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FILED FEB 15 1996

SENATE FILE 2197  
BY HUSAK, McLAREN, BENNETT,  
FINK, DRAKE, and SORENSEN

(COMPANION TO LSB 3402HH  
BY VAN MAANEN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the exemption of unassisted coin-operated  
2 motor vehicle wash, wax, and vacuum services from the state  
3 sales, services, and use taxes.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2197

1 Section 1. Section 422.45, Code Supplement 1995, is  
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 50. The gross receipts from the  
4 furnishing at a car wash and wax facility of the service of  
5 washing, waxing, and vacuuming of a motor vehicle or other  
6 tangible personal property, where the purchaser or user of the  
7 service washes, waxes, and vacuums the person's motor vehicle  
8 or other tangible personal property at the facility  
9 exclusively by means of coin-operated equipment belonging to  
10 the vendor without any assistance from an employee of the  
11 vendor. For purposes of this subsection, "coin-operated  
12 equipment" includes equipment operated by tokens or currency  
13 and "motor vehicle" is as defined in section 321.1.

14 EXPLANATION

15 The bill exempts from the sales and use tax the payments  
16 made for motor vehicle washing, waxing, and vacuuming if the  
17 washing, waxing, and vacuuming is done exclusively by coin-  
18 operated equipment by the purchaser or user and no employee of  
19 the seller of the service assists in the washing, waxing, or  
20 vacuuming.

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**SENATE FILE 2197  
FISCAL NOTE****REQ. BY SENATOR HUSAK**

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A fiscal note for Senate File 2197 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 2197 provides a sales tax exemption for self-service coin-operated car washes. The Bill would be effective July 1, 1996.

**ASSUMPTIONS**

1. There are approximately 1,750 persons per car wash bay in the State. This factor is increased from the midwest average of 1,260 persons per bay as a result of Iowa's demographic characteristics.
2. Iowa's population is assumed to be 2.8 million persons. Thus, there are approximately 1,600 coin-operated bays in the State.
3. The average revenue per bay per year is an estimated \$11,300. This is a consensus estimate derived by taking the midpoint of different industry estimates. By applying the annual unit revenue to the total number of bays, the coin-operated self-service car wash industry would be expected to collect total revenues of \$18.1 million annually.

**FISCAL IMPACT**

Senate File 2197 is expected to result in a decrease in revenues to the General Fund of approximately \$900,000 in FY 1997 and subsequent fiscal years.

**SOURCES**

Professional Car Washing and Detailing Magazine  
Heartland Car Wash Association

(LSB 3402SS, JAM)

FILED MARCH 12, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR