



SCOTT KRUG

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Rep.Krug@legis.wi.gov

TO: Assembly Committee on Ways and Means

FROM: Rep. Scott Krug

RE: 2023 Assembly Bill 945, SIC codes for linen supply and industrial launderers and modifying the manufacturing and agriculture tax credit

DATE: February 1, 2024

Thank you to Committee Chairman Rep. Macco and to the committee for holding today's public hearing on Assembly Bill 945, which I have authored. AB 945 would add two identifying codes to the list in our statutes of Standard Industrial Classification (SIC) codes. One purpose of this would be to ease the applicability of the Wisconsin Manufacturing and Agriculture Tax Credit to the activities of the laundry linens and uniforms industries in Wisconsin.

Classification of businesses and transactions is a central part of how government regulates, taxes business activity, and collects data on the US economy. In order to classify business activity, Wisconsin and the Federal government long relied on a system of classifications known as the Standard Industrial Classification (SIC) codes. SIC codes are four-digit numerical codes that categorize the industries that companies belong to based on their business activities.

The US Securities and Exchange Commission (SEC) lists all the SIC Codes online at <https://www.sec.gov/corpfin/division-of-corporation-finance-standard-industrial-classification-sic-code-list>. This is the authoritative list. However, not all of these codes are (or need to be) incorporated into Wisconsin Statutes.

AB 945 would add to our state statutes, two SIC Codes pertaining to laundry and textile work.

The linen, uniform, and facility laundry industry employs thousands of people in Wisconsin, supplying 40,000 customers across the state, and processing over 15 billion pounds of laundry annually. Their practices have a heavy focus on sustainable and safe operations. Over the last decade, for example, industrial-scale launderers in have cut their annual water usage by nearly 10 billion gallons.

Companies that reclaim and repurpose textile provide an important and necessary faction for

MORE

nearly every part of our economy. Millions of Americans rely on this industry every day for clean uniforms, garments, hospital and restaurant linens, shop towels, walk-off mats, and other products supplied with hygienic, sustainable laundering practices. These companies take soiled and unusable products and reclaim them into the products necessary for continued operations.

Under current law, scrap processors using large machines for re-melting purposes and processors of waste paper using large machines for recycling purposes are considered manufacturers. However, the textile reclamation industry, which processes unusable fabric or cloth fibers using large machinery for recycling and new-use purposes, is not considered manufacturing under current law. AB 945 would add these SIC codes to the list of prima facie manufacturers.

The change is requested in part out of consideration of the industry's desire to access the Wisconsin Manufacturing and Agriculture Tax Credit. This credit is an important part of our state tax code. AB 945 would (as I say) add two codes to the state statutes in Chapter 71 that related to the tax credit. The bill would also create relevant definitions as needed.

You will be able to hear shortly from people better-versed than I am in SIC Codes and in the workings of the tax credit.

The Wisconsin Department of Revenue has filed a fiscal note on AB 945 which explains their conclusions about the impact of the bill.

We have engaged in considerable dialogue this session to make this bill do what it needs to do in the easiest way possible. I know the Senate companion to our bill (which is 2023 Senate Bill 845) had a public hearing on January 17, 2024 and received support from several large employers in the state. I know that AB 945 will be met with this same support.

I close by thanking you once again for having this hearing and I ask your support for AB 945.



ROB HUTTON

STATE SENATOR | 5th DISTRICT

Wisconsin State Capitol | P.O. Box 7882 · Madison, WI 53707-7882 | (608) 266-2512 | Sen.Hutton@legis.wisconsin.gov

February 1, 2024

TO: Assembly Committee on Ways and Means

FR: Senator Rob Hutton

RE: Assembly Bill 945 — Standard industrial classification codes for linen supply and industrial launderers

Thank you for holding a hearing on Assembly Bill 945. This bill re-classifies the textile reclamation industry to more accurately reflect the nature of their business.

Companies that reclaim and repurpose textile provide an important and necessary function for many parts of our economy. These companies take soiled and unusable products and reclaim them into products necessary for the continued operations of the businesses they serve.

Millions of Americans rely on this industry every day for clean uniforms, garments, hospital and restaurant linens, shop towels, walk-off mats, and other products supplied with hygienic, sustainable laundering practices.

The linen, uniform, and facility laundry industry employs thousands of people in Wisconsin, supplies 40,000 customers across the state, and processes over 15 billion pounds of laundry annually. Their practices have a heavy focus on sustainable and safe operations. Over the last decade, for example, industrial-scale launderers have cut their annual water usage by nearly 10 billion gallons.

In order to classify business activity, Wisconsin and the Federal government have long relied on a system of classifications known as the Standard Industrial Classification (SIC) codes. SIC codes are four-digit numerical codes that categorize the industries that companies belong to based on the nature of their business activities.

There are disparities under current law among substantially similar industries, however. Scrap metal processors that use large machines for re-melting purposes and waste paper processors that use large machines for recycling purposes are considered manufacturers.

However, the textile reclamation industry, which engages in a substantially similar business by processing unusable fabric or cloth fibers using large machinery for recycling and new use, is not considered manufacturing under current law.

AB 945 adds the textile reclamation industry SIC codes to the list of prima facie manufacturers alongside other similar industries.

Again, thank you for your time and consideration of this bill. I respectfully ask for your support.

February 1, 2024

To: Assembly Committee on Ways and Means
and Chair Representative Macco



Good morning,

My name is Sara Gunderson, Co-owner of Gunderson Uniform & Linen, a family-owned and operated business based in Menasha, Wisconsin. Today, my brother Doug and I proudly continue the legacy that our grandfather began in 1952. Our passion for laundry and commitment to providing high quality linen and service to businesses across the state of Wisconsin drives our family's business model.

Gunderson Uniform & Linen has been an active part of the community for three generations. We currently employ 150 team members across two plants in Menasha and a distribution depot in New Berlin. We specialize in washing and delivering hygienically clean uniforms and linen to a diverse range of customers, including hospitals, clinics, hotels, restaurants, industrial and manufacturing facilities, as well as other businesses throughout the state.

Our facilities embody the look and feel of a manufacturing setup, placing us in direct competition for labor with other manufacturers. We specialize in transforming items that would typically be considered unusable into hygienically clean products fit for reuse. A significant portion of our operations revolves around processing and distributing hospital linens. To give you an idea, we wash and deliver approximately 250,000 pounds of healthcare linen weekly, add to that, 100,000 scrubs and 6,000 isolation gowns, resulting in over 1,500 healthcare deliveries per week. Many of the items we clean and deliver on a regular basis would otherwise contribute to landfill waste.

As stakeholders deeply rooted in Wisconsin, we recognize the importance of investing in our people. The proposed tax credits in AB 945 will provide us with the financial means to reinvest in our workforce and contribute meaningfully to the economic development of Wisconsin. This, in turn, will not only improve the quality of life for our employees but also have a significant impact and a positive influence on the communities we proudly serve.

Doug and I are excited about the future of our business. We are in growth mode and are actively pursuing the addition of a state of the art, highly energy efficient facility that will require a significant investment, including millions of dollars of highly specialized laundry machines and equipment. The implementation of this addition will allow us to do more of what we love – laundry, as well as promises to generate additional employment opportunities.

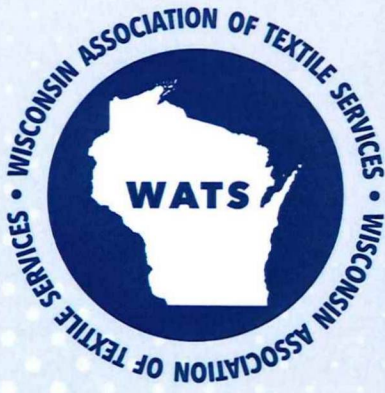
In conclusion, I want to say thank you for your time and attention today on a significant matter in the laundry business. AB 945 will help provide opportunity for Gunderson Uniform & Linen to expand, generate employment, increase current wages and contribute even more to the vibrant fabric of Wisconsin's economy.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Sara Gunderson".

Sara Gunderson
Co-owner, Gunderson Uniform & Linen
Representative, WATS Organization



Please Support SB 845:

standard industrial classification codes for linen supply & industrial launderers, modifying the manufacturing and agriculture tax credit.

The **Wisconsin Association of Textile Services (WATS)**, established in 1986, comprises employees and vendors dedicated to material reuse. Our laundries act as collection points, ensuring proper substance disposal. Our members take waste materials destined for the landfill, and through the application of manufacturing processes, create newly useable products.

40k
CUSTOMERS

Including restaurants, manufacturing facilities, grocers, ambulatory care, hospitals/extended care, automotive repair/dealers.

2,700
EMPLOYEES

The **3rd largest fleet** among all industries in WI, with **25,000+ vehicles** delivering textiles and facility services products.

37
COMPANIES

Provide clean uniforms, garments, linens, towels, walk-off mats and other hygiene products to maximize efficiencies and minimize energy & chemical usage.

15 billion lbs.
of laundry processed annually
across the U.S.

In Wisconsin

AB 945/SB 845:

standard industrial classification codes for linen supply and industrial launderers and modifying the manufacturing and agriculture tax credit.

Currently, linen supply and industrial launderers are not listed as manufacturers in the Standard Industrial Classification (SIC) manual. The SIC manual was created by the federal government to create codes that classify and categorize businesses based on their economic activities.

This bill adds SIC codes for the linen supply and industrial launders industry for the purpose of assessing property as manufacturing property to claim certain income tax credits and sales and use tax exemptions.

Learn more about **WATS** by visiting wislaundries.com, or scan the QR Code here:



Peter Welch
The Welch Group
Managing Partner and EVP
Office: 608.819.0150

Prepared by The Welch Group, 2023



January 24, 2024

To: Assembly Committee on Ways and Means

Good afternoon,

I am Chad Blohm, General Manager of Cintas in Green Bay, Wisconsin. Cintas, founded in 1929, has evolved from collecting discarded rags to becoming an industry leader, presently serving over one million customers across the United States and Canada. We have operated out of our existing facility in Green Bay since 1983, currently employing 101 dedicated employee-partners.

I am here today representing not only Cintas, but also standing in collaboration with fellow laundry operators in the state and as a representative of WATS. Together, we seek your support for Assembly Bill 945, a crucial measure that will grant recognition to our industry under the Manufacturing and Agricultural Tax Credit.

Cintas in Green Bay caters to over 2,000 customers in Northeast Wisconsin, spanning various industries. We specialize in providing hygienically clean uniform programs and facility services, ensuring our customer's facilities remain safe, clean, and well-stocked for seamless business operations. Our commitment extends beyond business, as demonstrated by our recent initiatives such as a food drive for Paul's Pantry, donations to St. Vincent De Paul, and contributions to local events like the Brown County Fair and Lion's Club picnics. Additionally, we support national philanthropic organizations, including the American Red Cross, Susan G Komen for the Cure, and Matthew 25: Ministries.

As we witness the continuous growth of our business, we consistently reinvest in our operations to deliver quality products, unique services, and an exceptional work experience for our employee-partners. Our latest capital expenditure involved the acquisition of two state-of-the-art, energy-efficient industrial dryers. This ongoing commitment to reinvestment allows us to expand our services, reach more customers, and generate additional employment opportunities. Assembly Bill 945, if enacted, would empower us to sustain and accelerate these investments, fostering job creation and enabling us to serve an even larger customer base.

Thank you for your thoughtful consideration of this matter.

Sincerely,

Chad Blohm
General Manager
Cintas



January 24, 2024

To: Assembly Committee on Ways and Means

Committee Members,

My name is Cori Boyle and I am writing on behalf of Cintas Corporation as General Manager of our facility in Milwaukee, Wisconsin. Our facility has been servicing the greater Milwaukee area since 2008 providing uniforms, linen, and other facility service products that are critical to the business operations of our customers and their safety.

At Cintas, we take pride in our contribution to the communities and economies that we serve. Currently, we employ 144 diverse employee-partners who service over 3,500 customers in Milwaukee. Last year, we invested over \$1M in improvements to our building, equipment, and fleet, partnering with local vendors to assist with our improvements.

As a community partner, we are actively involved in several organizations and events that support our local community. In 2023 we donated to various neighborhood development events for Havenswood including the Havenswood Community Days and Clovernook Cookout. We developed a relationship with Feeding America Wisconsin where we have sent large groups to contribute to the sorting and packaging of meals for in-need families in Wisconsin. Finally, we most recently partnered with Better Earth, a textile recycling organization, where we will be donating palletized garments from our local garment supply to reduce textile waste.

As you know, the cost of doing business in our country continues to grow. We believe Assembly Bill 945 is critical to allow us the ability to add more competitive paying jobs in Milwaukee and invest in large infrastructure improvements for our building, machinery, and fleet that is required for us to continue to service our customers. We are asking for your support and advocacy in passing the legislation.

Thank you for your consideration.

Sincerely,

Cori Boyle, General Manager

Cori Boyle, boylec@cintas.com
6415 N. 62nd Street, Milwaukee, WI



January 24, 2024

To: Assembly Committee on Ways and Means

Committee Members,

My name is Bill Millan and I am writing on behalf of our two Cintas Corporation facilities in Central Wisconsin. Our passion for our partners and customers started in 1929 by Richard and Amelia Farmer as they looked to help businesses in need during the great depression and continues today as we provide high quality products and services to businesses across Central Wisconsin.

Cintas has had an active part in the Central Wisconsin community for over 20 years. We currently employ 65 Partners across two Branches – Stevens Point and Wisconsin Rapids. We specialize in processing and delivering hygienically clean uniforms and linen to a diverse range of customers which include hospitals, clinics, hotels, restaurants, industrial and manufacturing facilities, as well as other businesses throughout the state.

Today I stand before you in collaboration with fellow laundry operators in the state and as a representative of WATS. We are asking for your support for Assembly Bill 945 which will allow our industry to be recognized by the Manufacturing and Agricultural Tax Credit.

As stakeholders deeply rooted in Wisconsin, we recognize the profound importance of investing in our people and our state. The proposed tax credits in Assembly Bill 945 will provide us with the financial means to reinvest in our workforce and contribute meaningfully to the economic development of Central Wisconsin. This, in turn, will not only improve the quality of life for our employees but also have a significant impact and positive influence on the communities we proudly serve.

We are excited about the future of our business. We are in growth mode and are actively pursuing combining the two Branch locations into one in Central Wisconsin. The implementation of this addition will allow us to make a bigger impact on our customers and partners and support continued growth to generate additional employment opportunities within the communities we serve.

In conclusion, I want to thank you for your time today on this important matter in our industry. Assembly Bill 945 is a significant step towards helping us foster economic growth in Central Wisconsin. Its provisions will help provide opportunity for Cintas to expand, generate employment, increase current wages, and contribute even more to our growing communities. We kindly request your support in advocating for the swift passage of this legislation.

Thank you for your time and consideration.

Sincerely,

Bill Millan
Branch Manager, Cintas



January 24, 2024

To: Assembly Committee on Ways and Means

Greetings,

My name is Brian Beyer, General Manager of Cintas Corporation operated in Greenville, Wisconsin. Cintas Corporation provides uniform and linen laundry services to more than 3,000 customers in the Fox Valley area.

During my 24 years at Cintas Corporation our facility in Greenville has experienced significant growth. Our employment has grown from 15 employee Partners up to 142 today. The growth of our business positioned us to open a new 55,000 square foot facility in Greenville in 2018.

Today I stand before you with fellow laundry operators in the great State of Wisconsin, and as a representative of WATS. We are asking for your support of Assembly Bill 945 which will allow our industry to be recognized by the Manufacturing and Agricultural Tax Credit.

As a business stakeholder with Wisconsin roots, I have experienced the importance of investing in my team of employee Partners and how that directly correlates to vibrant local communities. The proposed tax credits in Assembly Bill 945 will position us with the financial resources to continue to enhance our employee Partner offerings so we can compete for the skilled and unskilled labor that we desperately need to continue to operate our business in the post-pandemic environment.

I've also experienced firsthand how directly investing in my employee Partners can foster a vibrant community. During the last 13 years, Cintas Corporation employee Partners at our Greenville facility have logged 3,350 hours of community service at non-profit organizations in the Fox Valley area.

As technology continues to advance, we must continue to invest in capital projects to remain a vibrant business. These enhancements enable us to run a more energy efficient process with state-of-the-art equipment. We must also continue to invest in our delivery infrastructure with the next generation of fleet delivery vehicles to serve our customer's needs. Assembly Bill 945 would help facilitate both of these ventures.

Thank you for your consideration of this important matter for the industrial laundry industry. Our business model is focused on sustainability with each load of laundry that is processed into fresh, clean delivered goods. Upon a tour of my facility, you would experience the manufacturing environment in which we operate to launder textiles for delivery to our customers. Assembly Bill 945 will level the playing field for like businesses in industrial parks around the state.

Best Regards,



Brian Beyer



January 24, 2024

To: Assembly Committee on Ways and Means

Committee Members,

I hope this letter finds you well. My name is Luciana Pavisich and I am writing on behalf of our Cintas Corporation facility in Madison, Wisconsin. We are a thriving business that takes pride in contributing to both our local community and the broader economy. Our facility, employing 126 diverse employee-partners, plays a crucial role in servicing over 3,500 customers in a variety of industries with the products and service necessary for the success of their business operations.

From our inception, Cintas was founded on a sustainable model and we are committed to environmental responsibility by thoroughly processing solid products for reuse, aligning with our core values of minimizing waste, and fostering sustainability. Our ability to continue and improve these practices are contingent upon significant investments back into our facilities. This fiscal year alone we invested over \$500,000 in infrastructure improvements including machinery, vehicles, and building enhancements to enhance partner experience, customer satisfaction, and environmental sustainability. These investments align with our goals of contributing to the growth of our business, as well as the overall economic vitality of our community.

We are actively involved in the Madison community through organizations such as Second Harvest Food Bank and Habitat for Humanity of Dane County, showcasing our commitment to making a positive impact beyond our immediate business operations. Additionally, we are proud to inform you that our location is Voluntary Protection Program certified, underscoring our dedication to maintaining a safe and secure working environment.

Understanding the challenges our country faces, we see Assembly Bill 945 as a significant step towards helping us foster economic growth in Wisconsin in partnership with our industry peers. Its provisions would benefit our employees and contribute to the prosperity of our community. We kindly request your support in advocating for the swift passage of this legislation.

Thank you for your time and consideration.

Sincerely,

Luciana Pavisich, General Manager



January 24, 2024

To: Assembly Committee on Ways and Means

Committee Members,

I am writing to you on behalf of Cintas Uniform Services and our fellow laundry operators from across the state, to ask for your support on Assembly Bill 945. This bill aims to include our industry in the Manufacturing and Agricultural Tax Credit.

Cintas Uniform Services, a company with a remarkable history of over 90 years, began in 1929 when Richard Farmer founded Cintas as a small family business in Cincinnati, Ohio. Over time, we have become a global leader in providing rental uniforms, entrance mats, restroom supplies, and safety products. Our key focus has always been on innovation and ensuring customer satisfaction. That is why we have earned a reputation for delivering top-quality products and services to businesses of all sizes and industries.

Our Franklin, Wisconsin location has been serving businesses locally and in surrounding areas for over twenty years. Our location is equipped with state-of-the-art equipment and staffed by a dedicated team that is committed to providing exceptional service to our customers. The passage of this bill would allow us to continue to improve the equipment and services offered.

We understand the unique needs and challenges faced by businesses in Wisconsin and work hard to deliver tailored solutions to meet those needs. By supporting Assembly Bill 945 and including our industry in the Manufacturing and Agricultural Tax Credit, we will not only be investing in our Franklin location but also the local economy by continuing to create more family – sustainable job opportunities, stimulate growth of other businesses, and contribute to the overall prosperity of the community.

Thank you for considering our request and we hope you will support Assembly Bill 945 to help us continue our mission of excellence in Wisconsin.

Sincerely,

Jessica Watson
General Manager
Franklin, Wisconsin

Cintas Corporation Loc. 447 – 9828 S Oakwood Park Dr, Franklin, WI 53132

Office: 414 476 1555 | watsonj3@cintas.com | www.cintas.com



1710 W. Washington Street
Appleton, WI 54914

To: Members of the Assembly Committee on Ways and Means

From: Scott Burrichter, Vestis General Manager

Re: Support Assembly Bill 945

Date: February 1, 2024

I would like to thank the Committee Chair and all the Members for taking our testimony. We appreciate the help and support in this initiative.

My name is Scott Burrichter and I'm the General Manager of Vestis in Appleton, WI. I've been with Vestis (formerly Aramark) now 27 years.

Assembly Bill 945 has my full support and I ask that you support it as well. At Vestis, we service the entire North/Central Wisconsin area. The tax relief would be a huge benefit to us locally as we continually are looking to reinvest in our people and in our local economies. I hope you show support for this bill for all in our industry, given the value we place on our local communities and giving back. Thank you for your time and consideration.

Scott Burrichter



DATE

October 2, 2023

RECIPIENT

I would like to thank you Committee Chair and Members for taking our testimony. As an active member of WATS and General Manager of UniFirst Corporation, I'd like to take a moment to show my support for Bill LRB-2679/P1 which adds SIC Codes 7218 (Industrial Launderers and 7213 (Linen Supply) to Qualifying Lists for Manufacturer Tax Credit.

UniFirst's laundering facility is located in Wisconsin Rapids, WI. We employ 121 employees from all backgrounds of society. Out of this facility we service over 1,800 customer sites, with close to 100,000 people wearing our uniforms to work every day across the State of Wisconsin. We support several branch operations in Wisconsin which are in Appleton, Menomonee Falls, and soon to be a third site in Madison, WI, which we are planning to open in February of 2024. Our customer bases include food manufacturing facilities, hospitals, manufacturing facilities, car dealerships, body shops, restaurants, and many more types of business. Our customers rely on our services and products to effectively run their businesses and service their own customers. Without our products and Certified Hygienically clean process, our Food Processing customers are able to confidently wear our uniforms and use our products to ensure they're producing a product that is safe for their customers to buy and consume. Our Manufacturing customers wouldn't be able to operate their machinery safely without the protection of Flame Resistant or Hi Visibility Garments; our hospitals wouldn't be able to keep a clean and well maintained rooms for their patients; and our Restaurants wouldn't be able to keep their dining areas clean and their employees looking professional while servicing their customers. Our services provide our customers with the confidence of being safe, being clean, and having a high morale that allows them to grow their own businesses successfully.

All that said, our industry operates on a very thin margin, so any relief that our companies can get will help us reinvest in our employees, the community, and our own operation. Furthermore, it'll help us continue to focus on minimizing our own carbon footprint through lower energy usage and improved efficiency, provide more and more opportunities for

UniFirst

UNIFIRST CORPORATION
2400 Industrial Street
Wisconsin Rapids, WI 54495
T 715 - 423 - 4640



DATE

RECIPIENT

employees (skilled and unskilled), create, and maintain good paying jobs, and reinvest in new technologies.

Thank you so much for your time today. As you can see, we are truly excited about what we do for our community, our people, and our customers. Our Industry is truly an underappreciated industry, but as you can see our service and products truly are crucial to safe and successful operations of our customers while also providing Wisconsin businesses sustainable alternatives to disposable products (that typically end up in our landfills throughout the state). We look forward to your consideration of this bill and ultimately the benefits this bill will provide to not only our laundering business but the growth for the people of Wisconsin as a whole.

Thank You,

Christopher Gibson
General Manager
UniFirst Corporation

UniFirst

UNIFIRST CORPORATION
2400 Industrial Street
Wisconsin Rapids, WI 54495
T 715 - 423 - 4640



Wisconsin Association of Textile Services

To: Members of the Assembly Committee on Ways and Means

From: David Jerrett, CEO of Bay Towel, Inc., and Secretary and Treasurer of the Wisconsin Association of Textile Services (WATS).

Re: Support Assembly Bill 945

Date: February 1, 2024

Members of the Assembly Committee on Ways and Means:

I want to thank you for your considerate time in the evaluation of an important initiative that ensures that our industry receives the appropriate recognition as a manufacturer. We are asking for your help in leveling the economic playing field in terms of tax treatment. This change will allow us to increase our investment in Wisconsin workers and more environmentally sustainable operating equipment. Please allow me to provide a practical example of how this tax relief will benefit our employees and the communities in which live and serve.

We are planning on investing in a large capital equipment project totaling \$4M. The scope of this project includes reengineering our processes for cleaning, sorting, and bundling reusable garments for delivery to our customers. This new equipment will expand operating capacity and reduce energy consumption resulting in an increase in the number of jobs on our shop floor, while lowering our carbon footprint. The total Wisconsin state sales tax on this project will be approximately \$220,000.

If this project was classified for the Wis. Stat. §71.28 Manufacturing Tax Credit under the definition of "manufacturing property," we could apply these tax savings to invest in additional equipment and projects to support future growth and further reduce energy consumption.

In addition to the economic and environmental impacts, social initiatives are another important consideration. We would like to use these funds to address the social component of our triple-bottom-line strategy by bolstering worker pay. Spread equally across our population of hourly shop floor employees, this \$220,000 tax savings equates to a \$1,760 annual increase in wages which is equivalent of an \$.85 hourly rate increase per employee. This represents a 4.7% increase from our starting wage of \$18 per hour for unskilled labor. Increasing employee wages has been a focus in our firm as we attempt to improve the work-life balance and personal financial well-being for team members.

The importance of employee pay rates in our state has been well-documented. We compete for the same production employees as currently-designated "manufacturing" firms which offer substitute products that are mostly disposable in nature. Our additional tax burden puts our industry at a competitive disadvantage in our search for both customers and employees. This sets up the classic,

“no good deed goes unpunished” paradox as we look to increase the use of reusable textiles as substitutes for disposable products that end up in landfills across Wisconsin.

I urge you to vote in favor of Assembly Bill 945 to support our vital industry and improve our state's business classification system. Thank you once again for allowing me to present our case at this hearing.

Sincerely,

David Jerrett

David Jerrett

CEO, Bay Towel, Inc.

January 12, 2024

RE: Manufacturing and Agricultural Tax Credit in Wisconsin

I would first like to thank the committee and everyone from taking my testimony via this letter. My name is Jarett Johnsrud and I am the General Manager for Vestis Corporation (formerly Aramark Uniform Services) in La Crosse, WI. I have been involved with WATS for many years and I support this bill.

This would be a great benefit to our operation here in La Crosse, WI. We currently employ around one hundred and seventy-five employees throughout our territory in western and central Wisconsin. We employ a diverse group of teammates from all sorts of backgrounds. A benefit like this will allow reinvestment back into our facilities and my people, to better serve an even more diverse set of customers ranging from local bars, restaurants, and repair shops to farms, food processing facilities, and some of the largest manufacturers in the communities we serve. It can provide more training and other benefits to our teammates, to help them further their lives and careers.

Again thank you for your time.

Regards,


Jarett Johnsrud



Wisconsin Association of Textile Services

To: Members of the Assembly Committee on Ways and Means

From: James M. Leef, President of ITU AbsorbTech, Inc.

Re: Support Assembly Bill 945

Date: February 1, 2024

Thank you, Members of the Committee for taking up our issue on the taxation of commercial laundry companies in the state. I am here to speak about AB 945 and I ask for your support of the bill.

My name is James Leef and I am CEO of ITU AbsorbTech, Incorporated. We are an industrial laundry with processing laundry facilities in New Berlin and Neenah, Wisconsin. We also have plants in Indiana, Pennsylvania and South Carolina. In total, we employ about 500 people, half of them in Wisconsin. Our niche in the diverse laundry industry is serving truly 'industrial' customers. We primarily provide textile products to manufacturing companies that shape metal, mold and form plastics and put ink on paper or plastic film used in consumer packaging. We service customers that make, operate and maintain machinery.

I am also the President of the Wisconsin Association of Textile Services (WATS). The WATS member companies that are here today, and those who are not, each have their own areas of specialization in the customers they service and the systems they use in their plants. The common thread in the laundry industry is that we all convert textile products that are unusable after a single use into a usable product.

The laundry industry is about re-using products rather than discarding them. WATS member companies do differ in what they are designed to process. Some do work for the healthcare community, others for hospitality and others – like my company – serve industrial customers. Regardless of the sector we serve, the alternative for our customers is generally disposable products. Or, employees of our customers washing dirty clothing at home.

The largest portion of the ITU AbsorbTech product mix are absorbents used in manufacturing. Sorblts® are our proprietary line of launderable, reusable absorbents. Sorblts are used on the floors, at workstations and under and around all sorts of manufacturing machinery. There are a variety of towels, pads, mats and socks that are designed to capture and hold oils and EPA-regulated solvents until we recover them in the cleaning process. The next largest line for us is industrial shop towels, used in manufacturing and printing operations. Another significant sector of our business is work clothing that employees at our customer companies wear on the job. In this sector, the alternative to use of a service like ours is washing clothing with varying degrees of oil, solvent, and other industrial soil in homes where the soils directly enter residential sewer systems.

When our products are used in industrial plants, they become very dirty, including oils, regulated solvents, lubricants and other non-hazardous materials. Through the industrial laundry process,

products we provide to customers on a rental basis can be used dozens, even hundreds, of times before they are removed from service. Not only are the textiles recycled and reused; in my company's system, the oils and solvents are recovered through our wastewater treatment systems and put to reuse instead of being released into the environment. Our recovered liquid waste streams are sent off-site for beneficial uses including as marine and aviation fuel, in asphalt plants, re-refining, and in the process of thermally destroying hazardous material in cement kilns. They do not go into POTW systems. Additionally, we reuse about 2/3 of the water that we require to process our goods and the water that goes into our sewer systems is very clean.

I want to point out that our environmentally favorable approach to meeting customer needs for products helps our customers achieve their sustainability objectives. And the products we compete with are generally manufactured enjoying the tax status that we are here seeking.

The alternative to our industrial laundry services is largely disposable products, mostly paper based, that are landfilled after one use. ITU AbsorbTech calculates the quantity of single-use products that are not used and sent to landfills by use of our services. In 2022 that number was over 8,000 tons, and over 8,300 tons in 2023. In 2022, we recovered 410,000 gallons of oil and 135,000 gallons of solvent in our plants. In 2023, the totals were 480,000 gallons of oil and 125,000 gallons of solvent.

Our system takes in raw materials that have no economic value and converts them into a useful product. We use labor, equipment and energy to do so, just like companies that are currently defined as manufacturers. Yet, in the eyes of the state, we are taxed more heavily than companies in SIC or NAICS codes deemed to be manufacturers.

For my company, we estimate the taxes involved to be in excess of \$400,000 per year. If those funds were available to be used internally, we would invest in employing more people and further improving our systems. Our sales and service processes are people-oriented. We have to be "boots on the ground" in businesses to sell, install and service our customers. We have a huge market potential to convert prospective clients using disposables to customers in our re-use programs. The funds provided by AB 945 would assist us in supporting more employees.

I personally am very proud of the relationships we have with our employees. We have a very high tenure rate. I have the honor of going to many anniversary and retirement events for people who have worked for us for decades. We have had the honor of earning the Milwaukee Journal Sentinel Top Workplace Award all four years we participated.

I ask that you support AB 945. Thank you for your consideration.

James M. Leef



Wisconsin Association of Textile Services

To: Members of the Assembly Committee on Ways and Means

From: Adam Szweda, UniFirst Location Manager

Re: Support Assembly Bill 945

Date: February 1, 2024

Ladies and Gentlemen of the Committee,

My name is Adam Szweda and I represent UniFirst where I am a Location Manager. I also am a member of Wisconsin Association of Textiles (WATS).

Today, I testify before you to urge your support for AB 945. This bill represents not just an investment in an industry but an investment in our state's commitment to sustainability, our workers, and our community.

Supporting this bill means supporting local jobs. The textile industry provides jobs and economic stability to countless families across Wisconsin. By bolstering this industry, we are directly contributing to the prosperity of constituents and the overall well-being of our state.

It's not just about economics; it's about improving opportunities for our communities. UniFirst is woven into the very fabric of the community we serve. UniFirst is proud to give back to our community in times of need as well as supporting charitable initiatives. By supporting this bill, we demonstrate our commitment to maintaining this proud legacy for future generations.

Furthermore, this bill aligns with our shared goal of sustainability. Our industry has shown a commitment to environmentally responsible practices. By supporting these endeavors, we encourage and incentivize sustainability efforts, which are essential for a greener, cleaner future.

In conclusion, I implore you to support AB 945. By doing so, we invest in our communities, preserve our community impact, and champion sustainability. This bill is not just about textiles; it's about the people, the places, and the principles that make Wisconsin great.

Thank you for your attention and consideration.

Adam Szweda



Wisconsin Association of Textile Services

To: Members of the Assembly Committee on Ways and Means

From: Jim Vaudreuil, Owner of Huebsch Services

Re: Support Assembly Bill 945

Date: February 1, 2024

Thank you, Committee Chair and Members, for your time and consideration.

My name is Jim Vaudreuil and I am the fourth-generation owner of Huebsch Laundry Company, based in Eau Claire since it was founded 132 years ago. We employ 175 people who receive a living wage and full health and retirement benefits. I am also Vice Chair of Wisconsin Association of Textile Services (WATS) and strongly support AB 945.

Huebsch supplies freshly-cleaned work uniforms, entrance mats, towels and a variety of facility services to over 7000 businesses in Wisconsin and Minnesota weekly. Our customers range from huge health care providers like Mayo Clinic to many local small businesses in Northwestern Wisconsin and the Minneapolis-St. Paul metro area.

Our business is in a growth mode. A couple years ago we initiated a construction project to increase capacity, reduce the physical strain on workers, and improve environmental sustainability results. The cost of this expansion is over \$9,000,000. Allowing us to claim the tax benefit of this bill will support this and future investment in Wisconsin.

Thank you for your consideration.

Jim Vaudreuil, Huebsch Services



TO: Assembly Committee on Ways & Means

FROM: Wisconsin Manufacturers & Commerce

DATE: February 1, 2024

RE: **Support For AB 945, Manufacturing Classification For Linen Supply & Industrial Launderers**

WMC urges committee members to support AB 945. This bill simply classifies linen supply companies and industrial launderers as manufacturers for purposes of property assessment and tax credit eligibility. This classification will help promote this industry in Wisconsin and mirror the classification of other industries currently in statute.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. SB 845 will help these businesses reinvest in their operations and employees to keep the textile reclamation industry strong in the state.

Wisconsin follows the standard industrial classification manual to identify manufacturing businesses for tax and other purposes and has separately identified 26 other codes or operations that are considered prima facie manufacturing, but not included under the manufacturing code.

AB 945 aligns the textile reclamation industry with scrap metal and waste paper, fiber, and plastic processors, already considered manufacturers under current law, by adding them to the list of prima facie manufacturers.¹ Like these manufacturers, the textile reclamation industry takes fabric, cloth, and other articles that have been utilized to exhaustion and otherwise would be discarded and processes them into new, useable products.

Making this industry eligible for the manufacturing and agriculture credit will help support more than 2,500 jobs across the state by allowing employers to reinvest in their workforce and expand operations here in Wisconsin.

We urge the committee to support this legislation and align the textile reclamation industry with existing identified manufacturers.

¹ See Wis. Stat. § 70.995(2)(x) and (y) (“Scrap processors using large machines processing iron, steel or nonferrous scrap metal and whose principal product is scrap iron and steel or nonferrous scrap metal for sale for remelting purposes; processors of waste paper, fibers or plastics using large machines for recycling purposes.”).