



## Fiscal Estimate Narratives

DOR 4/15/2025

LRB Number	<b>25-1576/1</b>	Introduction Number	<b>AB-0177</b>	Estimate Type	<b>Original</b>
<b>Description</b> 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 ( $\$17.48 \text{ billion} * 1.76\% * 5\%$ ) 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 ( $\$5.04 \text{ billion} * 1.76\% * 5\%$ ) 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 <b>25-1576/1</b>		Introduction Number <b>AB-0177</b>	
<b>Description</b> sales and use tax exemption for diapers and feminine hygiene products			
<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>		<b>Annualized Fiscal Impact on funds from:</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. 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	\$	\$-20,420,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	\$	<b>\$-20,420,000</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-20,420,000	-\$2,450,000	
<b>Agency/Prepared By</b>			
DOR/ Robert Schmidt (608) 266-5773		<b>Authorized Signature</b>	<b>Date</b>
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