

SENATE BILL REPORT

SB 5307

As of February 9, 1995

Title: An act relating to coin-operated laundry facilities.

Brief Description: Excluding certain coin-operated laundry facilities from sales taxation.

Sponsors: Senators Kohl, Winsley, Schow, Long, Wood, Heavey, Roach and Hochstatter.

Brief History:

Committee Activity: Ways & Means: 1/31/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property is subject to tax, including charges made for the use of coin-operated laundry facilities but excluding sales of laundry service to members by nonprofit associations composed exclusively of nonprofit hospitals.

In 1993, the sales tax was imposed on the use of coin-operated laundry facilities in an apartment house, hotel, motel, rooming house, trailer camp, or tourist camp, for the exclusive use of the tenants thereof. In addition, the business and occupation (B&O) tax classification for this activity changed from service, which was taxed at the rate of 1.5 percent, to retailing, which is taxed at the rate of 0.471 percent.

Initiative Measure No. 601 prohibits, prior to July 1, 1995, any new or increased taxes or revenue-neutral tax-shifts unless approved by the voters at a November general election.

Summary of Bill: Charges made for the use of coin-operated laundry facilities in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof is removed from the definition of retail sale. As a result of this change, these activities will no longer be subject to the retail sales and use tax, and the B&O tax classification changes from retailing, which is taxed at a rate of 0.471 percent, to service, which is currently taxed at a rate of 2.09 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect August 1, 1995.

Testimony For: The tax on coin-operated laundries in apartments have impacted seniors, single parents, and other low-income families. The cost increase to the consumers was much more than the tax because the machines only take quarters. The intent of the bill was not to exempt machines in hotels and motels. This is a necessity that should not be taxed. It is not easy to administer or audit. It requires apartment owners to register with the Department of Revenue just for these taxes. These are not retail facilities and should not be taxed.

Testimony Against: None.

Testified: Senator Kohl, prime sponsor (pro); Ben Wood, Jr, Peggy Ganson, WA Apartment Association (pro); Ron Hess, Manufactured Housing Communities of WA (pro); Maija Mueller, Institute of Real Estate Management (pro); Mark Blackburn, WARO (pro).