

Department of Finance and Administration

Legislative Impact Statement

Bill: SB9

Bill Subtitle: TO AMEND THE LAW CONCERNING TAXES AND FEES APPLICABLE TO CAR WASH OPERATORS; AND TO REPEAL THE FEE LEVIED ON CAR WASH OPERATORS BASED ON WATER USAGE.

Basic Change :

Sponsor: Sen. Stubblefield

SB9 repeals the water usage fee established by Act 822 of 2019 and codified at § 26-57-1601 et seq.

This bill will be effective on the first day of the calendar quarter following the effective date of the act, which is anticipated to be October 1, 2021.

Revenue Impact :

FY2022 - \$670,000 reduction to General Revenue

FY2023 - \$1M reduction to General Revenue.

[FY2022 revenue impact reflects eight months of collections. FY2023 revenue impacts reflects twelve months of collections.]

Taxpayer Impact :

Owners and operators of automatic car washes, car wash tunnels and self-service car wash bays that would no longer be subject to the water usage fee.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

This proposal will require modifications to the state's tax system to cease collection of the car wash water usage fee on the effective date of this act.

Other Comments :

None.

Legal Analysis :

Act 822 of 2019 created sales and use tax exemptions for car wash operators and imposed a fee on car wash operators based upon the water the operators consumed in the car washes. SB9 would repeal the car wash usage fee, but leave in place the exemptions created for car wash operators in Act

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822 of 2019.

SB9 adds definitions to the exemption statute that are currently in the water usage fee section that would be repealed.