

SENATE BILL REPORT

SB 5489

As Reported By Senate Committee On:
Ways & Means, March 8, 1999

Title: An act relating to exempting unassisted self-service motor vehicle wash, wax, and vacuum services rendered through coin-operated devices from sales and use taxes.

Brief Description: Exempting certain motor vehicle wash, wax, and vacuum services from sales and use taxes.

Sponsors: Senators West, Loveland, Hale, Wojahn, Swecker, Bauer, Rasmussen, Rossi, Heavey, Goings and Winsley.

Brief History:

Committee Activity: Ways & Means: 2/25/99, 3/8/99 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Fairley, Honeyford, Kline, McDonald, Rasmussen, Rossi, B. Sheldon, West, Winsley and Zarelli.

Minority Report: Do not pass.

Signed by Senator Fraser.

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 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.

Summary of Bill: Sales and use tax exemptions are provided for self-service motor vehicle wash and wax facilities that are connected to a sanitary sewer and that have been certified as using limited amounts of water. The exemption includes washing, waxing, and vacuuming a motor vehicle or other tangible personal property, if the user washes, waxes, or vacuums the property at the facility, exclusively with coin-operated devices belonging to the vendor, without assistance from employees.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The car wash industry is committed to earning this exemption by using significantly less water than home washing and by disposing of the waste water properly. This is good for the environment. These facilities have oil and water separators and trap solid waste. The tax has been repealed in 31 states, and never existed in 16. New York is about to repeal theirs. This is good policy to encourage responsible operators. It takes \$300,000-\$500,000 to build a facility, but you can't charge much. They serve price sensitive young and blue collar persons. If the price is raised, people will wash cars at home or at charity car washes that use tremendous amounts of water with the waste ending up in Puget Sound.

Testimony Against: None.

Testified: PRO: Walt Kirkpatrick, Huron Clean Car Washes; Sally Kirkpatrick, WASHCCO; John Simchuck, Washington State Car Wash Coalition.