

Qualified Production Activity

BACKGROUND

TRSA represents the \$27 billion linen, uniform and facility services industry, which employs 130,000+ people at 2,500+ facilities in the United States. TRSA members are commercial laundry/facility services companies and their supplier partners who manufacture and provide essential supplies and infrastructure. Both sectors of our membership enable life-sustaining businesses to safely operate. These include healthcare facilities, grocery stores, infrastructure maintenance, food processing, public utilities (water and energy), first responders, federal and state governments, laboratories, pharmaceutical manufacturers, and other fundamental supply chain businesses.

Essential workers and the public depend on our industry to produce and process PPE, including healthcare contact textiles (HCTs), flame-resistant and high-visibility clothing, first aid and safety items, and other protective garments. Many PPE products must be cleaned by laundries that use specialized processes to ensure their safety and integrity. TRSA members process 90% of the HCTs (i.e., isolation and barrier gowns, bed linens, scrubs, etc.) used by healthcare facilities across the United States. As evident during the COVID-19 pandemic, laundry processing interruptions threaten the safe operation of healthcare facilities as well as other critical infrastructure businesses.

TRSA POSITION

Linen and uniform laundries are a core component of the U.S. supply chain, processing millions of pounds of textiles daily for healthcare, hospitality, manufacturing, and public safety sectors. Their operations involve advanced technology and rigorous processes that transform unusable textiles into hygienically clean, reusable products—meeting high standards for safety and quality.

This transformation goes well beyond a traditional service model; it is a production-like process requiring specialized equipment, chemical treatment and thermal disinfection, and often third-party certification. During the COVID-19 pandemic, linen and uniform laundries played a critical role in mitigating PPE shortages by processing reusable healthcare contact textiles (HCTs), ensuring continuity of care and public safety.

The enactment of H.R.1 created a significant opportunity for domestic production activities through the establishment of Qualified Production Property (QPP) under new IRC §168(n), allowing eligible taxpayers to fully expense certain real estate investments through 100% Bonus Depreciation. To qualify, activities must constitute Qualified Production Activity (QPA), defined as manufacturing, producing, or refining tangible personal property resulting in a substantial transformation. Linen and uniform laundries meet this core criteria for substantial transformation because their operations:

- Convert Inputs into New Products: Soiled textiles undergo a multi-step mechanical process resulting in hygienically clean, certified reusable goods.
- Enhance Supply Chain Resilience: By enabling reuse of critical textiles, laundries reduce dependence on foreign-sourced disposables.
- Support Sustainability Goals: Reusable textiles processed by laundries significantly reduce waste and carbon emissions.
- Promote Economic Growth: Recognition would allow laundries to access tax incentives, invest in advanced technologies, and create jobs.

ACTION

Request Treasury Guidance: Urge the Treasury Department to issue interpretive guidance confirming laundries qualify under substantial transformation provisions.