Talking Points
For E-Mail and Phoning

Sales Tax on Car Wash Services

April 24, 2009

- **Small Business** - The car wash tax will hurt a number of family owned small businesses compete during tough economic times.

- **Logistical nightmare** - The logistics of reimposing the tax on car wash services will be large burden on both the state, businesses and consumers because of the mechanical nature of many of the systems.

- **Not a lot of money** - The amount of money raised by reimposing the tax would be small and cause more harm that benefit.

- **Double Taxation** – We already pay sales tax on soap, water, electricity, etc. and have to pass those tax costs onto our customers. Why should we add another tax on top of it.

- **Employees** – Car Washes employ many entry-level workers who use the workplace opportunities that car washes provide to build a better life for them and their family. Be sure to talk about the number and types of people you employ and how the tax would affect your ability to continuing employing them.

- **Environmental** – Thanks to professional car washing facilities, which run safe, clean environmentally friendly operations, we've been able to keep the environment clean by having people wash their cars in way that does not hurt the environment.

The Facts About Re-Imposing the Sales Tax on Car Wash Services

S. B. No. 932 "AN ACT CONCERNING VARIOUS REVENUE MEASURES"

Connecticut Car Washes are small, family-owned businesses that provide consistent quality services to the motoring public throughout our state. Re-imposing the sales tax on Car Washes, which was tried once before for only a short time, would greatly harm the industry and its customers and cause unfair playing field for certain systems. While we understand the current economic climate, we feel strongly that this proposal will hurt a number of small CT businesses

- **Small Business -** The car wash tax will hurt a number of family owned small businesses compete during tough economic times. The car wash industry is made up of small, independent family owned businesses. The car wash business works on very small margins and re-imposing the tax would hurt many of these businesses.
- **Logistical Problems -** The logistics of re-imposing the tax on car wash services will be large burden on both the state, businesses and consumers because of the mechanical nature of many of the systems. The car wash equipment in the industry is not designed to accept nickels, dimes or pennies and many of the operations do not have an attendant. To collect a sales tax is cost prohibitive for most car wash owners. Therefore a car wash sales tax would in reality be a gross receipts tax.
- **Minimal Revenue Collection -** The amount of money raised by re-imposing the tax would be small and cause more harm that benefit. Most states do not tax car washes currently and many have that have tried have found it to be expensive to administer and that revenues were lower than anticipated.
- **Double Taxation** – Car Wash operators already pay sales tax on many of the products that they purchase for the business and have to build these costs into our fixed price costs to our customers. Adding another tax on top of it would be in effect be "double-taxing" the customers.
- **Equipment & Operational Differences -** The equipment utilized in the car washing industry varies greatly. In the case of self-service systems, they cannot collect the tax because of the mechanical coin acceptors can only accept quarters or dollars. Therefore, any tax imposed would simply come out of the operators pocket creating a tax burden that is not intended. In addition, some car washes do not have attendants and some do. Re-imposing the sales tax would lead to a two-tiered and unfair system of taxation.
- **Employees** – Car Washes employ many entry-level workers who use the workplace opportunities that car washes provide to build a better life for them and their family. The re-imposition of the tax would impact the ability of many of the operators to continue employing them.
- **Environmental** – Thanks to professional car washing facilities, which run safe, clean environmentally friendly operations, we've been able to help keep the environment clean by having people wash their cars in way that does not hurt the environment.

Please Do Not Re-impose the Tax on Connecticut Car Washes!