

Approved: 2-23-98
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on February 19, 1998, in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Lee, Senator Bond, Senator Donovan, Senator Goodwin, Senator Hardenburger, Senator Karr, Senator Praeger, Senator Steffes and Senator Steineger.

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Higgins, Secretary to the Committee

Conferees appearing before the committee: Bill Smith, Heartland Carwash Association
Shirley Sicilian, Kansas Department of Revenue

Others attending: See attached list

The minutes of February 16 and 17 were approved.

SB 80--Sales taxation; exempting sales of car washing services rendered through coin-operated devices.

Bill Smith, Heartland Carwash Association, testified in support of **SB 80**, calling attention to a packet of related information. (Attachment 1) He suggested two clarifying amendments. The first amendment adds "and self service coin-operated vehicle washing services and vacumming, operated exclusively by the consumer" on page two, line 16 after "laundry services." The second amendment adds "and vacumming" after "waxing" on page two, line 34. He believes the amendments will narrow the scope to insure that **SB 80** applies to coin-operated car washes only.

Mr. Smith noted that car washing services are divided into four categories: self-service, coin-operated washes; exterior, roll-over in service stations; full service, exterior conveyer; and custom hand washes such as fund raiser hand washes for charitable purposes. Coin-operated car washes are at the low end of the car wash chain. However, owners of coin-operated car washes are recognized as excellent managers of water and sewage. The owners of coin-operated car washes must pay for private sewage sanitary systems and property tax on frontage whereas home car washers and fund raiser car washes, the largest competitors of coin-operated car washes, do not have these expenses. Other expenses of coin-operated car washes include maintenance, improvements, and tax on equipment.

Mr. Smith further noted that coin-operated car washes are a vital backbone in rural communities whereas urban communities tend to use other types of car washes. He pointed out that self service, coin-operated car washes do not have the ability to collect sales tax as do the other three categories who have cashiers. He also pointed out that the neighboring states of Missouri, Oklahoma, Colorado, and Nebraska do not impose a sales tax on coin-operated car washes. He commented further that coin operated laundries, the closest in identity to coin-operated car washes, are exempt from sales tax. In conclusion, Mr. Smith urged the passage of **SB 80** in the interest of fairness. Exempting coin-operated car washes from sales taxation would give individual owners approximately \$2,300 to \$3,200 for a desired and much needed opportunity for expansion and reinvestment in improvements. Thus, owners of coin-operated car washes would have an edge to compete with all other types of car washes.

There being no other persons wishing to testify, the hearing on **SB 80** was closed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on February 19, 1998.

Senator Langworthy began a discussion of a previously heard bill, **SB 250** which defines "educational institution" for sales tax purposes. The bill was brought to the committee by the Department of Revenue last year because there were grey areas which were causing problems for the Department of Revenue. The bill passed out of committee as favorable for passage as amended. The amendments broadened it out from the original intent. **SB 250** was rereferred to the Assessment and Taxation Committee and heard again this session.

Shirley Sicilian, Kansas Department of Revenue, explained that the bill as introduced defined "educational institution" to include endowment associations and athletic associations and corporations incorporated with the university. The problem stemmed from how the associations are incorporated. If they were associated and not separately incorporated, then they were exempt from sales tax on purchases; but if they were separately incorporated, they were not exempt from sales tax on purchases. The bill provided that any athletic or endowment association would be considered to be an educational institution and, therefore, exempt from sales tax under a different section. The bill was amended last session to include student unions and research organizations as well.

Senator Bond commented that amending student unions out of the bill would lower the fiscal impact substantially; however, inclusion of research organizations would have no fiscal impact as sales tax is not currently collected from research organizations.

Senator Bond moved to amend **SB 250** by striking section (4) on page 4, beginning on line 38, to remove student unions, seconded by Senator Hardenburger. The motion carried.

Senator Bond moved to technically amend **SB 250** by striking "1996 Supp." wherever it appears, seconded by Senator Hardenburger. The motion carried.

Senator Bond moved to report **SB 250** as favorable for passage as amended, seconded by Senator Donovan. The motion carried.

Senator Langworthy began a discussion of another previously heard bill, **SB 421** imposing the incidence of motor vehicle fuel tax on the distributor. The bill was introduced at the request of the Department of Revenue.

Shirley Sicilian, Kansas Department of Revenue, explained that **SB 421** clarifies that the legislative intent of the motor fuel tax act is to tax the distributor, not the consumer. All language which could possibly be construed to the contrary was removed. She explained that the distributor's price to the retailer includes the tax and, thus, taxation flows through to the consumer. She confirmed that motor fuel sold by native Americans on reservations will have no state tax advantage with this legislation.

Senator Hardenburger moved to report **SB 421** as favorable for passage, seconded by Senator Goodwin. The motion carried.

The meeting was adjourned at 12:00 p.m.

The next meeting is scheduled for February 20, 1998.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: February 19, 1998

NAME	REPRESENTING
Ray Kuyman	Ray Car Wash
GARY MOWERY	Pressure Wash
Karl Wessner	Car Wash
Jack Gaul	car wash
Rebbie Hauber	Car Wash
Cory Mummert	C&J's Car Wash
Jamie Mummert	C&J's Car Wash
Ann Durkes	Div. of Budget
Virginia Mason	Car Wash
Charlie Mason	Car Wash
Phyllis + Larry Vogt	Car wash
Kelly + Sharon Johnson	Thrifty C.W., Topeka
George Peterson	Ks Taxpayers Network
Badger + Sheryl Henry	Carwash Lawrence
Luke Henry + Zac Elmore	Carwash Lawrence
Robert Smith	Carwash Topeka
Dave Daniel	XCEL CAR WASHES, CLATHE, KCK
JOHN WALKER	XCEL CAR WASHES CLATHE, KCK
Tenni + Cecil Johnson	Holton Car Wash

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: February 19, 1998

NAME	REPRESENTING
Bob Dineen	Sabetta Carwash
Bernard Dineen	Henretta Car Wash
Bob L. Seifert	BBD Systems Car Wash
Maureen Stutz	Car Wash Educational
Ed Stutz	TRUCK CARWASH Fuquay-Varde, NC
Bob K. Seifert	Pittsburg Car Wash
Don Huntington	Ft. Scott Car Wash
Charles Connell	River City Car Wash
Dennis & Linda Eylander	LD's auto bath <small>Burlington Carbondale Scranton</small>
David & Rosetta Henry	Car Wash Laurence
Jon Beach	Olympic Car Wash
Clarence E. Beach	OLYMPIC CAR WASH
Elvira E. Leedy	Bubble Brush Car Wash, Wichita, KS
Larry Gisson	Kearney Law office
Gary Slagle	Slagle's Car Wash
Rhonda Slagle	Slagle's Car Wash
Don Gray	OLYMPIC CAR WASH
Nancy Gray	Olympic Car Wash
Ken Froggatt	Kenco Car Wash - Ottawa

KANSAS SENATE

MEMORANDUM IN SUPPORT: S.B. 80

By Senate Assessment & Taxation Committee

COMMITTED TO COMMITTEE ON ASSESSMENT AND TAXATION:

An Act relating to sales taxation; exempting sales of unassisted self service motor vehicle wash, wax, and vacuum services rendered through coin-operated devices; amending K.S.A. 1996 Supp. 79-3603.

CAR WASH BILL

S.B. 80 requires (2) two amendments to meet the intention of this legislative bill as originally proposed by and to the sponsors.

Section 1. K.S.A. 1996 Supp. 79-3603 is hereby amended to read as follows:

(F) The gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, and self service coin-operated vehicle washing services and vacuuming, operated exclusively by the consumer, whether automatic or manually operated.

(J) The gross receipts from the rendering of the services of washing and washing and waxing and vacuuming of vehicles except such services rendered through a coin or token operated device, operated exclusively by the consumer whether automatic or manually operated.

EXPLANATION

These (2) two revisions amended into S.B. 80 would exempt from the Sales and Use Tax the payments made for motor vehicle washing, waxing, and vacuuming if the washing, waxing and vacuuming is performed exclusively by coin-operated equipment by the purchaser or user and no employee of the seller of the service assists in the washing, waxing, or vacuuming.

*Senate Assessment & Taxation
2-19-98
Attachment 1*

REPORT

**TO THE KANSAS LEGISLATURE
SENATE**

**INFORMATION ON H.B. 80
SELF SERVICE, COIN-OPERATED
CAR WASH, SMALL BUSINESS**

**IF YOU HAVE QUESTIONS OR REQUIRE FURTHER INFORMATION,
PLEASE CALL BILL SMITH, HEARTLAND CAR WASH ASSOCIATION.
(913) 491-8333**

SELF SERVICE CAR WASH OPERATORS OF KANSAS

TO: SENATE ASSESSMENT & TAXATION COMMITTEE

S.B. 80

We believe there are compelling reasons for the Governor and the Legislature to provide sales tax relief for self service, coin-operated car washes.

Fairness - of all the small businesses operating within Kansas, the self service, coin-operated laundry and drycleaner are the closest by all comparisons to self service, coin-operated car washes. Many Kansas coin-op car wash operators also operate the local coin-op laundry. Coin-laundries are, and have been, sales tax free in Kansas from the introduction of this repressive taxing scheme to hard working state citizens.

Uncollectible - Our equipment is driven only by quarters; it cannot make change, and when we raise our price per cycle, it does significantly cause our patrons to wash at home or at any one of the prolific charity car washes developing at an alarming rate. In car wash industry studies preference for different types of carwashes, the largest percent of consumer respondents - 46.6% prefer home driveway car washing, with 8.6% indicating a self service, coin-op car wash use. Again, when consumers are asked reasons for not using carwashes 32.0% indicate too expensive, 30.1% wash at home, 10.6% state poor wash job and 9.2% inconvenience.

Industry Growth - Kansas self service, coin-operated car wash growth has not been keeping pace with national car wash industry development. Industry technology today is producing a new generation of superior water saver - environmentally sound equipment packages that will replace aging car wash facilities that exist through out rural Kansas. Sales tax on consumer use of the self service car wash does not exist in states that neighbour Kansas.

Precedent Legislation - Sales tax on self service car washes has been repealed in 31 states with full bi-partisan support in each state.

Latest to take legislative initiative was New York in 1997. Utah, Conn, and Ohio all acted in the late 80's and early 90's. This year the car wash industry is moving on Iowa and Washington State and is expecting passage, to repeal sales tax on self service car wash.

No other industry may claim these issues.

Vending machines generally provide discretionary purchases, are not as price sensitive as self service car washes, they make change, they have little effect on the environment, and little or no regulation that dramatically impacts profitability. Product costs and therefore profit margins may be altered by changing quantity, packaging, etc.

Professional car washes have become increasingly costly both to build and to operate, from ever demanding zoning restrictions, higher construction costs, water treatment and sewer flow charges and restrictions, waste disposal regulation and expenses. We pay taxes on equipment and some supplies, property taxes, school taxes, and utility taxes. We willingly comply with, and exceed, environmental and E.P.A. waste water regulations. Professional self-service car washes provide a very necessary service, but throughout Kansas our ability to offset continuing rising costs is rapidly diminishing, with no ability to pass this along to consumers.

PROFESSIONAL CAR WASHING

KANSAS WORLDWIDE

Professional Car Washing equipment and services are divided into four (4) traditional categories.

1. Self Service, Coin-operated Automatic and Wand Wash.
2. Exterior, Roll-over - Service Station Type.
3. Full Service, Exterior - Conveyor Type.
4. Custom Hand Wash - Detail Shop Type
- 4a. Fund Raiser Hand Wash (i.e. Service Club, School)

1-5

1-5

FACTS ABOUT THE CARWASH CUSTOMER



INTERNATIONAL CARWASH ASSOCIATION

1997

**- All rights reserved -
International Carwash Association**

Facts About The Carwash Customer

Compiled by:

Dr. Charles Connolly

University of Iowa, School of Business

Ames, Iowa 50010



Age And Sex Categories Of Consumers Surveyed

Age Category	Percentage
Under 21	9.1
21 - 34	33.5
35 - 49	26.3
50 - 65	20.7
Over 65	8.6
Refused to give age	1.8

Sex Category	Percentage
Male	47.1
Female	52.9

Frequency Of Washing Car

Wash Car	Percentage
Weekly	44.1
Every 2 weeks	19.1
Monthly	14.2
Every 2 - 4 months	7.3
Every 6 months or more	13.4

Crosstabulation Between Frequency of Washing Car And Geographic Area

	Weekly	Every 2 Weeks	Monthly	Every 2 - 4 Months	Every 6 Months or More	Don't Know	TOTAL
West	105	55	44	17	25	4	250
Midwest	107	62	25	16	35	5	250
East	96	40	42	22	43	7	250
South	133	34	31	18	31	3	250
TOTAL	441	191	142	73	134	19	1000

Crosstabulation Between Frequency of Washing Car And Age Group

	Weekly	Every 2 Weeks	Monthly	Every 2 - 4 Months	Every 6 Months or More	Don't Know	TOTAL
Under 21	41	19	13	2	15	1	91
21 - 34	164	71	38	21	36	5	335
35 - 49	114	49	40	18	37	5	263
50 - 65	86	34	31	19	33	4	207
Over 65	28	15	17	12	12	2	86
TOTAL	433	188	139	72	133	17	982

Crosstabulation Between Frequency of Washing Car And Sex

	Weekly	Every 2 Weeks	Monthly	Every 2 - 4 Months	Every 6 Months or More	Don't Know	TOTAL
Male	232	106	48	28	44	13	471
Female	209	85	94	45	90	6	529
TOTAL	441	191	142	73	134	19	1000

Preference For Different Types Of Carwashes

Carwash Type	Percentage
Full Service	11.8
Exterior	13.5
Stationary Brush Roll-Over	15.2
Self-Service Wand	8.6
Self-Wash	46.4

Crosstabulation Between Preferences For Carwashes And Geographic Area

	Full Service	Exterior	Stationary Brush Roll-Over	Self-Service Wand	Wash Self	TOTAL
West	65	23	27	24	102	241
Midwest	19	42	60	29	93	243
South	16	22	28	22	154	242
East	18	48	37	11	115	229
TOTAL	118	135	152	86	464	955

Crosstabulation Between Preferences For Carwashes And Age Groups

	Full Service	Exterior	Stationary Brush Roll-Over	Self-Service Wand	Wash Self	TOTAL
Under 21	4	6	7	10	59	86
21 - 34	31	50	36	45	163	325
35 - 49	33	34	49	15	118	249
50 - 65	34	31	40	12	82	199
Over 65	11	12	18	4	37	82
TOTAL	113	133	150	86	459	941

Crosstabulation Between Preferences For Carwashes And Sex

	Full Service	Exterior	Stationary Brush Roll-Over	Self-Service Wand	Wash Self	TOTAL
Male	52	63	57	48	235	455
Female	66	72	95	38	229	500
TOTAL	118	135	152	86	464	955

Reasons For Not Using Carwashes

Reasons	Percentage
Too expensive	32.0
Wash own car	30.1
Poor job	10.6
Damage finish	9.5
Inconvenience	9.2
Other	8.6

Crosstabulation Between Reasons For Not Using Carwashes And Geographic Area

	Wash Own	Too Expensive	Damage Finish	Poor Job	Inconvenience	Miscellaneous	TOTAL
West	22	28	4	8	14	4	80
Midwest	15	21	11	8	4	9	68
South	36	52	15	17	11	7	138
East	35	14	4	5	4	11	31
TOTAL	108	115	34	38	33	31	359

Rating Of Brush or Pad Carwashes

Rating	Percentage
Excellent	7.4
Good	38.3
Fair	42.0
Poor	12.3

Crosstabulation Between Rating Of Brush or Pad Carwashes And Geographic Area

	Excellent	Good	Fair	Poor	TOTAL
West	20	106	66	25	217
Midwest	21	76	95	31	223
South	11	64	103	34	212
East	12	83	97	16	208
TOTAL	64	329	361	106	860

Crosstabulation Between Preferences For Carwashes And Frequency Of Washing Car

	Full Service	Exterior	Stationary Brush Roll-Over	Self-Service Wand	Wash Self	TOTAL
Weekly	58	45	68	46	224	441
Every 2 Weeks	28	34	34	15	80	191
Monthly	22	21	15	10	63	131
Every 2 - 4 Months	7	13	13	4	35	72
Every 6 Months or More	3	22	22	11	60	118
TOTAL	118	135	152	86	462	953

LEGISLATIVE REPORT

WATER RESOURCE CONSUMPTION SELF SERVICE CAR WASHES

INFORMATION:

Home (driveway) car washing - 5/8" garden hose at 50 psi delivers 16 gallons per minute.
SELF SERVICE CAR WASHES pump with an .06 orifice nozzle (most commonly used nozzle) at 1000 psi. This setup delivers 3.5 gallons per minute.
The difference in water consumption usage is dramatic - 16 gallons vs. 3.5 gallons per minute.
SOURCE: Ortho Book, Copyright 1979 Chevron Chemical Company.

COMMENT:

The vast majority of fresh water used at a self service car wash is fully managed, properly disposed of, and totally available for reuse by treatment facilities. In contrast the home car wash or charity wash lets its soapy runoff water flow into the storm sewer. It is not treated. It cannot be reused. It ultimately flows into our streams and rivers and, depending upon what chemicals were used, may add to the pollution of our fresh water supply.

HOW SELF SERVICE CAR WASHES MANAGE WATER RESOURCES:

A typical ten (10) minute wash at a professional self service car wash breaks down like this:

Foaming whitewall cleaner	1 minute	.25 gal
High pressure soap	2 minutes	7.00 gal
Foaming brush	3 minutes	.20 gal
High pressure rinse	2 minutes	7.00 gal
Spot free rinse	<u>2 minutes</u>	<u>2.00 gal</u>
	10 minutes	16.45 gallons

Where the foaming brush option is offered and used, only two (2) cups of water is used per minute.

**IMPROVED MANAGEMENT OF WATER AND SEWER
IS OUR INDUSTRY'S MOST MAJOR ACHIEVEMENT!**

AN ENVIRONMENTAL LOOK AT HOME OR CHARITY WASHING:

Washing a vehicle with a common garden hose with a shut off nozzle will require a minimum of ten (10) minutes of actual spraying time. At 16 gallons per minute the total demand is 160 gallons. By comparison at a professional self service facility, we will have washed almost nine (9) vehicles with the same 160 gallons of fresh water. Again, the self service facility will control disposal of its effluent in accordance with DNR guidelines.

FURTHER ANALOGIES:

Compare the amount of fresh water demand by the average self service car wash to that of a single family dwelling.

A five (5) bay self service car wash uses an average of 31,667 gallons of fresh water per month. Drawing on samplings from several Kansas communities, we have learned that summer consumption of water for a single family dwelling to be 39,207 gallons per month. For the car wash sample we used the peak periods of fall, winter and early spring.

HEARTLAND CARWASH ASSOCIATION - KANSAS

BILL SMITH - (913) 491-8333

(905) 937-9670 (fax)

KANSAS LEGISLATIVE REPORT

IN SUPPORT OF S.B. 80/ HB 2287
CAR WASH BILL

NEW YORK TIMES
FEB/11/97

Economize water use, report says

Consumption high around Great Lakes

BY MARTIN MITTELSTAEDT
Queen's Park Bureau

TORONTO — Rising consumption and the effects of global warming could cause a reduction of more than 25 per cent in the amount of water flowing out of the Great Lakes, says a report by the major non-governmental environmental group monitoring the basin.

The decrease would occur over 40 years if no actions are taken to economize water use by the 33 million people living around the lakes and if global warming occurs, says the study, released yesterday by Great Lakes United.

The drop would lead to lower lake levels, affecting everything from the amount of cargo that ships could carry without running aground to the capacity of hydroelectric plants, the study says.

They could drop even more if major diversion projects are approved to move water from the Great Lakes to parched areas of the United States, warns the report, titled *The Fate of the Great Lakes*.

"We know that there are going to be large, continental water shortages in the United States early in the next millennium and we are really putting our water at risk in the Great Lakes basin if we do not act," said Sarah Miller, who oversaw the report's compilation.

One of the possible threats to the lakes is depletion of the Ogallala Aquifer in the U.S. High Plains, where high consumption for irrigation is causing water tables to drop. The report also speculated that Great Lakes water could be moved to California or Mexico.

"As water sources throughout the continent are depleted, the grand schemes that thus far have been set aside will become much more viable and the need for them ever more compelling," the study says.

Ontario Environment Minister Norman Sterling told reporters that the province would resist any efforts to divert water out of the Great Lakes basin.

"The amount of water in the basin is very important to us," he said. "It's a very, very sensitive matter when you shift water from one water basin to another."

The report notes that Canada and the United States had the highest per-capita rates of water usage in the world, in part because water costs tend to be subsidized by governments. In Ontario, for instance, user fees recoup only about half the cost of providing water services, the report says.

The report recommends that governments set a goal of reducing per-capita water usage rates in the basin by 50 per cent by 2005 and that further steps be taken to improve water quality.

HEARTLAND CAR WASH ASSOCIATION/KANSAS; 1997
WATER AND SEWER MANAGEMENT PROFESSIONALS
BILL SMITH (913) 491-8333
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MICHAEL J. BRAGMAN
MAJORITY LEADER

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

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□ 305 South M... 13212
North Syracuse, New York
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□ Room 436
Capitol Building
Albany, New York 12224
(518) 455-4225

August 6, 1997

RE: SALES TAX EXEMPTION FOR COIN-OPERATED
SELF-SERVICE CAR WASHES

Dear Friend:

This letter is written to inform you that the 1997-98 State Budget includes a sales tax exemption for coin-operated, self-service car washes. Specifically, this includes the washing, waxing, and vacuuming of motor vehicles involving the exclusive use of coin-operated equipment. The exemption will be effective December 1, 1997.

As you know, when the New York Sales Tax went into effect in 1965, the coin-operated, self-service car washing industry in New York State was a new enterprise. By contrast, similar coin-operated, self-service laundry and dry cleaning small businesses were rapidly developing throughout the state. The coin laundry industry sought and received an exempt status from the sales and compensating use tax. In this regard, the coin-operated, self-service car washing industry has since established itself as a economically significant, statewide industry with nearly 300 facilities.

I believe this initiative will help coin-operated, self-service car washes remain as viable small business enterprises across New York State.

If you have questions or need additional information or assistance on this or any other matter, please do not hesitate to contact me.

Best wishes.

Very truly yours,

Michael J. Bragman
Majority Leader



The University of Dayton

**THE IMPACT OF ELIMINATING SALES TAX
ON COIN-OPERATED SELF-SERVICE CAR WASHES IN
THE STATE OF OHIO AND ITS SIGNIFICANCE FOR
THE STATE OF NEW YORK**

*The University of Dayton
Department of Accounting
300 College Park, Dayton, Ohio 45469-0001*

**THE IMPACT OF ELIMINATING SALES TAX ON COIN OPERATED
SELF SERVICE CAR WASHES IN THE STATE OF OHIO
AND ITS SIGNIFICANCE FOR
THE STATE OF NEW YORK**

by

Philip H. Vorherr C.P.A., Ph.D.

The repeal of the law requiring the collection of sales tax on coin-operated, self-serve car wash operations in Ohio was a tremendously beneficial piece of legislation for the State of Ohio. The sales tax repeal resulted in a proliferation of new car wash proprietorships in the State of Ohio. An increase of 245% from 137 businesses in 1982, before the repeal, to over 335 by the end of 1985, supports the position that the growth of this industry was a direct result of the elimination of the sales tax. The car wash industry is characterized by small businessmen each owning a single car wash. In 1982 there were 125 different owners of the 137 business establishments.

As a consequence of the repeal of the Sales Tax on self service car washes, the State of Ohio reaped a bonanza. As the table on page two illustrates, the 200 additional businesses started required an investment in new equipment of \$14,850,000. In addition, these businesses installed \$1,350,000 of vacuum cleaning equipment, spent \$1,755,000 on soap and supplies and another \$405,000 on replacement parts. all of these expenditures were subject to sales Tax. These new facilities also resulted in increased property tax assessments of over \$500,000 per year.

**STATE OF OHIO
EXPENDITURE AFTER REPEAL OF SALES TAX**

New Equipment*	\$14,850.00
Soap and Supplies *	\$ 1,755.00
Vacuum Cleaners*	\$ 1,350,000
Replacement Parts*	\$ 405,000
Property Taxes (annual)	\$ 560,000

*subject to sales tax

The repeal of the sales tax did not result in a loss of revenue to the State. It has been estimated that the State of Ohio lost approximately \$1.1 to \$1.5 million in decreased sales tax. This loss has been more than offset by the expanded purchases of the new businesses and by the increased property taxes. In addition, these new facilities have resulted in millions of dollars of salaries and wages subject to State Income Tax.

As a result of the repeal of the sales tax law, the State of Ohio is now one of 41 states that does not have a sales tax on this type of business.

IMPACT ON THE STATE OF NEW YORK

If the State of New York were to experience the same growth in the self service car wash business as did the State of Ohio, New York can expect a 245% increase in the number of such businesses in 30 months. The number of businesses would jump from 145 to 355. The cost of the equipment for these new 210 facilities would be approximately \$15,600,000. In addition to sales tax on the \$15.6 million in new equipment New York could expect to collect sales tax on sales of over \$6,000,000 of soap, supplies, vacuum cleaners and replacement parts. The details are presented in the table below.

**STATE OF NEW YORK
ESTIMATED INCREASE IN EXPENDITURES AFTER REPEAL OF SALES TAX
ON NEW FACILITIES BASED ON EXPERIENCE FROM THE
STATE OF OHIO**

New Equipment*	\$15,600,000
Soap and Supplies*	\$ 1,850,000
Vacuum Cleaners*	\$ 1,420,000
Replacement Parts*	\$ 2,730,000
Property Taxes (annual)**	\$ 945,000

*subject to Sales Tax

**210 additional businesses at \$4,500.00 each

The repeal of the sales tax law would result in an increase in Sales Tax of approximately \$864,000. The estimated short fall is \$195,000; therefore, the repeal of the sales tax law would result in a net increase of \$699,000 in revenue to the State of New York. The State would also experience an increase of \$945,000 in property taxes and would be able to collect

State Income tax on millions of dollars of additional salaries and wages for the construction and operation of these new businesses.

When the multiplier effect is also considered, it becomes clear that the State of New York would benefit greatly from the revenue generated by the repeal of the Sales Tax on coin-operated, self-service car wash operations. These numbers are realistic given today's economic environment and the restrained demand for car washes in New York.