

VETO MESSAGE ON HB 2850-S

March 29, 2000

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute House Bill No. 2850 entitled:

"AN ACT Relating to excise tax treatment of linen and uniform supply services;"

Substitute House Bill No. 2850 was intended to level the playing field between linen and uniform supply and cleaning services located in Washington and those located outside of our state. By defining a retail sale of linen and uniform supply services to occur at the place of delivery to the customer, the bill would have prevented out-of-state companies from avoiding sales tax collection obligations by picking up laundry in Washington, washing it in another state, and delivering it back to its Washington customers. Closing this tax loophole would have allowed Washington companies to compete on a level playing field with out-of-state businesses.

Unfortunately, after the bill passed the legislature, a drafting error was found that would have applied the sales tax to any item of tangible personal property purchased in Washington for delivery out of state. The bill also has a constitutional infirmity because it amends a chapter of the Revised Code of Washington by reference to its title, without setting out the revised sections at full length.

It is my understanding that the legislature is aware of these problems and is already in the process of introducing corrected legislation closing this unfair tax loophole. I urge the legislature to do so as soon as possible.

For these reasons I have vetoed Substitute House Bill No. 2850 in its entirety.

Respectfully submitted,
Gary Locke
Governor