
HOUSE BILL 1385

State of Washington

57th Legislature

2001 Regular Session

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

Read first time 01/24/2001. Referred to Committee on Finance.

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; providing an effective date; and declaring
4 an emergency.

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

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

18 The purpose of this act is to clarify the taxable situs and nature
19 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 is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and takes effect
19 July 1, 2001.

--- END ---