

Testimony of
Todd Whitehouse
State Tax Panel
Public Hearing
September 16, 2015

I would like to thank Co-Chairs Dyson & Nickerson and members of the State Tax Panel for this opportunity today.

I am Todd Whitehouse and I am the proud owner of Connecticut Car Wash.

I'm here to oppose *Subparagraph (OO) of subdivision (37) of subsection (a) of section 12-407 of the general statutes, as amended by section 75 of public act 15-244*, which imposed the sales tax on Motor vehicle washing, waxing and detailing services, whether or not automated including coin operated machinery.

Our industry has a number of various wash types including conveyORIZED tunnels which includes Full-serve, Flex-serve and Express exterior, In-bay automatics which includes Touchless and Roll-Over washes and also Self-Serve bays. The vast difference is that the conveyORIZED tunnels are typically staffed and attended whereas in-bays and self-serves are not. The point of sale mechanical structure of each of these washes varies greatly.

Attended tunnels may have the ability to collect the proposed sales tax, whereas the in-bays, self-serves point of sales and vacuums and other vending are mechanically structured to accept dollars, quarters, tokens or dollar coins individually. Therefore, the ability to collect the proposed sales tax at the point of sale, which is the intent of the sales tax, is impossible to collect. This imposes an undue burden of the sales tax directly as a gross receipt tax on the business itself which is not the intention or wishes of this panel.

We have heard the answer on this very topic was to "increase our prices". Increasing our price due to this tax could create an unnecessary burden on the state adding to the unemployment and creating home washing which will have a negative impact on the State's economic climate and the environment as a whole.

For example, some self-serve car washes can only accept dollar coins or tokens at the cost of \$1. As stated, to increase our price would force the consumer on a \$3 car wash to pay \$4. This would be a price increase of 33%. With the current economy, difficult weather trends and being a discretionary purchase not a necessity of life; simple economics would prove with this increased rate you would do more harm than good.

This also presents disparate treatment between different washes even in the same area. If my In-Bay competitor has to increase his price by \$1 to collect \$.60 and I collect the sales tax directly from my customer at my conveyerized location, this creates an uneven playing field for each of us.

I am sincerely requesting that you provide recommendations to repeal this tax on professional car washes as it has been for almost 25 years due to its sound principal logic and let us continue to provide a great service for the Connecticut motoring public.

Thank you for the opportunity to testify before you today about this harmful new tax. I would be happy to answer any questions you may have.