



State of Connecticut

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Testimony

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Senate Minority Leader Pro Tempore Kevin Witkos
Finance, Revenue and Bonding Committee Public Hearing
Senate Bill 337 An Act Eliminating the Sales Tax on Car Wash Services

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis, and members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to testify in support of Senate Bill 337 An Act Eliminating the Sales Tax on Car Wash Services.

The new car-wash tax is an added burden on taxpayers and small businesses that did not undergo sufficient review and public input when it was passed last year.

Last year, the tax had no public hearing and was added to the budget very late in the process, giving us a tax that was flawed from the start.

Car wash owners only had 12 hours' notice of the tax hike. This was followed by extreme confusion of how exactly small businesses were supposed to collect the revenue. It's a challenge for car washes that are coin-operated to collect a 6.35% tax. Machines that collect payment often cannot accept small change, so payment often has to be rounded up.

Employers essentially have two options to comply with the tax: pay the tax out of pocket or raise prices, often in 25 cent increments to work with the machines. Increased prices could deter people from using car wash services. But not increasing prices means more of a burden on already struggling, hardworking businesses.

This tax was sprung on small businesses unfairly. It is an example of the type of uncertainty that small business owners across Connecticut deal with every day. It is an added burden that I believe our state should work to repeal to help family-run operations across the state.

Repealing this tax would be a small and important step in bringing back certainty and predictability to our state for businesses and consumers alike.

Thank you for the opportunity to testify today.

Senator Kevin Witkos