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HOUSE BILL 3173

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State of Washington                      56th Legislature                      2000 1 Special Session

By Representatives Reardon, Pennington and Dunshee; by request of Department of Revenue

Read first time . Referred to Committee on .

1            AN ACT Relating to excise tax treatment of linen and uniform supply  
2 services; amending RCW 82.14.020; adding a new section to chapter 82.08  
3 RCW; creating a new section; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** The legislature finds that because of the  
6 mixed retailing nature of linen and uniform supply services, they have  
7 been incorrectly sited for tax purposes. As a result, some companies  
8 that perform some activities related to this activity outside the state  
9 of Washington have not been required to collect retail sales taxes upon  
10 linen and uniform supply services provided to Washington customers.  
11 The activity has aspects of both the rental of tangible personal  
12 property and retail services related to tangible personal property.  
13 This error in tax treatment provides an incentive for businesses to  
14 locate some of their functions out of state. In-state businesses  
15 cannot compete if their out-of-state competitors are not required to  
16 collect sales tax for services provided to the same customers.

17            The purpose of this act is to clarify the taxable situs and nature  
18 of linen and uniform supply services.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.08 RCW  
2 to read as follows:

3        For purposes of this chapter, a retail sale of linen and uniform  
4 supply services is deemed to occur at the place of delivery to the  
5 customer.    "Linen and uniform supply services" means the activity of  
6 providing customers with a supply of clean linen, towels, uniforms,  
7 gowns, protective apparel, clean room apparel, mats, rugs, and similar  
8 items, whether ownership of the item is in the person operating the  
9 linen and uniform supply service or in the customer.    The term includes  
10 supply services operating their own cleaning establishments as well as  
11 those contracting with other laundry or dry cleaning businesses.

12        **Sec. 3.**    RCW 82.14.020 and 1997 c 201 s 1 are each amended to read  
13 as follows:

14        For purposes of this chapter:

15        (1) A retail sale consisting solely of the sale of tangible  
16 personal property shall be deemed to have occurred at the retail outlet  
17 at or from which delivery is made to the consumer;

18        (2) A retail sale consisting essentially of the performance of  
19 personal business or professional services shall be deemed to have  
20 occurred at the place at which such services were primarily performed,  
21 except that for the performance of a tow truck service, as defined in  
22 RCW 46.55.010, the retail sale shall be deemed to have occurred at the  
23 place of business of the operator of the tow truck service;

24        (3) A retail sale consisting of the rental of tangible personal  
25 property shall be deemed to have occurred (a) in the case of a rental  
26 involving periodic rental payments, at the primary place of use by the  
27 lessee during the period covered by each payment, or (b) in all other  
28 cases, at the place of first use by the lessee;

29        (4) A retail sale within the scope of (~~the second paragraph of~~)  
30 RCW 82.04.050(2), and a retail sale of taxable personal property to be  
31 installed by the seller shall be deemed to have occurred at the place  
32 where the labor and services involved were primarily performed;

33        (5) A retail sale consisting of the providing to a consumer of  
34 telephone service, as defined in RCW 82.04.065, other than a sale of  
35 tangible personal property under subsection (1) of this section or a  
36 rental of tangible personal property under subsection (3) of this  
37 section, shall be deemed to have occurred at the situs of the telephone  
38 or other instrument through which the telephone service is rendered;

1       (6) A retail sale of linen and uniform supply services is deemed to  
2 occur as provided in section 2 of this act.

3       (7) "City" means a city or town;

4       (~~(7)~~) (8) The meaning ascribed to words and phrases in chapters  
5 82.04, 82.08 and 82.12 RCW, as now or hereafter amended, insofar as  
6 applicable, shall have full force and effect with respect to taxes  
7 imposed under authority of this chapter;

8       (~~(8)~~) (9) "Taxable event" shall mean any retail sale, or any use  
9 of an article of tangible personal property, upon which a state tax is  
10 imposed pursuant to chapter 82.08 or 82.12 RCW, as they now exist or  
11 may hereafter be amended: PROVIDED, HOWEVER, That the term shall not  
12 include a retail sale taxable pursuant to RCW 82.08.150, as now or  
13 hereafter amended;

14       (~~(9)~~) (10) "Treasurer or other legal depository" shall mean the  
15 treasurer or legal depository of a county or city.

16       NEW SECTION.   **Sec. 4.**   This act takes effect July 1, 2000.

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