Senator Fonfara, Representative Rojas, Senator Witkos and Representative Davis and members of the Finance Committee. We oppose HB 7410 AN ACT CONCERNING CERTAIN TAX RECOMMENDATIONS OF THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH AND ESTABLISHING A STEM SCHOLARSHIP PROGRAM Section 5 BB.

Coin laundries in CT play an integral role in providing a basic service to CT residents that do not have access to in-home laundry services. Sales tax exemptions for self-service laundries are an important tax provision that have far-reaching social and economic benefits. Self-service laundries protect the financial security of low-income working families and other vulnerable populations and taxing self-service laundry services is regressive because they serve low-income renters, senior citizens on fixed incomes, students, and others who cannot afford to purchase washers and dryers on their own. The median household income of a regular self-service laundry customer is $23,000 per year (Laundry Customer Survey, CLA). Applying sales tax on these transactions is a regressive tax that isn’t paid by wealthier individuals who can afford to purchase a washer and dryer for their own homes.

A sales tax on self-service laundry is fundamentally unfair and creates tax disparity between two similar activities. Those members of the community who can afford home laundry equipment do not pay sales tax to wash their clothes. There is no justification for imposing sales tax on the work people do for themselves at a self-service laundry facility, while simultaneously exempting a similar service people do for themselves in a different, private location (their homes). There is also the risk that requiring sales tax collection from self-service laundry consumers would force laundry owners to purchase new equipment or pay for expensive upgrades to perfectly functioning existing equipment. Because nearly every self-service laundry accepts payments by quarters only, taxing self-service laundry services would require either an additional 25 cents of tax (substantially increasing the end-cost of the service) or for the purchase new equipment to accept final costs in non-25 cent increments (an unnecessary and high-cost expense for business owners).

The majority of states exempt self-service laundry from their sales tax. Forty-two out of forty-five of the states that levy a general sales tax exempt self-service laundry from the tax. Only three states charge sales tax on self-service laundry (Hawaii, New Mexico, and West Virginia). Repealing the exemption would make the state out-of-step with others.

Thank you for any efforts you can provide to protect the needed exemption.

Brian Wallace, President/CEO
Coin Laundry Association