

2016 ADVOCACY SUMMIT

Issue: SALES TAX ON PROFESSIONAL SERVICES

The Washington State Legislature is currently under a court ordered mandate to adequately fund K-12 education (McCleary Decision). What exactly that means and how much will it cost is going to be the major issue for 2017. No matter how the policy side of the issue sorts out most political observers believe that the final package will require some kind of addition revenue (i.e. Taxes) to pay for it. There are many different options for this additional funding of which would be to apply the Sales Tax to professional services such as Architecture. Adding additional revenue through an income tax is prohibited without a change to our state constitution. The AIA Washington Council has consistently been opposed to increases in the state B & O tax, and has typically been opposed to any tax increases that affect the profession. In recent years, however, the AIA Washington Council Board has softened its total opposition to taxes, feeling that it is hypocritical for the AIA to push for increased spending on infrastructure and the capital budget while opposing all taxes.

The AIA's position on sales tax on professional services is stated in Position Statement 5 in support of B. Public Policy: The Business of Architecture as stated in the AIA Directory of Public Policies and Position Statements (see back side of sheet).

AIA is opposed to applying the sales tax to services and wants to oppose this concept.

Relevant information: Most other service-based industries such as legal and accounting services will be opposed to adding the sales tax on services. Public employee and teachers unions will ultimately support any new revenue to the state. Other industries may quietly push the tax as an alternative to specific taxes on themselves. Tax policy decisions usually boil down to the Chair of the House and Senate revenue committees and their top-level leadership members. In this case that would be Rep. Kris Lytton (Chair of the House Finance Committee) and Senator John Braun (chair of the Senate Ways and Means Committee).



AIA
Washington Council

5.
Tax and
Regulatory
System

The AIA supports governmental policies, programs, and administration that promote a fair tax code and business regulations that encourage the free enterprise system and the economic well-being of the American people, the U.S. construction industry, and the profession of architecture. The AIA opposes the imposition of any sales and usage taxes on professional services.

(approved December 2013, through December 31, 2016)