

# SENATE BILL REPORT

## ESB 5555

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As Passed Senate, March 15, 1995

**Title:** An act relating to taxation of massage services.

**Brief Description:** Modifying taxation of massage services.

**Sponsors:** Senators C. Anderson, Long, Kohl, A. Anderson, Fairley, Sheldon, Prentice and Moyer.

**Brief History:**

**Committee Activity:** Ways & Means: 2/14/95, 3/6/95 [DP].  
Passed Senate, 3/15/95, 48-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Long, Moyer, Pelz, Roach, Sheldon, Snyder, Spanel, West, Winsley and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Background:** The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. In 1993, the Legislature extended the retail sales tax to massage services.

As a result of the 1993 changes, the business and occupation (B&O) tax classification of massage services changed from service, which was taxed at the rate of 1.5 percent, to retailing, which is taxed at the rate of 0.471 percent.

Initiative Measure No. 601 prohibits, prior to July 1, 1995, any new or increased taxes or revenue-neutral tax-shifts unless approved by the voters at a November general election.

**Summary of Bill:** Massage services are removed from the definition of retail sale. As a result of this change, these activities are no longer subject to the retail sales tax. A new B&O tax classification is created to retain massage services at a rate of 0.471 percent.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect July 1, 1995.

**Testimony For:** The sales tax is only imposed if the service is not performed by prescription. This requires separate accounting with two separate B&O tax rates. Imposing the sales tax is not fair because this is really health care.

**Testimony Against:** None.

**Testified:** Melanie Stewart, Lori Bielinski, American Massage Therapy Assn (pro).