

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4981/1	Introduction Number SB-666
Description a sales and use tax exemption for breastfeeding equipment	
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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input checked="" type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <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 Ann DeGarmo (608) 266-7179
Date 11/9/2021	

Fiscal Estimate Narratives

DOR 11/9/2021

LRB Number	21-4981/1	Introduction Number	SB-666	Estimate Type	Original
Description a sales and use tax exemption for breastfeeding equipment					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a temporary sales and use tax exemption for breast pumps, breast pump kits, and breast pump storage and collection supplies. The exemption sunsets June 30, 2025.

The Wisconsin Department of Health Services, reports Wisconsin had 60,615 births in 2020. According the Centers of Disease Control (CDC) Breastfeeding Report Card, the breastfeeding rate for Wisconsin in 2017 was 82.8%. Assuming these rates remain constant, the department assumes 50,189 ($60,615 * 82.8\%$) mothers will breastfeed in 2022.

Currently, the most common way to obtain a breast pump and accessories is through insurance. In addition, eligible women may obtain a breast pump through the state's Women, Infants and Children (WIC) program which are exempt from sales tax.

The department estimates 10% of mothers will obtain a breast pump through state programs such as WIC which are not subject to sales tax. Therefore, the department estimates taxable breast pumps to be 45,170.

According to Parents.com breast pumps vary in price from about \$50 to more than \$400. Assuming the average annual amount spent on a breast pump and accessories is \$300, the department estimates sales and use tax collections to decrease by about \$678,000 ($40,170 * 300 * 5\%$) under the bill.

County sales and use taxes were 8.3% of state sales and use taxes in FY 2021. Assuming this percentage does not change, county tax collections would decrease by \$56,000 ($\$678,000 * 8.3\%$) per year under the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 21-4981/1	Introduction Number SB-666	
Description a sales and use tax exemption for breastfeeding equipment		
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	\$	\$-678,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-678,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-678,000	-\$56,000
Agency/Prepared By		
Authorized Signature		Date
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		11/9/2021