

BACKGROUND

As a result of the current economic climate, federal, state and local governments are reviewing taxation policy and seeking ways to increase revenues. At the state level, proposals have focused on instituting a sales tax for professional consulting services, including interior design services. ASID believes taxing interior design services would significantly hurt the design industry as the increased costs could prohibit consumers from fully utilizing the services of professional designers. Further, taxing design services damages small businesses and would have a negative impact on the state's revenue, job creation and overall economic growth.

TALKING POINTS

- . State firms confined by the tax lose a competitive advantage to out-of-state firms that are not subject to the tax or multi-state firms, which can farm projects to an out-of-state office.
- . Taxing design services would significantly harm the design industry by slashing profit margins and decreasing the overall amount and quality of design projects.
- . Taxes on services are usually difficult and expensive to administer, both for the business affected and for the government itself.
- . Taxes on services place a disproportionate burden on smaller firms, which comprise the majority of the interior design profession.
- . The predicted increased state revenue raised by the tax would be offset by the cost of enforcement.

ACTION

ASID urges its members and coalition partners to oppose any legislative proposals that would institute a sales or service tax on professional services. Taxing professional services would have an adverse impact on the state's revenue, economy and public welfare and health. Taxing design services would erode the tax base by not only driving out service based firms, but also keeping businesses from relocating to a particular state and expanding within a state.

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About ASID: The American Society of Interior Designers (ASID) is a community of people—designers, industry representatives, educators and students—committed to interior design. Through education, knowledge sharing, advocacy, community building and outreach, the Society strives to advance the interior design profession and, in the process, to demonstrate and celebrate the power of design to positively change people's lives. Its more than 36,000 members engage in a variety of professional programs and activities through a network of 48 chapters throughout the United States and Canada. www.asid.org