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TO: Assembly Committee on Ways and Means

FROM: Rep. Scott Krug

RE: 2025 Assembly Bill 183, Standard Industrial Classification Codes for linen supply and industrial launderers and modifying the manufacturing and agriculture tax credit.

DATE: April 30, 2025

Thank you, Chairman O'Connor and Members of the Assembly Committee on Ways and Means for holding today's public hearing on Assembly Bill 183.

Standard Industrial Classification (SIC) is a system for categorizing companies by their primary business activity. A primary use of an SIC code is classification of a business for tax purposes.

Under current law, scrap processors using large machines for re-melting of metals and plastics 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 183 adds two identifying codes to the list of Standard Industrial Classification (SIC) codes in our statutes, which would categorize linen suppliers and industrial launderers as manufacturers. This addition would also apply the Wisconsin Manufacturing and Agriculture Tax Credit to the activities of the laundry linens and uniforms industries in Wisconsin.

The linen, uniform, and facility laundry industry employs thousands of people statewide, 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.

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 through hygienic, sustainable laundering practices. These companies also take soiled and unusable products and reclaim them into the products necessary for continued usage.

Thank you for considering this legislation, please reach out to my office with any questions.



ROB HUTTON

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Testimony in Support of Assembly Bill 183

Assembly Committee on Ways and Means

April 30, 2025

Thank you for holding a hearing on Assembly Bill 183. 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 similar products.

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.

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 183 adds the textile reclamation industry SIC codes to the list of manufacturers alongside other similar industries.

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

Good afternoon, thank you Chairman O'Connor and members of the Committee.

My name is Andrew Leonard, Director of Operations of Gunderson Uniform & Linen, a third generation, family-owned and operated business based in Menasha, Wisconsin. Gunderson has been in business since 1952. The passion of Gunderson for laundry and commitment to providing high quality linen and service to businesses across the state of Wisconsin drives our business model.

Gunderson Uniform & Linen has been an active part of the community for three generations. We currently employ 175 team members across two plants in Menasha and a distribution depot in New Berlin. We specialize in processing 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.

Today, I am joined with fellow laundry operators in the state as a representative of the Wisconsin Association of Textile Services. We are asking for your support for Assembly Bill 183 which will allow our industry's Standard Identification Codes to be recognized to receive 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. Passage of Assembly Bill 183 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.

Gunderson would like to be in growth mode and are actively pursuing a state-of-the-art expansion that will allow us to be highly energy efficient. This expansion will require a significant investment, including millions of dollars of highly specialized laundry machines and equipment. The implementation of this expansion will allow us to generate more employment opportunities within the communities we serve.

Thank you for your time and attention today on a significant matter to the laundry industry. At our most basic meaning, we take unusable goods and through mechanical processes make them hygienically clean and safe. Without this process, textiles would otherwise make their way to a landfill adding to the already overwhelming waste issue. Our facilities embody the look and feel of a manufacturing setup, yet we are playing on an uneven playing field. We are in direct competition for skilled and unskilled labor with other manufacturers. The proposed tax credit is pivotal; it offers us the means to elevate wages for our dedicated employees, add higher paying jobs, and, in turn, positively influence the well-being of the communities we call home.

Assembly Bill 183 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. With confidence, we believe that your support for this bill will forge a lasting and positive impact on our business, our employees, and the communities we proudly serve.

I ask you to support AB 183.

Thank you for your time and consideration.
I will try to answer any questions you may have.

4.29.25

To: Chairman O'Connor and the Members of Assembly Ways and Means Committee

From: James M. Leef, Executive Chairman of ITU AbsorbTech, Inc

Re: Support Assembly Bill 183

Thank you, Chairman O'Connor and the Committee for taking up our issue on the taxation for the commercial laundry companies in the state. I am here to speak about AB 183 and I ask for your support of the bill.

My name is James Leef. I am the Chairman of ITU AbsorbTech. We are a family owned industrial laundry with processing laundry facilities in New Berlin and Neenah. We employ about 300 people in Wis. 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 or plastic film used in consumer packaging. We service customers that make, operate or maintain machinery.

I am also the President of the Wisconsin Assn of Textile Services. WATS member companies each have their own areas of specialization in the customers they service and the systems they use in their plants. There is one common thread – all convert textile products that are unusable into a usable product. WATS member companies do differ in what they are designed to process. Some do work for the medical community, others for hospitality and others – like my company – serve industrial customers. Regardless of the sector we serve, the alternatives for our

customers are generally disposable products. Or, employees of our customers washing dirty clothing at home.

Back to talking about my company, ITU AbsorbTech. I want to talk for a minute about who we are and then I will speak to what we do and why it is relevant to our tax status.

I personally am very proud of the relationships we have with our employees. We have a very high tenure rate, averaging over 20 years. I have the honor of going to many retirement and anniversary events with people who have worked for us for decades. We have earned the Milwaukee Journal Sentinel Top Workplace Award all six years we have participated. I am very proud of the long list of people who have advanced up in our organization.

In our two large facilities in Wis – New Berlin and Neenah – we have concierge physicians on staff to provide medical care to employees and their families.

We also have Chaplains available to all employees. Chaplains are available to anyone who has issues in their lives where a trained Chaplain can be confidentially helpful to them if they choose to seek spiritual assistance.

Now a bit on what we do. We provide absorbents, shop towels, work clothing, floor mats and other textiles to companies. Our products are used around all sorts of manufacturing machinery.

Our products become very dirty with oils, regulated solvents, lubricants and other non-hazardous materials. By cleaning those textiles, the textile products can be used dozens and dozens of times. Not only are

the textiles recycled and reused, in my company's system, the oils and solvents are recovered through our wastewater treatment systems.

Recovered fluids are also put to reuse instead of being released into the environment. They do not go into POTW systems. Additionally, we reuse about 2/3 of the water that we require to process our goods. The water that does go into our sewer systems is very clean.

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

The alternatives to our services are in large part disposable products that are landfilled after one use. At ITU AbsorbTech, we calculate the quantity of single use products that are not used and sent to landfills by use of our services. In 2024 that number was over 9,000 tons.

In 2024, we recovered 496,000 gallons of oil and 122,000 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 defined as manufacturers. Yet we are taxed more heavily than companies in SIC or NAICS codes deemed to be manufacturers.

Being able to utilize the MACT, ITU AbsorbTech put the funds to use to further improve our systems, and to employ more people. Our sales and service processes are people oriented. We have to be on premise

in manufacturing facilities to sell and service our customers. We have a huge market potential to convert prospective clients using disposables to re-use program customers.

Thank you for your consideration. I ask that you support AB 183.

James M. Leef



TO: Assembly Committee on Ways & Means

FROM: Wisconsin Manufacturers & Commerce

DATE: April 30, 2025

RE: **Support For AB 183, Manufacturing Classification For Linen Supply & Industrial Launderers**

WMC urges committee members to support AB 183. 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. AB 183 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 183 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 by supporting AB 183.

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.").