

Sales Taxes on Cleaning Services Summary (As of June 2019)

The Trend:

The United States' economy continues to shift away from goods towards services. As a result, many policymakers are considering expanding sales taxes to more services so they can collect more revenues. This is especially prevalent in states struggling to balance their budgets or that rely more heavily on sales taxes.

The Impact:

Expanding the sales tax to cleaning services would increase prices for consumers, could decrease demand, and create new compliance costs for businesses not used to collecting sales taxes.

Sales Taxes on Cleaning Services by State

Seventeen states, plus the District of Columbia already tax janitorial services: Connecticut, Florida, Hawaii, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Nebraska, New Jersey, New Mexico, New York, Ohio, Pennsylvania, South Dakota, Texas, and West Virginia.

Since states do not always utilize the same definitions, there could be additional cleaning-related services subject to the sales tax. To find out, consult the [Sales Tax Handbook](#).

The following states *have considered* expanding the sales tax to (more) cleaning services in 2019:

Connecticut: In January, Democratic Governor Ned Lamont introduced [SB 877](#), which would have taxed maintenance, window cleaning, laundry, and dry cleaning services. A committee substitute taxes “far less [services] than Lamont had hoped for,” but does include laundry and dry-cleaning services. The state already taxes janitorial services.

***What's the status?** The committee substitute passed, and Connecticut's legislature is no longer in session.*

Florida: Representative Amy Mercado (D) introduced a bill ([HB 1377](#)) in March that would have made all services subject to sales taxation, and cleaning services would not have been exempted. The state already taxes janitorial services.

What's the status?

The bill was indefinitely postponed and withdrawn from consideration on May 3. Florida is no longer in session.

Nebraska: On January 22, [LB 162](#), [LB 314](#), [LB 497](#), [LB 507](#), and [LB 508](#) were introduced. Legislators are evaluating whether cleaning services should be taxed in future legislative sessions. The state already taxes janitorial services.

***What's the status?** Governor Pete Ricketts has opposed all tax expansion proposals and will be in office until 2023. While Nebraska's legislature has adjourned, two resolutions (LR 186, LR 207) would convene interim studies for further review.*

Rhode Island: Governor Gina Raimondo's (D) [Executive Budget](#) for 2020 recommended including "services to commercial buildings" in the "sales tax base."

***What's the status?** Rhode Island is still in session, but the suggestion "[has not] made it to a formal legislative vehicle," According to Multistate.*

South Carolina: On May 2, Speaker Pro Temp Tommy Pope (R) introduced [HB 4532](#), which would have implemented a sales tax on "services providing or furnishing any laundering, dry cleaning, dyeing or pressing service; automotive repair and maintenance; commercial and industrial machinery and equipment repair and maintenance; home and garden equipment repair and maintenance; appliance repair and maintenance; and other personal and household goods repair and maintenance."

***What's the status?** The bill did not make it out of committee before the session ended but is expected to come up again in 2020.*

Utah: Governor Gary Herbert (R) introduced [The Tax and Reduction Act](#) in February, which would tax maintenance and janitorial equipment and supplies. Legislators are also considering a tax on cleaning services.

***What's the status?** While the bill died in the house in March and legislators are out of session, the discussion is still open, as an interim committee met in May to discuss the impact of a tax on services. A special session is likely to be called this summer.*

Virginia: The 2018 Republican-sponsored House bill ([HB 966](#)) would have applied the tax to all services, and no cleaning services would have been exempt. The 2019 Democratic-sponsored Senate bill ([SB 390](#)) would have taxed "carpet, rug, and upholstery cleaning and dyeing; pest control or extermination; and laundering, dry cleaning, or pressing of any kind of clothing, but not if such services are performed by means of self-service, coin-operated equipment, and not including the rental of clothing to commercial users when the essential part of the rental includes the recurring service of laundering or cleaning of the clothing."

***What's the status?** Both bills died in their first committee, and Virginia is no longer in session.*

Wyoming: On January 8, legislators introduced [HB 67](#), which would have levied a sales tax on "disinfecting and pest control services," as well as "building maintenance services."

What's the status? The bill died in committee on February 27. Wyoming's legislature is no longer in session.

The following states have also considered expanding the sales tax to (more) services in 2019, but none relating to the cleaning industry as of now:

California: In February, Senator Bob Hertzberg (D) introduced [SB 522](#), which would “enact a service tax.” However, it is “only a concept draft rather than a specific policy document” according to Multistate. The bill is vague about what a sales tax expansion would actually entail, so whether cleaning services would be subject to taxation is not yet known.

What's the status: The bill is in Committee Process, as California is still in session.

Massachusetts: The Massachusetts Senate formed a working group in April to review the state's tax system, with services being “almost certainly” considered.

What's the status: The discussion is ongoing, as Massachusetts is still in session. The committee will hold closed-door meetings and receive public testimony.

Montana: Representative Kerry White (R) introduced [HB 300](#) that would create a sales tax on many services, but cleaning-related services were not mentioned.

What's the status: The bill died in House on April 25, and Montana's legislature is no longer in session.

Texas: Representative Drew Springer (R) introduced [HB 2915](#) on March 1, which would have implemented a sales tax on some services; none of which are related to the cleaning industry. The state already taxes janitorial services.

What's the status: The bill died with the end of the session.

ISSA Will Continue to Track and Engage

ISSA believes the trend of states looking to tax services will continue as states consider ways to change their tax code or generate more revenues. ISSA Advocacy will continue to monitor and weigh in on this and other tax issues affecting our members. For additional information, or questions regarding taxes, other policy issues, or [ISSA's advocacy efforts](#), please contact ISSA Director of Government Affairs [John Nothdurft](#) at Johnn@issa.com.

Sources:

[What's Hurting California's Budget: The Rich Aren't Getting Richer as Fast as They Used To Taxation of Services Remains a Key Legislative Issue in 2019](#)
[State and Local Sales Tax Rates, 2019](#)
[From Maintenance to Martial Arts, More States Are Taxing Services](#)
[A Guide to Connecticut Taxes You'll Pay in New State Budget](#)