

**SENATE BILL REPORT**

**ESSB 6370**

**AS PASSED SENATE, FEBRUARY 14, 1994**

**Brief Description:** Modifying taxation of massage services.

**SPONSORS:** Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Haugen, Erwin, Anderson, Nelson, Winsley, Fraser, Vognild, Owen, Sheldon, Bauer, Hochstatter, Prince, Loveland, Franklin and M. Rasmussen)

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** That Substitute Senate Bill No. 6370 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Anderson, Bauer, Bluechel, Gaspard, Hargrove, Hochstatter, Ludwig, McDonald, Moyer, Owen, Pelz, Roach, Snyder, Spanel, West, Williams and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 2, 1994; February 7, 1994

**BACKGROUND:**

The state retail sales tax is imposed on each retail sale of tangible personal property and some services. Taxable services include construction services, repair services, telephone services, participatory recreation and amusement services, and some personal services, including massage services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service.

Businesses making sales at retail are subject to the state business and occupation tax under the retailing classification at the rate of 0.471 percent.

**SUMMARY:**

For licensing purposes, licensed massage practitioners are classified as "offices and clinics of health practitioners, not elsewhere classified" under section 8049 of the federal standard industrial classification manual.

The Department of Revenue is required to review the impact on massage practitioners and on revenue collections of recategorizing massage practitioners as health practitioners and is required to report to the Legislature by December 1, 1994.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** available

**Effective Date:** July 1, 1994

**TESTIMONY FOR:**

Massage is exempt from sales tax if prescribed by a doctor for L&I or personal injury claims. Massage therapists must keep separate records and are taxable under two different B&O classifications. The sales tax here increases the cost of health care. We are willing to delay the bill until July 1, 1995, to eliminate any fiscal impact this biennium.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Melanie Stewart, Lori Bielinski, American Massage Therapy Assoc. (pro); Ralph Mackey, private citizen (pro)