



SC REVENUE RULING #88-7

SUBJECT: Coin-Operated Laundromats
(Sales Tax)

EFFECTIVE DATE: June 1, 1988

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: S.C. Code Ann. Section 12-35-550(23) (1987 Supp.)
S.C. Code Ann. Section 12-35-1130 (1987 Supp.)
S.C. Code Ann. Section 12-35-110 (1987 Supp.)
S.C. Code Ann. Section 12-35-510 (1976)
Act 540 of 1986, Section 14

AUTHORITY: S.C. Code Ann. Section 12-3-170 (1976)
SC Revenue Procedure #87-3

SCOPE: A Revenue Ruling is the Commission's official interpretation of how tax law is to be applied to a specific set of facts. A Revenue Ruling is public information and remains a permanent document until superseded by a Regulation or is rescinded by a subsequent Revenue Ruling.

Questions:

1. Are the gross receipts from a "wash and fold" service provided by a coin-operated laundromat subject to the sales tax, pursuant to Section 12-35-1130?
2. Are vending machine sales by coin-operated laundromats subject to the state's sales tax?
3. Are sales of cleaning supplies to customers, by attendants at a coin-operated laundromat, subject to the state's sales tax?

Facts:

Coin-operated laundromats are expanding their services in order to meet the needs of their customers. In addition to their normal business, such laundromats will provide a "wash and fold" service, for a fee. Customers may also purchase their cleaning supplies from attendants or vending machines at the laundromat.

Code Section 12-35-1130 was amended by Act 540 of 1986, Section 14, (effective June 18, 1986) to read:

(A) Notwithstanding any other provision of law, the license and the sales or use tax imposed by this chapter shall apply with respect to the gross proceeds accruing or proceeding from the business of providing or furnishing any laundering, dry cleaning, dyeing, or pressing service.

(B) For fiscal year 1986-87, a 4 percent sales tax is assessed on the gross receipts from coin-operated laundromats and dry cleaning machines. For fiscal year 1987-88, a 2 percent sales tax shall be assessed on the gross receipts from coin-operated Laundromats and dry cleaning machines and for fiscal year 1988-89 and thereafter, no sales tax may be assessed on the gross receipts derived from coin-operated Laundromats and dry cleaning machines."

Code Section 12-35-550(23) was amended (effective June 18, 1986) and now exempts:

The gross proceeds of the sale of supplies and machinery used by laundries, launderettes, cleaning, dyeing or pressing establishments in the direct performance of their primary function. This exemption does not apply to the gross proceeds of sales of supplies and machinery used by coin operated laundromats."

Discussion:

The title to Section 14, Act 540 of 1986 reads:

To amend item (23) of Section 12-35-550 of the 1976 Code, relating to sales and use taxes, so as to provide that the gross proceeds of all supplies and machinery used by coin-operated laundromats is subject to the license and sales and use tax; and to amend Section 12-35-1130, relating to the requirement that Chapter 35 of Title 12 shall apply with respect to the gross proceeds accruing or proceeding from the business of providing or furnishing any laundering, dry cleaning, dyeing, or pressing service, so as to provide for the phaseout of a sales tax imposed on the gross proceeds of sales from coin-operated washing and drying machines." (Emphasis added.)

Even though the title of an act is regarded as no part thereof, it is recognized that it is not to be wholly disregarded in its interpretation, and it is a generally accepted view in the United States that resort may be had to the title of an act as an aid in its interpretation." 73 Am.Jur.2d, Statutes, Section 98.

Act 540 of 1986, (effective July 1, 1986) provides, in part, that "no sales tax may be assessed on the gross receipts derived from coin-operated laundromats and dry cleaning machines." The act, as well as the title to the act, specifically states that the intent of the legislature was to exempt from the tax the gross receipts from coin-operated laundry machines. "When the title of an act corresponds with the intention deduced from the body of the act and is not antagonistic thereto, it is common practice of courts to refer to the title as emphasizing that intention or not detracting from it, as the case may be." 73 Am.Jur.2d, Statutes, Section 98.

In summary, Code Section 12-35-1130(B) only concerns the phase out of the sales tax on the gross receipts from coin operated laundry machines.

The questions concerning the taxability of supplies sold from vending machines or by attendants requires a review of Code Sections 12-35-110 and 12-35-510.

Code Section 12-35-110 reads, in part, that "[w]here a vendor makes sales of tangible personal property through vending machines, not including vending machine sales of cigarettes and soft drinks in closed containers, the vendor is deemed to be the user or consumer of the tangible personal property."

Code Section 12-35-510 imposes the sales tax "upon every person engaged or continuing within this State in the business of selling at retail any tangible personal property whatsoever...."

Conclusions:

1. Code Section 12-35-1130(B) provides for a phaseout of the sales tax on the gross proceeds from coin-operated washing and drying machines. This section does not phase out the sales tax on the "gross proceeds...from the business of...furnishing laundering...services"; therefore, the "wash and fold" services provided by a coin-operated laundry are subject to the tax, pursuant to Code Section 12-35-1130(A).
2. Code Section 12-35-110 considers vendors who sell tangible personal property (not including cigarettes and soft drinks in closed containers) from vending machines to be the users or consumers of such property. Sales of supplies to coin-operated laundries, to be sold from vending machines, are subject to the sales or use tax; however, sales of such supplies from vending machines to customers are not subject to the tax. Sales of cigarettes and soft drinks in closed containers, from vending machines by coin-operated laundromats, are taxable retail sales.
3. Sales of supplies to customers by attendants of a coin-operated laundromat do not constitute "supplies...used by laundries" under Code Section 12-35-550(23) and are therefore subject to the sales tax, pursuant to Code Section 12-35-510. (June 1, 1988)

SOUTH CAROLINA TAX COMMISSION

s/S. Hunter Howard Jr.

S. Hunter Howard, Jr., Chairman

s/John M. Rucker

John M. Rucker, Commissioner

s/A. Crawford Clarkson Jr.

A. Crawford Clarkson, Jr., Commissioner

Columbia, South Carolina
June 1, _____, 1988