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Testimony in Support of Senate Bill 177

Senate Committee on Agriculture and Revenue

May 21, 2025

Thank you for holding a hearing on Senate Bill 177. 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.

SB 177 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.



SCOTT KRUG

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Rep.Krug@legis.wi.gov

TO: Senate Committee on Agriculture & Revenue

FROM: Rep. Scott Krug

RE: 2025 Senate Bill 177, Standard Industrial Classification Codes for linen supply and industrial launderers and modifying the manufacturing and agriculture tax credit.

DATE: May 21, 2025

Thank you, Chairman Testin and members of the Senate Committee on Agriculture & Revenue for hearing testimony on Senate Bill 177.

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 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.



TO: Senate Committee on Agriculture & Revenue

FROM: Evan Umpir, General Counsel & Director of Tax
Wisconsin Manufacturers & Commerce

DATE: May 21, 2025

RE: **Support For SB 177, Manufacturing Classification For Linen Supply & Industrial Launderers**

WMC urges committee members to support SB 177. 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 177 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.

SB 177 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 SB 177.

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.").