revenue to decrease by about \$4.45 million (\$5.04 billion * 1.76% * 5%) under the bill.

Assuming an Oct 1, 2025 effective date, the combined revenue decrease is estimated to be \$14.9 million in FY26. The amount is expected to grow to \$20.4 million in FY27 (annualized). The fiscal effect could be higher or lower to the extent the actual Wisconsin market share of affected products is different than the estimated amount.

City and County sales taxes were 12% of state sales taxes in 2024. Assuming this percentage does not change, statewide county sales and use taxes would decrease by about \$2.45 million annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

☑ Original ☐ Updated	Corrected	Supplemental					
LRB Number 25-1576/1	Introduction Number	oer AB-0177					
Description sales and use tax exemption for diapers and feminine hygiene products							
I. One-time Costs or Revenue Impacts for S annualized fiscal effect):	tate and/or Local Governmen	t (do not include in					
II. Annualized Costs:	. 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)		3333338					
State Operations - Other Costs							
Local Assistance							
Aids to Individuals or Organizations							
TOTAL State Costs by Category	\$	\$					
B. State Costs by Source of Funds		THE CALL DESCRIPTION OF THE PROPERTY OF THE PR					
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	\$	\$-20,420,000					
GPR Earned							
FED							
PRO/PRS							
SEG/SEG-S	MONTH AND CONTROL OF THE CONTROL OF	MARINGALIAN BERNINGER OF A OTHER PROPERTY OF THE STREET AND A STREET AND A STREET AS A STREET AS A STREET AS A					
TOTAL State Revenues	\$	\$-20,420,000					
NET ANNUA	ALIZED FISCAL IMPACT						
	<u>State</u>	<u>Local</u>					
NET CHANGE IN COSTS	\$	\$					
NET CHANGE IN REVENUE	\$-20,420,000	-\$2,450,000					
Agency/Prepared By	Authorized Signature	Date					
DOR/ Robert Schmidt (608) 266-5773	Robert Schmidt (608) 266-577	3 4/15/2025					