



Report on Litigation

Summarized below are recent significant Wisconsin Tax Appeals Commission (WTAC) and Wisconsin Court decisions.

The following decisions are included:

Sales and Use Tax

Laundry Services – long-term care support service provider	
<i>Healthcare Services Group, Inc.</i>	18

SALES AND USE TAX

➤ Laundry Services – long-term care support service provider. *Healthcare Services Group, Inc. vs. Wisconsin Department of Revenue* (Waukesha County Circuit Court, February 9, 2017).

This is a judicial review of the Wisconsin Tax Appeals Commission's decision dated July 27, 2016. See [Wisconsin Tax Bulletin 195](#) (October 2016), page 13, for a summary of the Wisconsin Tax Appeals Commission's decision.

The issue in this case is whether Healthcare Services Group, Inc. (HSG) is providing a taxable laundry service or providing workers who, among other things, clean laundry at the facilities.

Wisconsin taxes certain enumerated services, as provided in sec. 77.52(2)(a)6., Wis. Stats., and among those taxed services are "laundry, dry cleaning, pressing, and dyeing services," with exceptions for raw materials/good destined for sale, cloth diapers, and use of self-service machines by consumers. The department offered three definitions of laundry and laundry that were relevant to the decision, which HSG neither contested nor countered. Instead, HSG argued whether the facts of its business plan fit within the accepted definition.

The Court stated that the reality of HSG's services fall within the definition of laundry. Though HSG's employees do more than just laundry, they nonetheless perform laundry services. HSG itself separates out billing for the laundry services it performs from other housekeeping services. Merely doing more than just laundry does not change the reality that HSG performs laundry services; by way of analogy, if a business engaged in both self-service and full-service laundry services, the business could not reasonably assert that its full-service laundry business is not subject to taxation simply because the self-service part of the business is not.

HSG attempted to analogize its case to *Manpower, Inc. vs. Wisconsin Department of Revenue* (WTAC, August 12, 2009), in which the Commission held that temporary placed workers performing tasks otherwise taxable cannot be taxed. The Court determined that HSG's business model is readily distinguishable from that of Manpower. Manpower is a temporary help company pursuant to sec. 108.02(24m), Wis. Stats., which HSG is not. Further, HSG's model of hiring employees to clean client laundry for the duration of a contract is readily distinguishable from a temporary help company that places workers with a company for a short period of time to alleviate temporary staffing needs. The service HSG ultimately provides is the cleaning of laundry, not the provision of temporary help.

The Circuit Court affirmed the Wisconsin Tax Appeals Commission's decision and concluded that HSG ultimately provides laundry services to its clients, and thus falls within sec. 77.52(2)(a)6, Wis. Stats.

The taxpayer has appealed this decision to the Court of Appeals.