



The American Society of Interior Designers
New England Chapter

Testimony of the American Society of Interior Designers
Rhode Island House Finance Committee
House Bill 5151
February 28, 2019

The American Society of Interior Designers (ASID) and its New England Chapter, which consists of 37 Rhode Islanders, strongly oppose House Bill 5151's proposed tax on interior design services. As less than five states currently tax interior design services not related to the sale of tangible personal property, sales tax on our members' services would not only create a competitive disadvantage for interior designers in Rhode Island versus those in neighboring states, but would also hurt the many female-owned interior design small businesses in Rhode Island.

ASID is comprised of 46 chapters with over 25,000 members nationwide and represents the full spectrum of interior design practitioners, students, and corporate industry partners. 75% of our members are women and 82.4% of design firms represented by ASID members are small businesses of 1 to 4 employees. In Rhode Island in 2019, per the North American Industry Classification System (NAICS), of the 181 interior design establishments in the State, 38 are small businesses of four or fewer employees and 138 are non-employer entities. This proposed tax will clearly hit small and solo-practitioner, women-owned businesses the hardest.

"Interior design services," as it is included in HB 5151, is an overly broad term and can include anything from an associate at a home improvement big-box store helping a homeowner select finishes to designing the interiors for a major hotel chain or public hospital to meet code and other legal standards. This broad definition would no doubt result in the "back door" taxation of interior design services provided by our members.

To date, 27 U.S. states, the District of Columbia, and Puerto Rico, have enacted laws regulating the profession and have created minimum standards for the industry. This proposal picks winners and losers. Unfortunately, the interior design profession has been selected to be taxed by the Administration even though the State of Rhode Island doesn't even define the term "interior design" or "interior designer," unlike most states. Due to this lack of regulation, there remains no state standard to determine how many or who, in or around the profession, would be required to remit a sales tax for services.

While increasing state revenues is a laudable goal, we question the proposed methodology if it results in a significant increase in the small business community's tax burden, specifically, the interior design profession. The way to make sure interior design businesses grow, add to the State's economy, and create well-paying jobs is to ensure that these Rhode Island small businesses remain competitive,



especially along our State's borders and region, and not by adding to our tax burden and the tax burden of all those other enterprises and industries we serve and affect.

We respectfully encourage you to prevent the taxation of interior design services.

Thank you,

Ally Maloney
Director,
ASID New England
Rhode Island Resident