

Notice

Notice Number: 95-05
Tax Type: Dry Cleaning Environmental Surcharge; Dry Cleaning Solvent Fee
Brief Description: Dry Cleaning Environmental Surcharge and Solvent Fee
Keywords:
Effective Date: 07/01/1995

Body:

STATE OF KANSAS

BILL GRAVES, GOVERNOR

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Department of Revenue

JOHN D. LaFAVER, SECRETARY
Taxpayer Assistance Bureau

The Kansas Dry Cleaner Environmental Response Act establishes an environmental surcharge and solvent fee. These instructions should help you collect and remit the surcharge and fee.

DRY CLEANING ENVIRONMENTAL SURCHARGE

Dry cleaning and laundry retailers are required to collect the environmental surcharge from the consumer and remit it to the Kansas Department of Revenue beginning July 1, 1995. The surcharge is 2% of gross receipts from dry cleaning or laundering services. Dry cleaners and launderers should keep separate records of the surcharge and sales tax. The Kansas Department of Revenue provides separate forms to report the surcharge and tax.

EXEMPT SERVICES

The surcharge does not have to be collected for these services:

- Services provided **to the public** through coin-operated devices
- Laundering and rentals of uniforms, linens, dust control materials, and other textiles for commercial purposes that are cleaned without using dry cleaning solvents. *NOTE: Dry cleaners and launderers must collect the surcharge on all items cleaned with the use of solvents for individual consumers including, but not limited to, shirts, jeans, and fatigues. Dry cleaners and launderers must also collect the surcharge on all items cleaned with the use of solvents for businesses including, but not limited to, uniforms and tuxedos.*
- Laundering or dry cleaning services purchased directly by groups that do not pay sales tax, including:

Federal government State of Kansas and its political subdivisions
Elementary and secondary schools Nonprofit educational institutions
Nonprofit hospitals Nonprofit blood, tissue, and organ banks
Nonprofit 501(c)(3) historical societies Noncommercial educational television and
Nonprofit 501(c)(3) museums radio stations

SALES FOR RESALE

Dry cleaners and launderers occasionally make sales for resale to hotels and other businesses registered for the environmental surcharge. Retailers that make such sales must obtain a dry cleaning exemption certificate from the business indicating the business will collect and remit the surcharge. For businesses not registered, dry cleaners and launderers must collect and remit the surcharge.

Dry cleaning resale exemption certificates are available upon request by writing to the Taxpayer Assistance Bureau, Kansas Department of Revenue, 915 SW Harrison St., Topeka, Kansas, 66625-0001.

DRY CLEANING SOLVENT FEE

Businesses that use dry cleaning solvents are required to remit a solvent fee beginning July 1, 1995.

CHLORINATED SOLVENTS

The fee rate is \$3.50 per gallon for Perchloroethylene and other chlorinated solvents. The rate on less than one gallon is calculated on the amount purchased. For example, the fee for a gallon of Perchloroethylene is \$3.50. The fee for a half gallon is \$1.75.

Beginning January 1, 1996, the rate for chlorinated solvents will go up \$.25. There will be a \$.25 increase each year until the rate reaches its maximum of \$5.50 per gallon.

(more)

PETROLEUM BASED

The fee rate for petroleum based solvents is 10% of the rate for chlorinated solvents. For example, if the chlorinated solvent is \$3.50, the fee rate for petroleum solvents is \$.35. Again, the rate on less than one gallon is calculated on the amount purchased. For example, the rate for a half gallon of any nonchlorinated dry cleaning solvent is \$.18.

Next year, the fee rate for chlorinated solvents will increase to \$3.75. As a result, next year's fee rate for petroleum solvents will be \$.38.

REGISTRATION

Dry cleaners and launderers currently registered for retailers' sales tax have been automatically registered for the environmental surcharge and solvent fee. All satellite locations that complete sales tax returns for dry cleaning services will also need to be registered. Send the Department of Revenue a list of those locations, using the enclosed application form. *NOTE: Drop off and pick up locations ("dry" stores) which collect money in the name of the dry cleaner or laundry retailer, do not need to be registered. Dry cleaners and laundry retailers must remit the environmental surcharge collected by the "dry" store.*

FORMS

An environmental surcharge and solvent fee form will be mailed to registered dry cleaners and laundry retailers during the final week of the reporting period. **DO NOT use the retailers' sales tax return to report the environmental surcharge or the solvent fee.** File this new form when the retailer's sales tax return is filed. For example, a dry cleaning facility that files monthly sales tax returns will also file monthly surcharge and solvent fee forms. Both returns are due no later than the 25th of the month following the end of the reporting period. Forms must be filed even if no surcharge or solvent fee is collected. Failure to file the form and remit the surcharge and fee by the due date will result in penalties and interest.

If you have questions regarding this notice or need assistance in completing the forms, please call (913) 296-0222 or write to the Taxpayer Assistance Bureau, Kansas Department of Revenue, 915 SW Harrison St., Topeka, Kansas, 66625-0001.

NOTICE 95-05 (6/2/95)

TO: Dry Cleaners and Laundry Retailers
RE: Dry Cleaning Environmental Surcharge
and Solvent Fee

The Kansas Department of Revenue issued a notice June 2, 1995, explaining the impact of the Kansas Dry Cleaner Environmental Response Act on the dry cleaning industry. This supplement makes clear one of the exempt services.

DRY CLEANING ENVIRONMENTAL SURCHARGE

Dry cleaning and laundry retailers are required to collect an environmental surcharge from the consumer and remit it to the Kansas Department of Revenue beginning July 1, 1995. The surcharge is 2% of gross receipts from all dry cleaning and all laundering services. Dry cleaners and launderers should keep separate records of the surcharge and sales tax. The Department of Revenue provides separate forms to report the surcharge and tax.

EXEMPT SERVICES

The surcharge does not have to be collected for this service:

Laundrying and rentals of uniforms, linens, dust control materials, and other textiles for commercial purposes that are cleaned without using dry cleaning solvents.

NOTE: Dry cleaners and launderers must collect the surcharge on all items laundered or dry cleaned for individual consumers, including, but not limited to, shirts, jeans, and fatigues. Dry cleaners and launderers must also collect the surcharge from businesses on all items cleaned with the use of solvents, including, but not limited to, uniforms and tuxedos.

Other exempt services are listed on the notice issued June 2, 1995.

If you have questions regarding the notice or this supplement, please call (913) 296-0222 or write to the Taxpayer Assistance Bureau, Kansas Department of Revenue, 915 SW Harrison St., Topeka, Kansas, 66625-0001.

SUPPLEMENT TO NOTICE 95-05 (6/15/95)

TO: Dry Cleaners and Laundry Retailers

RE: Dry Cleaning environmental Surcharge
and Solvent Fee

Date Composed: 10/02/1997 Date Modified: 10/09/2001

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