

**WSR 10-07-090**  
**EXPEDITED RULES**  
**SUPERINTENDENT OF**  
**PUBLIC INSTRUCTION**

[Filed March 18, 2010, 2:06 p.m.]

Title of Rule and Other Identifying Information: WAC 392-121-108(5), definition - enrollment exclusions.

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO Rules Coordinator/Legal Services, Office of the Superintendent of Public Instruction, Old State Capitol, P.O. Box 47200, Olympia, WA 98504-7200, AND RECEIVED BY May 24, 2010.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Change the two WAC references in WAC 392-121-108(5) from WAC 392-400-290 to 392-400-295.

Reasons Supporting Proposal: The WAC should refer to emergency expulsion not to emergency removal from class, subject or activity as an enrollment exclusion.

Statutory Authority for Adoption: RCW 28A.150.290.

Statute Being Implemented: RCW 28A.150.290.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Superintendent of public instruction, governmental.

Name of Agency Personnel Responsible for Drafting: Becky McLean, Office of Superintendent of Public Instruction, (360) 725-6306; Implementation: Calvin W. Brodie, Office of Superintendent of Public Instruction, (360) 725-6301; and Enforcement: Jennifer Priddy, Office of Superintendent of Public Instruction, (360) 725-6292.

March 10, 2010

Randy Dorn

Superintendent of  
Public Instruction

AMENDATORY SECTION (Amending WSR 09-01-044, filed 12/10/08, effective 1/10/09)

**WAC 392-121-108 Definition—Enrollment exclusions.** A person who qualifies for any of the exclusions set forth in this section shall not be counted as an enrolled student pursuant to WAC 392-121-106.

(1) Absences - except as provided in (a) and (b) of this subsection, a student whose consecutive days of absence from school exceed twenty school days, or a part-time student that has not attended school at least once within a time period consisting of twenty consecutive school days, shall not be counted as an enrolled student until attendance is resumed. School days are defined as the regularly scheduled instruc-

tional days for the general population of the school or district the student is enrolled in, regardless of the student's individualized schedule.

(a) If there is a written agreement between the appropriate school official and a student's parent or guardian pursuant to RCW 28A.225.010 that the student's temporary absence is not deemed to cause a serious adverse effect upon the student's educational progress, the absent student may be counted as an enrolled student for up to two monthly enrollment count dates as specified in WAC 392-121-122.

(b) A student receiving home and/or hospital service pursuant to WAC 392-172A-02100 shall be counted as an enrolled student as provided in WAC 392-122-145.

(2) Dropouts - a student for whom the school district has received notification of dropping out of school by the student or the student's parent or guardian shall not be counted as an enrolled student until attendance is resumed.

(3) Transfers - a student who has transferred to another public or private school and for whom the school district has received notification of transfer from the school to which the student has transferred, from the student, or from the student's parent or guardian shall not be counted as an enrolled student unless the student reenrolls in the school district.

(4) Suspensions - a student who has been suspended from school pursuant to WAC 392-400-260, when the conditions of the suspension will cause the student to lose academic grades or credit, shall not be counted as an enrolled student until attendance is resumed.

(5) Expulsions - a student who has been expelled from all school subjects or classes by the school district pursuant to WAC 392-400-275 or (~~392-400-290~~) 392-400-295 shall not be counted as an enrolled student; a student who has been partially expelled, such as from a single school subject or class, by the school district pursuant to WAC 392-400-275 or (~~392-400-290~~) 392-400-295 may be considered a part-time enrolled student.

(6) Graduates - a student who has met the high school graduation requirements of chapter 180-51 WAC by the beginning of the school year.

(7) Tuition - a student paying tuition including, but not limited to, students on an F-1 visa or students enrolled in a tuition-based summer school program.

(8) An institution student who is claimed as a 1.0 FTE by any institution as an enrolled student eligible for state institutional education support pursuant to chapter 392-122 WAC where the institution's count date occurs prior to the school district count date for the month. Where the count dates occur on the same date, the institution shall have priority for counting the student.

**WSR 10-07-109**  
**EXPEDITED RULES**  
**DEPARTMENT OF HEALTH**

[Filed March 22, 2010, 9:03 a.m.]

Title of Rule and Other Identifying Information: WAC 246-830-460 Amount of continuing education (CE) requirements for massage practitioners. WAC 246-830-460 should be repealed because it is now obsolete and it conflicts with

the updated WAC 246-830-475 Massage practitioners CE requirements.

#### NOTICE

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Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: This rule should be repealed because it is obsolete and conflicts with the more recent standard in WAC 246-830-475, which was effective June 7, 2009. The changes are intended to provide clear continuing education requirements for massage practitioners and consolidate all continuing education requirements into one rule section.

Reasons Supporting Proposal: RCW 34.05.353 (2)(c) authorizes an expedited repeal of this rule because the rule is no longer necessary because of changed circumstances (i.e. a newer standard has been adopted to replace this rule).

Statutory Authority for Adoption: RCW 18.108.025.

Statute Being Implemented: RCW 18.108.025.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of health, board of massage, governmental.

Name of Agency Personnel Responsible for Drafting, Implementation and Enforcement: Kris Waidely, 310 Israel Road S.E., Tumwater, WA 98501, (360) 236-4847.

March 19, 2010

Mary Selecky

Secretary

Kris Waidely

Program Manager

#### REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 246-830-460	Continuing education requirement—Amount.
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**WSR 10-07-154**  
**EXPEDITED RULES**  
**DEPARTMENT OF**  
**FINANCIAL INSTITUTIONS**

[Filed March 24, 2010, 9:51 a.m.]

Title of Rule and Other Identifying Information: Chapter 208-690 WAC, implementing the Uniform Money Services Act (chapter 19.230 RCW) must be amended to implement section 6, chapter 73, Laws of 2010. Section 6 amends the annual assessment formula. If the rules are not amended by July 1, 2010, the existing annual assessment formula in the rules will be inconsistent with the law as amended by chapter 73.

#### NOTICE

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Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Chapter 208-690 WAC must be amended to be consistent with chapter 73, Laws of 2010.

See the text of the proposed rule shown below.

Reasons Supporting Proposal: If the rule is not amended it will be inconsistent with recently passed legislation.

Statutory Authority for Adoption: RCW 43.320.040; chapter 19.230 RCW.

Statute Being Implemented: Chapter 19.230 RCW.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of financial institutions, governmental.

Name of Agency Personnel Responsible for Drafting: Cindy Fazio, 150 Israel Road, Tumwater, WA, (360) 902-8800; Implementation and Enforcement: Deborah Bortner, 150 Israel Road, Tumwater, WA, (360) 902-0511.

March 23, 2010

Deborah Bortner, Director  
 Division of Consumer Services

AMENDATORY SECTION (Amending WSR 04-15-005, filed 7/7/04, effective 8/7/04)

**WAC 208-690-100 (~~(Late penalty.)~~) Is there a penalty for not filing my annual report and annual assessment on time?** (1) If ~~((a licensee))~~ you fail(s) to submit the required annual report or ~~((license))~~ annual assessment fee by August 2, 2010, or by July 1, each year thereafter, the director ~~((shall send the licensee a notice of suspension))~~ may sus-

~~pend your license and assess a late fee ((equal to)). The late fee is ten percent of the annual assessment if paid thirty or fewer days late and twenty-five percent of the ((license)) annual assessment ((fee)) if paid more than thirty days late. If ((a licensee whose)) your license has been suspended under this section and you submit((s)) a completed annual report, the annual assessment and the late fee to the department office no later than 5:00 p.m., ((July 31)) thirty calendar days after the original due date, the license suspension ((shall)) may be removed. If the delay extends past ((July 31, the director shall send a notice to the licensee that its)) thirty days, your license has expired effective ((August 1)) thirty-one days after the original due date.~~

(2) The director may reinstate an expired license under this section if, ((by August 20, the licensee)) within forty-five days after the original due date, you:

(a) File((s)) the complete annual report and pay((s)) both the annual license assessment and the late fee; and

(b) ((The licensee or its)) You or your delegates did not engage in providing money services during the period ((its)) the license was expired.

(3) If any of the deadlines in this section occur on a day that is not a business day, the deadline shall be the next business day.

AMENDATORY SECTION (Amending WSR 04-15-005, filed 7/7/04, effective 8/7/04)

**WAC 208-690-140 ((License assessment.)) How is the annual assessment calculated and when is the annual assessment due?** ~~((1) For the first annual assessment due July 1, following the obtaining of a license the licensee shall pay an annual assessment according to the schedule set forth below, plus fifty dollars for each additional location where the licensee or an authorized delegate provides money services, up to a maximum of fifteen thousand dollars.~~

<u>MONTH LICENSE ISSUED</u>	<u>INITIAL ANNUAL ASSESSMENT</u>
July	\$500
August	458
September	416
October	374
November	332
December	290
January	248
February	206
March	164
April	122
May	80
June	38

~~((2) For each subsequent year a licensee shall pay an annual license assessment of five hundred dollars plus fifty dollars for each additional location where the licensee or an authorized delegate provides money services, up to a maximum of fifteen thousand dollars.)) (1) The annual assessment is calculated by multiplying 0.0004 by the previous year's adjusted Washington volume of money transmission, cur-~~

~~rency exchange, stored value sales, and payment instrument sales, with a minimum assessment of one thousand dollars and a maximum assessment of one hundred thousand dollars.~~

~~(a) For purposes of this section, "adjusted Washington volume" means:~~

~~(i) For money transmission, ninety-five percent of all funds transmitted;~~

~~(ii) For currency exchange, five percent of all currency exchanged;~~

~~(iii) For stored value sales, ninety-five percent of all funds loaded onto open-loop stored value devices; and~~

~~(iv) For payment instrument sales, seventy percent of the first ten million dollars of payment instrument sales, twenty percent of the volume over ten million through five hundred million dollars, and one percent of any amount over five hundred million dollars.~~

~~(b) For the assessment paid on the adjusted Washington volume for 2009 and 2010, any examination fees (excluding actual travel expenses) paid to the department during those years will be subtracted from the total amount owed.~~

~~(2) The annual assessment is due August 2, 2010, and July 1 each year thereafter.~~

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 208-690-160 Late fees.

**WSR 10-07-161**  
**EXPEDITED RULES**  
**DEPARTMENT OF REVENUE**  
 [Filed March 24, 2010, 10:30 a.m.]

Title of Rule and Other Identifying Information: WAC 458-20-165 (Rule 165) Laundry, dry cleaning, linen and uniform supply, and self-service and coin-operated laundry services, explains the application of business and occupation (B&O), retail sales, and use taxes to laundries, dry cleaners, self-service laundries and dry cleaners, and linen and uniform supply services.

NOTICE

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Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The department

proposes to amend Rule 165 to recognize the following legislation:

- **Chapter 563, Laws of 2009**, this legislation replaces resale certificates with reseller permits as the means to substantiate wholesale purchases effective January 1, 2010.
- **Chapter 6, Laws of 2007**, this legislation changed the retail sales tax sourcing requirements for some sales. Information specific to sourcing retail sales is provided in WAC 458-20-145 Local sales and use tax. With respect to Rule 165, the explanation that the place of sale for laundry and dry cleaning businesses is the location of the facility is being changed to recognize that if the business delivers cleaned items to customer locations those sales should be sourced to the customer locations.

The department also proposes to reorganize the information contained in the rule into three separate parts:

- Part I - Laundry or dry cleaning services/linen or uniform supply services;
- Part II - Self-service and coin-operated laundry facilities; and
- Part III - Laundry services performed for nonprofit health care facilities.

A copy of the draft rule is available for viewing and printing on our web site at Rule Making Agenda.

Reasons Supporting Proposal: To recognize provisions of SB 6173 (chapter 563, Laws of 2009) and SSB 5089 (chapter 6, Laws of 2007).

Statutory Authority for Adoption: RCW 82.32.300 and 82.01.060(2).

Statute Being Implemented: Provisions of chapter 563, Laws of 2009, and chapter 6, Laws of 2007.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of revenue, governmental.

Name of Agency Personnel Responsible for Drafting: Gayle Carlson, 1025 Union Avenue S.E., Suite #544, Olympia, WA, (360) 570-6126; Implementation: Alan R. Lynn, 1025 Union Avenue S.E., Suite #544, Olympia, WA, (360) 570-6125; and Enforcement: Gilbert Brewer, 1025 Union Avenue S.E., Suite #544, Olympia, WA, (360) 570-6147.

March 24, 2010

Alan R. Lynn  
Rules Coordinator

AMENDATORY SECTION (Amending WSR 05-20-018, filed 9/26/05, effective 10/27/05)

**WAC 458-20-165 Laundry, dry cleaning, linen and uniform supply, and self-service and coin-operated laundry services.** ~~((+))~~ **Introduction.** This section discusses the application of the business and occupation (B&O), retail sales, and use taxes to laundries, dry cleaners, laundry pickup and delivery services, self-service laundries and dry cleaners, and linen and uniform supply services. It also discusses the tax treatment of laundry services provided to nonprofit health

care facilities and income received from coin-operated laundry facilities.

~~((Chapter 514, Laws of 2005, changed the tax reporting responsibilities of persons operating self-service or coin-operated laundry facilities. Refer to subsection (6) of this section for further information.~~

~~(2) **What is a laundry or dry cleaning service?** A "laundry or dry cleaning service" is the activity of laundering, cleaning, dyeing, and pressing of articles such as clothing, linens, bedding, towels, curtains, drapes, and rugs. It also includes incidental mending or repairing. The term applies to services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning services. It also includes pickup and delivery laundry services performed by persons operating in their independent capacity and not as agent for another laundry or dry cleaning service.~~

~~(a) **Sales of laundry or dry cleaning services.** The gross proceeds of sale and selling price of laundry or dry cleaning services provided to consumers are subject to the retailing B&O tax and retail sales tax, respectively. No deduction is available for commissions allowed or amounts paid to another for the performance of all or part of the laundry or dry cleaning service. RCW 82.04.070 and 82.08.010. The retailing B&O and retail sales taxes also apply to sales of soap, bleach, fabric softener, laundry bags, hangers, and other tangible personal property to consumers.~~

~~The wholesaling B&O tax applies to the gross proceeds of sale from laundry or dry cleaning services performed for persons reselling these services. The seller must obtain a resale certificate from the buyer to document the wholesale nature of any sale as provided in WAC 458-20-102 (Resale certificates).~~

~~(b) **Place of sale.** For the purposes of determining a seller's responsibility to remit B&O tax and/or to collect and remit retail sales tax, the place of sale for laundry and dry cleaning services is the place the laundering or dry cleaning is performed. RCW 82.14.020(4) and 82.04.050. For example, a laundry or dry cleaning service located in Washington must collect sales tax from an Oregon resident who brings clothing items to the business for laundering or dry cleaning. In addition, the gross proceeds are subject to the retailing B&O tax. Even though the customer resides in Oregon, both taxes apply because the laundering or dry cleaning occurs in Washington.~~

~~(i) **Seller hiring third party to perform services.** A customer may purchase laundry or dry cleaning services from a seller who hires another person to perform the actual cleaning activity. In such cases, the customer will drop off and pick up the clothing or other articles to be cleaned at the seller's business location. The place of sale with respect to this sale is the seller's location where the customer drops off and picks up the articles.~~

~~(ii) **Seller using agent for pickup and delivery.** If a person providing laundry or dry cleaning services uses an agent such as a hotel or a driver for pickup and delivery of the articles to be cleaned, the place of sale is the seller's location where the cleaning is performed.~~

~~(c) **Purchases at wholesale.** The purchase of tangible personal property for resale as tangible personal property or as a component or ingredient of the cleaned article is a pur-~~

chase at wholesale. Such purchases are not subject to retail sales tax when the buyer provides a resale certificate to the seller as discussed by WAC 458-20-102 (Resale certificates).

The following are examples of items that may be purchased at wholesale:

(i) Dyes, fabric softeners, starches, sizing, and similar articles or substances that become ingredients of the articles cleaned; and

(ii) Soap, bleach, fabric softener, laundry bags, hangers, and other tangible personal property that are not used in performing a laundry or dry cleaning services but are resold as tangible personal property.

~~(d) Purchases subject to retail sales or use tax.~~ A laundry or dry cleaning business that acquires tangible personal property for use as a consumer must pay retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the appropriate retail sales tax. For further information about the use tax, refer to WAC 458-20-178 (Use tax).

The following are examples of purchases by a laundry or dry cleaning service that are subject to retail sales tax or use tax:

(i) Soaps, cleaning solvents, and other articles or substances that do not become ingredients of the articles cleaned;

(ii) Equipment such as washing machines, dryers, presses, irons, fixtures, and furniture;

(iii) Supplies such as hand tools, sewing notions, scissors, spotting brushes, and stationery; and

(iv) Items given to customers without charge.

~~(3) What are linen and uniform supply services?~~

"Linen and uniform supply services" means the activity of providing customers with a supply of clean linen, towels, uniforms, gowns, protective apparel, clean room apparel, mats, rugs, and/or similar items whether ownership of the item is in the person operating the linen and uniform supply service or in the customer. RCW 82.08.0202. It also means the supply of diapers and bedding. "Linen and uniform supply services" includes supply services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning businesses.

A person providing linen and uniform supply services performs a number of different activities, often at multiple locations. Many of these activities are the same types of activities performed by a person providing laundry or dry cleaning services, such as: Laundering, dry cleaning, pressing, incidental mending, and/or pickup and delivery. Additional activities not generally performed by a person providing laundry or dry cleaning services may include: Providing linen and uniform items customized by application of the customer's business name, company logo, employee names, etc.; measuring and/or issuing uniforms to the customer's employees; repairing or replacing worn or damaged linen and uniform items; and/or performing various administrative functions for the customer, such as inventory control.

~~(a) Sales of linen and uniform supply services.~~ The gross proceeds of sale and selling price from linen and uniform supply services provided to consumers are subject to the retailing B&O tax and retail sales tax, respectively. No deduction is available for commissions allowed or amounts

paid to another for the performance of all or part of the laundry or dry cleaning service. RCW 82.04.070 and 82.08.010.

~~(b) Place of sale.~~ Effective July 1, 2001, for the purposes of determining a seller of linen and uniform supply services' responsibility to remit B&O tax and to collect and remit retail sales tax, the place of sale is the place of delivery to the customer. For periods before July 1, 2001, the place of sale was the location at which the laundering activity was performed.

For assistance with determining appropriate local sales and use tax rates, the department's geographic information system (GIS) provides a mapping and address lookup system. The system is available on the department's internet site at: <http://dor.wa.gov>.

~~(e) Purchases at wholesale.~~ The purchase of tangible personal property for resale as tangible personal property or as a component or ingredient of the cleaned article is a wholesale sale. Such purchases are not subject to retail sales tax when the buyer provides a resale certificate to the seller as discussed by WAC 458-20-102 (Resale certificates).

The following are examples of items that may be purchased at wholesale:

(i) Linen, uniforms, towels, cabinets, hand soap, and similar property rented or supplied to customers as a part of the laundry and linen supply service; and

(ii) Dyes, fabric softeners, starches, sizing, and similar articles or substances that become ingredients of the articles being cleaned.

~~(d) Purchases subject to retail sales or use tax.~~ A linen or uniform supply service that acquires tangible personal property for use as a consumer must pay retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the retail sales tax. For further information about the use tax, refer to WAC 458-20-178 (Use tax).

The following are examples of purchases by a linen or uniform supply service that are subject to retail sales tax or use tax:

(i) Soaps, cleaning solvents, and other articles or substances that do not become ingredients of the articles cleaned;

(ii) Equipment such as washing machines, dryers, presses, irons, fixtures, and furniture; and

(iii) Supplies such as hand tools, sewing notions, scissors, spotting brushes, and stationery.

~~(4) Customer's responsibility to remit use tax.~~ Effective July 1, 2002, chapter 367, Laws of 2002, imposes the use tax on certain retail services acquired by consumers without payment of the retail sales tax. Such services include installing, repairing, cleaning, altering, imprinting, or improving tangible personal property. Thus, a consumer must report and pay use tax directly to the department when a seller of laundry or dry cleaning services or linen and uniform supply services fails to collect the retail sales tax.

For example, a person with a restaurant location in Vancouver and another in Portland, Oregon, contracts with an Oregon business for linen and uniform supply services. Each week, the linen and uniform supply service delivers clean linens and uniforms and picks up soiled items for both locations at the person's Portland location. The person's Vancouver location turns in soiled uniforms and linens and receives its

supply of clean items at the person's Portland location. The person is responsible for reporting and paying use tax on the value of the linen and uniform supply services used by its Vancouver location. For further discussion about use tax, refer to WAC 458-20-178.

~~(5) Laundry agents collecting and distributing laundry.~~ Persons who collect and/or distribute laundered or dry cleaned items as an agent for a provider of laundry services, dry cleaning services, or linen and uniform supply services are liable for the service and other activities B&O tax on their gross commissions. See WAC 458-20-159 for the record-keeping requirements for showing agency status. The person providing the laundry service, dry cleaning services, or linen and uniform supply service must collect and remit to the department retail sales tax on the total charge made to the customer (see subsections (2) and (3) of this section).

~~(6) Self-service and coin-operated laundry facilities.~~ Effective July 1, 2005, the definition of "retail sale" excludes charges made for the use of self-service or coin-operated laundry facilities. Chapter 514, Laws of 2005. Thus, gross income received from charges for the use of such facilities is subject to the service and other activities B&O tax. Retail sales tax does not apply to these charges.

~~(a) Tax reporting responsibilities for periods before July 1, 2005.~~ Between July 1, 1998, and July 1, 2005, the taxability of self-service and coin-operated laundry facilities was subject to various changes.

~~(i) Before July 1, 2005, the definition of "retail sale" included charges made for the use of self-service or coin-operated laundry facilities, except as explained below in (a)(ii) of this subsection. For reporting periods occurring before July 1, 2005, gross income derived from charges for the use of these facilities was subject to the retailing B&O tax. In addition, such charges were subject to the retail sales tax.~~

~~(ii) Between July 1, 1998, and June 30, 2005, the definition of "retail sale" excluded charges for the use of coin-operated laundry facilities in apartment houses, rooming houses, or mobile home parks when the facilities were provided for the exclusive use of tenants. RCW 82.04.050 (2)(a). As a result, charges for the use of these facilities were not subject to the retailing B&O tax or the retail sales tax. However, the gross proceeds of sale received from these facilities were subject to the service and other activities B&O tax. Before July 1, 1998, these charges were retail sales and subject to the retailing B&O tax and retail sales tax.~~

Charges for the use of coin-operated laundry facilities in hotels, motels, trailer camps, and other locations providing lodging or camping facilities to transients remained subject to the retailing B&O and retail sales taxes. Persons providing transient lodging should refer to WAC 458-20-166 (Hotels, motels, boarding houses, rooming houses, resorts, trailer camps, etc.) in effect during that time.

~~(b) Sales of tangible personal property.~~ Sales of soap, bleach, fabric softener and other supplies to consumers are subject to the retailing B&O tax and retail sales tax. For most sales, the law requires a seller to separately state the retail sales tax from the selling price. However, the law allows a seller making sales of tangible personal property to a consumer from a vending machine to deduct the tax from the

total amount received to arrive at the net amount that becomes the measure of the tax. RCW 82.08.050 and 82.08.080.

~~(c) Place of sale.~~ For the purposes of determining a seller's responsibility to remit B&O tax and/or to collect and remit retail sales tax, the place of sale is the location of the facility.

~~(d) Purchases at wholesale.~~ The purchase of tangible personal property for resale as tangible personal property is a purchase at wholesale. Such purchases are not subject to retail sales tax when the buyer provides a resale certificate to the seller as discussed by WAC 458-20-102 (Resale certificates). Thus, purchases of soap, bleach, fabric softener and other supplies for resale to customers separate from charges for the use of the laundry facilities are wholesale purchases.

~~(e) Purchases subject to retail sales or use tax.~~ A self-service or coin-operated laundry facility that acquires tangible personal property for use as a consumer must pay retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the appropriate retail sales tax. For further information about use tax, refer to WAC 458-20-178 (Use tax).

The following are examples of purchases by a self-service or coin-operated laundry facility that are subject to retail sales tax or use tax:

(i) Washing machines, dryers, fixtures, and furniture; and

(ii) Items given to customers without charge.

~~(7) Laundry services performed for nonprofit health care facilities.~~ For the purpose of this section, "nonprofit health care facilities" means facilities operated by nonprofit organizations providing diagnostic, therapeutic, convalescent, or preventive inpatient or outpatient health care services. The term includes, but is not limited to, nonprofit hospitals, nursing homes, and hospices.

~~(a) Sales of laundry services to nonprofit health care facilities.~~ Effective July 1, 1998, the definition of a retail sale specifically excludes sales of laundry services to nonprofit health care facilities. As a result, charges for laundry services provided to these facilities are not subject to retail sales tax or the retailing B&O tax. However, effective July 1, 1998, the gross proceeds of sale received for providing laundry services to nonprofit health care facilities is subject to the service and other activities B&O tax. For the period of July 1, 1993, through June 10, 1998, the service and other activities B&O tax applied only to sales of laundry services to members by nonprofit associations composed exclusively of nonprofit hospitals.

~~(b) Purchases subject to retail sales or use tax.~~ Persons providing laundry services to nonprofit health care facilities are considered consumers of all items used in providing such services. RCW 82.04.190. As a result, purchases of items such as dyes, fabric softeners, linens, and uniforms are subject to the retail sales tax. The same is true for purchases of washing machines, dryers, fixtures, furniture, and other items of tangible personal property. The buyer must remit retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the appropriate retail sales tax. For further information about the use tax, refer to WAC 458-20-178 (Use tax:))

**PART I - LAUNDRY OR DRY CLEANING SERVICES; LINEN OR UNIFORM SUPPLY SERVICES.**

**(101) Definitions.**

**(a) Laundry or dry cleaning service.** A "laundry or dry cleaning service" is the activity of laundering, cleaning, dyeing, and pressing of articles such as clothing, linens, bedding, towels, curtains, drapes, and rugs. It also includes incidental mending or repairing. The term applies to services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning services. It also includes pickup and delivery laundry services performed by persons operating in their independent capacity and not as agent for another laundry or dry cleaning service.

**(b) Linen and uniform supply services.** "Linen and uniform supply services" is the activity of providing customers with a supply of clean linen, towels, uniforms, gowns, protective apparel, clean room apparel, mats, rugs, and/or similar items whether ownership of the item is in the person operating the linen and uniform supply service or in the customer. RCW 82.08.0202. It also includes the supply of diapers and bedding. "Linen and uniform supply services" includes supply services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning businesses.

A person providing linen and uniform supply services performs a number of different activities, often at multiple locations. Many of these activities are the same types of activities performed by a person providing laundry or dry cleaning services, such as: Laundering, dry cleaning, pressing, incidental mending, and/or pickup and delivery. Additional activities not generally performed by a person providing laundry or dry cleaning services may include: Providing linen and uniform items customized by application of the customer's business name, company logo, employee names, etc.; measuring and/or issuing uniforms to the customer's employees; repairing or replacing worn or damaged linen and uniform items; and/or performing various administrative functions for the customer, such as inventory control.

**(102) Sales.**

**(a) Services provided to consumers.** The sale of these services is subject to the retailing B&O tax and retail sales tax when the services are provided to consumers. No deduction is available for commissions allowed or amounts paid. RCW 82.04.070 and 82.08.010. The retailing B&O and retail sales taxes also apply to sales of soap, bleach, fabric softener, laundry bags, hangers, and other tangible personal property to consumers.

**(b) Services provided to nonprofit health care facilities.** Persons providing laundry services to nonprofit health care facilities should refer to Part III of this section for reporting instructions.

**(c) Services provided for resale.** The wholesaling B&O tax applies when these services are performed for persons reselling the services. The seller must obtain a resale certificate for sales made before January 1, 2010, or a reseller permit for sales made on or after January 1, 2010, from the buyer to document the wholesale nature of any sale as provided in WAC 458-20-102A (Resale certificates) and WAC 458-20-102 (Reseller permits). Even though resale certifi-

cates are no longer used after December 31, 2009, they must be kept on file by the seller for five years from the date of last use or December 31, 2014.

**(d) Laundry agents collecting and distributing laundry.** Persons who collect and/or distribute laundered or dry cleaned items as an agent for a provider of laundry or dry cleaning services, or linen and uniform supply services are liable for the service and other activities B&O tax on their gross commissions. See WAC 458-20-159 for the record-keeping requirements for showing agency status. The person providing the laundry or dry cleaning services, or linen and uniform supply services must collect and remit to the department retail sales tax on the total charge made to the customer (see (a) of this subsection).

**(103) Collecting retail sales tax.** For the purposes of determining a seller's responsibility to collect and remit retail sales tax, the retail sales tax is based on where the buyer receives the cleaned items. RCW 82.32.730. It does not matter whether the actual services occur at this location.

**(a) Delivery at service's location.** If the laundered or dry-cleaned items are picked up by the customer at the service's location, the retail sales tax that applies at that location is to be collected. For example, a dry cleaning service located in Vancouver, Washington, must collect sales tax from an Oregon resident who brings clothing items to the business for dry cleaning, if the Oregon resident picks up the clothing items at the Washington location. The Vancouver, Washington, local sales tax applies to this sale.

**(b) Seller hiring third-party to perform services.** A customer may purchase laundry or dry cleaning services, or linen and uniform supply services from a seller who hires another person to perform the actual service. When the customer drops off and picks up the clothing or other articles at the seller's business location, the place of sale is the seller's location.

**(c) Seller using agent for pickup and delivery.** If a person providing laundry or dry cleaning services uses an agent such as a hotel or a driver for pickup and delivery of the articles to be cleaned, the retail sales tax collected is the tax applicable to the location where the articles are delivered.

**(d) Geographic information system (GIS) for identifying appropriate retail sales tax rate.** For assistance with determining appropriate local sales and use tax rates, the department's GIS provides a mapping and address lookup system. The system, along with other taxpayer resources, is available on the department's internet site at: <http://dor.wa.gov>.

**(104) Purchases.** Laundry, dry cleaning, and linen and uniform supply service businesses make retail and wholesale purchases of products and services.

**(a) Wholesale purchases.** The purchase of tangible personal property for resale or as a component or ingredient of the cleaned article is a wholesale purchase. Such purchases are not subject to retail sales tax when the buyer provides a resale certificate for purchases made before January 1, 2010, or a reseller permit for purchases made on or after January 1, 2010, to the seller as discussed in WAC 458-20-102A (Resale certificates) and WAC 458-20-102 (Reseller permits). Even though resale certificates are no longer used after

December 31, 2009, they must be kept on file by the seller for five years from the date of last use or December 31, 2014.

The following are examples of items that may be generally purchased at wholesale. Persons providing laundry services for nonprofit health care facilities, however, should refer to Part III of this section.

(i) Soap, bleach, fabric softener, laundry bags, hangers, and other tangible personal property that is not used in performing laundry or dry cleaning services but is resold as tangible personal property.

(ii) Dyes, fabric softeners, starches, sizing, and similar articles or substances that become ingredients of the articles being cleaned.

(iii) Linen, uniforms, towels, cabinets, hand soap, and similar property rented or supplied to customers as a part of the laundry and linen supply service.

(b) **Purchases for own use.** A laundry or dry cleaning service, or linen and uniform supply service that purchases, or otherwise obtains, services or tangible personal property for use as a consumer must pay retail sales tax. If the seller does not collect the tax, the purchaser must remit the retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department. For further information about the use tax, refer to RCW 82.12.020 and WAC 458-20-178 (Use tax).

The following are examples of purchases by a laundry or dry cleaning service, or linen and uniform supply service that are subject to retail sales tax or use tax:

(i) Soaps, cleaning solvents, and other articles or substances that do not become ingredients of the articles cleaned;

(ii) Equipment such as washing machines, dryers, presses, irons, fixtures, and furniture;

(iii) Supplies such as hand tools, sewing notions, scissors, spotting brushes, and stationery; and

(iv) Items given to customers without charge.

#### **PART II - SELF-SERVICE AND COIN-OPERATED LAUNDRY FACILITIES.**

(201) **Self-service and coin-operated laundry facilities.** The definition of "retail sale" excludes charges made for the use of self-service or coin-operated laundry facilities. RCW 82.04.050. Thus, gross income received from charges for the use of such facilities is subject to the service and other activities B&O tax. Retail sales tax does not apply to these charges.

(202) **Sales of tangible personal property.** Sales of soap, bleach, fabric softener and other supplies to consumers are subject to the retailing B&O tax and retail sales tax. For most sales, the law requires a seller to separately state the retail sales tax from the selling price. However, the law allows a seller making sales of tangible personal property to a consumer from a vending machine to deduct the tax from the total amount received to arrive at the net amount that becomes the measure of the tax. RCW 82.08.050 and 82.08.-080.

For the purposes of determining a seller's responsibility to collect and remit retail sales tax, the tax to be collected is determined by the location of the facility.

#### **(203) Purchases.**

(a) **Wholesale purchases.** The purchase of tangible personal property for resale as tangible personal property is a purchase at wholesale. Such purchases are not subject to retail sales tax when the buyer provides a resale certificate for purchases made before January 1, 2010, or a reseller permit for purchases made on or after January 1, 2010, to the seller as discussed in WAC 458-20-102A (Resale certificates) and WAC 458-20-102 (Reseller permits). Thus, purchases of soap, bleach, fabric softener, and other supplies for resale to customers separate from charges for the use of the laundry facilities are wholesale purchases. Even though resale certificates are no longer used after December 31, 2009, they must be kept on file by the seller for five years from the date of last use or December 31, 2014.

(b) **Retail purchases.** A self-service or coin-operated laundry facility that acquires tangible personal property for use as a consumer must pay retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the appropriate retail sales tax. For further information about use tax, refer to RCW 82.12.020 and WAC 458-20-178 (Use tax).

The following are examples of purchases by a self-service or coin-operated laundry facility that are subject to retail sales tax or use tax:

(i) Washing machines, dryers, fixtures, and furniture; and

(ii) Items given to customers without charge.

#### **PART III - LAUNDRY SERVICES PERFORMED FOR NONPROFIT HEALTH CARE FACILITIES.**

(301) **Definition - nonprofit health care facilities.** For the purpose of this section, "nonprofit health care facilities" means facilities operated by nonprofit organizations providing diagnostic, therapeutic, convalescent, or preventive inpatient or outpatient health care services. The term includes, but is not limited to, nonprofit hospitals, nursing homes, and hospices.

(302) **Sales of laundry services to nonprofit health care facilities.** The definition of a retail sale specifically excludes sales of laundry services to nonprofit health care facilities. As a result, charges for laundry services provided to these facilities are not subject to retail sales tax or the retailing B&O tax. However, the gross proceeds of sale received for providing laundry services to nonprofit health care facilities is subject to the service and other activities B&O tax.

(303) **Purchases subject to retail sales or use tax.** Persons providing laundry services to nonprofit health care facilities are considered consumers of all items used in providing such services. RCW 82.04.190. As a result, purchases of items such as dyes, fabric softeners, linens, and uniforms are subject to the retail sales tax. The same is true for purchases of washing machines, dryers, fixtures, furniture, and other items of tangible personal property. The buyer must remit retail sales tax (commonly referred to as "deferred sales tax") or use tax directly to the department when the seller fails to collect the appropriate retail sales tax. For further information about the use tax, refer to RCW 82.12.020 and WAC 458-20-178 (Use tax).