

SENATE BILL REPORT

SSB 6243

As Passed Senate, February 16, 1998

Title: An act relating to residential laundry facilities.

Brief Description: Repealing the sales tax on residential laundry facilities.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hale, Loveland, Roach, T. Sheldon, B. Sheldon, Stevens, West, McCaslin, Prentice, Goings, Oke, Schow, Swecker and Kohl).

Brief History:

Committee Activity: Ways & Means: 1/20/98, 2/5/98 [DPS].
Passed Senate, 2/16/98, 45-4.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6243 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Kohl, Loveland, McDonald, Rossi, Schow, B. Sheldon, Swecker, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

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, the acquisition of which was not subject to sales tax.

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.

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 are no longer subject to the retail sales and use tax, and the B&O tax classification changes from retailing to service.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 1998.

Testimony For: This reinstates an exemption eliminated during a state fiscal crisis. There are good reasons not to tax this activity. The tax hits low-income families that can least afford it. It is regressive and inequitable. It is difficult to administer because it is a cash-basis operation and the equipment only works with quarters. Prices are raised every 8 to 10 years, and this exemption will forestall another price increase.

Testimony Against: None.

Testified: Melanie Stewart, Mark Blackburn, WARO Blackburn Services (pro).