

CHAPTER 12. DRY CLEANING FEES

A fee is imposed on dry cleaning facility owners/operators for the privilege of operating an active dry cleaning facility. A fee is also imposed on the sale or transfer of dry cleaning solvents within the state for the benefit of the general public. The dry cleaning fees became effective January 1, 1996. The purpose of the fees is to create a cleanup fund that will ensure the cleanup of contaminated sites resulting from solvent spills at dry cleaning facilities. Since January 1, 2004, the dry cleaning fees program has been administered by the Department of Environmental Quality.

As of January 2002, the annual fee assessed on dry cleaning facilities is comprised of a risk fee and an environmental fee:

- Dry cleaning facilities that utilized any solvent before January 1, 1998 pay a \$500 fee. There is an additional fee of \$500 for any dry cleaning facility that has utilized or utilizes perchloroethylene during any part of the annual fee period.
- Dry cleaning facilities also pay an annual environmental fee based upon projected gross sales (on dry cleaning services only) for the current fee period. This fee is 1 percent of the gross revenue of dry cleaning services that the facility generates in the annual fee period.

The fee on the sale or transfer of dry cleaning solvents is \$10 per gallon of perchloroethylene and \$2 per gallon of other dry cleaning solvents. Distributors pay the fee on dry cleaning solvents quarterly.

There are approximately 280 dry cleaning facilities and 100 dry stores subject to the dry cleaning facilities fee. Receipts for the dry cleaning program are forecast to be \$1.5 million in the 2007–09 biennium and \$1.4 million in the 2009–11 biennium.

12.001 UNIFORM SERVICE OR LINEN SUPPLY FACILITY

Oregon Statute: 465.200(6)(b)

Sunset Date: None

Year Enacted: 1995

	Total
2007–09 Revenue Impact:	Less than \$50,000
2009–11 Revenue Impact:	Less than \$50,000

DESCRIPTION: The dry cleaning facility fee is not imposed on any uniform service or linen supply facilities.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to reduce the tax burden on uniform services and linen supply facilities.

WHO BENEFITS: Companies operating uniform service or linen supply facilities.

EVALUATION: *by the Economic and Community Development Department*

Because these facilities do not generally serve the public, but rather furnish uniforms and linen to institutional users including hospitals, restaurants, repair companies, and other business operations, the absence of such a fee is not likely to influence where uniform service and linen supply facilities locate. The lack of a fee might lower the costs of such services to their customers, but there is no evidence of this. Consistent and reliable delivery of uniforms and linens to institutions and businesses dictates that suppliers locate within a reasonable distance of their clients. Most delivery is by truck, which means a limited delivery range. Suppliers are not likely to move out of state if the fee were assessed.

12.002 PRISONS

Oregon Statute: 465.200(6)(c)

Sunset Date: None

Year Enacted: 1995

	Total
2007–09 Revenue Impact:	\$0
2009–11 Revenue Impact:	\$0

DESCRIPTION: The dry cleaning facility fee is not imposed on any prison or other penal institution.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to recognize the principle that state governments typically do not tax their own agencies.

WHO BENEFITS: There are no prisons in Oregon with dry cleaning operations.

EVALUATION: Not evaluated.

12.003 FACILITY ON U.S. MILITARY BASE

Oregon Statute: 465.200(6)(a)

Sunset Date: None

Year Enacted: 1995

	Total
2007–09 Revenue Impact:	\$0
2009–11 Revenue Impact:	\$0

DESCRIPTION: The dry cleaning facility fee is not imposed on dry cleaning facilities on U.S. military bases.

PURPOSE: To comply with federal law that prohibits states from taxing the federal government.

WHO BENEFITS: There are no military bases in Oregon with dry cleaning operations.

EVALUATION: *by the Department of Revenue*

This expenditure achieves its purpose of compliance with federal law.