

Self-Service Laundry Services Should Be Exempt from the Sales Tax



The median household income of a regular self-service laundry customer is only \$23,000 per year. Failing to exempt self-service laundry services from the sales tax is regressive and puts these individuals at risk of coming into contact with disease-causing bacteria and viruses because they cannot afford to wash their clothes, towels, and bedding.

Because of this, and the numerous economic and tax policy arguments for exempting these services, nearly all states exempt self-service laundry services from their sales tax.

To protect the financial security and health of low-income individuals and promote principles of good tax policy, self-service laundry services should be exempted from the sales tax. Sales tax exemptions for self-service laundries are an important tax provision that have far-reaching social and economic benefits. The Coin Laundry Association (CLA) is committed to ensuring that all self-service laundries remain exempt from sales tax based on several fundamental principles of tax policy and to advance the health and financial security of families in our communities across the United States.

Sales tax exemptions for self-service laundries protect the financial security of low-income working families and other vulnerable populations. Taxing self-service laundry services is regressive. Self-service laundries 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.

Self-service laundry provides a basic public health service — federal and state authorities appropriately deemed laundromats an essential service during the pandemic. Clean clothes are a necessity, not an optional or luxury service. Failure to regularly wash clothing, bedding, and towels can cause the growth of disease-causing viruses and bacteria, threatening the health of those that come into contact with the unwashed fabrics. Families visiting their local laundry each week rely on these services for the health and safety of their families. Increasing the cost of these laundry services will make it more difficult for families to afford this basic necessity.

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). The coin laundry industry simply makes the equipment and utilities — which have already been taxed — available to their customers who provide the labor on a self-service basis.

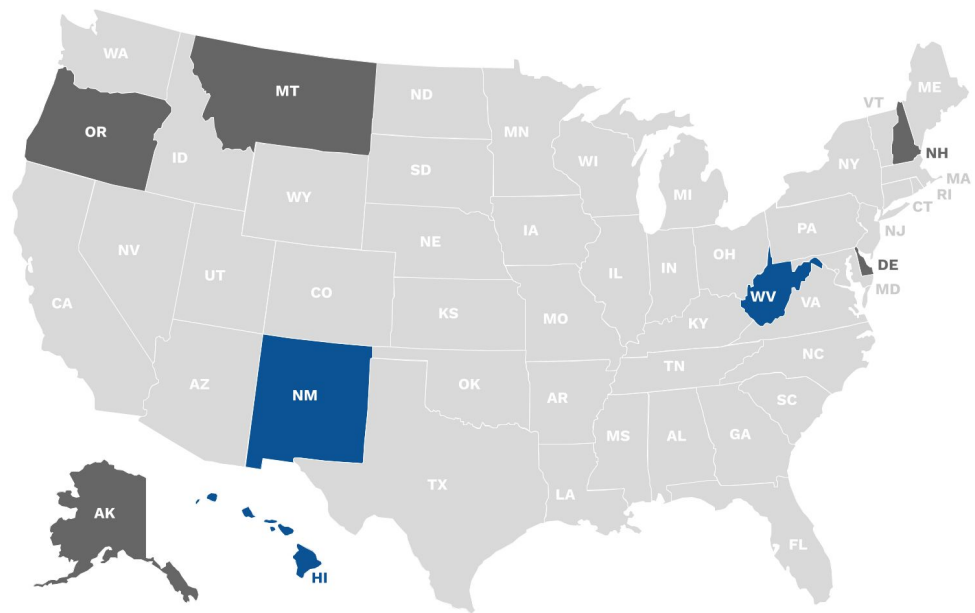
Sales tax on self-service laundry is uncollectible — requiring tax collection on self-service laundry forces laundry owners to purchase new equipment or pay for expensive upgrades to perfectly functioning existing equipment. The majority of self-service laundromats accept payment by quarters only, and nearly all accept quarters. Taxing self-service laundry services would require either an additional 25 cents of tax (substantially increasing the end-cost of the service) or for new equipment to accept payment for tax 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.

Self-Service Laundry Services Taxed

Self-Service Laundry Services Not Taxed

No State-Level Sales Tax Levied



Sales tax on self-service laundry results in double taxation. Taxing self-service laundry services leads to what is known as “tax pyramiding,” where taxes pile up on one another as a product or service moves from the provider to the final consumer. Operators of self-service laundries already pay sales tax upon purchase of their equipment, despite the fact that economists across the political spectrum agree that business inputs should be exempt from tax because of the negative economic effects of tax pyramiding. These taxes are already embedded in the price of self-service laundry, and removal of the self-service laundry exemption would result in an additional sales tax on top of an already-paid sales tax.

Coin Laundry Association (CLA) is a not-for-profit trade association representing the self-service laundry industry since 1960.