

Proposal to tax more D.C. services meets with protests

Health club members and Yoga lovers flooded D.C. Council members with e-mails Thursday after word spread that the council might consider a new tax on health club memberships to help fill a \$550 million budget gap.

The Washington Post [reported last week](#) that several council members were putting everything on the table, from pet grooming to club memberships.

Mayor Adrian M. Fenty (D) made a campaign promise in 2006 that he would not propose new taxes, but he has accepted ones proposed by the council. Last year, the council raised cigarette, sales and gas taxes to cover a deficit. The Fenty administration, meanwhile, has pushed fee increases, such as meter rates.

This year, the D.C. Fiscal Policy Institute, a local think tank, is listing services that have never been taxed to tap for revenue. The idea is that consumption has shifted from goods to services, and the city's tax code is behind the times. Other jurisdictions across the country that felt the brunt of the recession before the District have come up with similar taxes.

Also pushing the idea is the Fair Budget Coalition, which is made up of three dozen nonprofit and advocacy organizations and is circulating a proposal to extend the sales tax to the services in question.

While council members Michael A. Brown (D-At Large) and Jim Graham (D-Ward 1) are trying to convince their colleagues to join them in raising taxes on the city's wealthier households, the taxes on services haven't gained traction.

That didn't stop local yoga outfits and gyms from contacting council members. "Things have gotten a little uncorked here," Graham said. "I've received 2,869 e-mails since 8:35 a.m."

Staffers for council member Mary M. Cheh (D-Ward 3) said they received about 2,000 e-mails.

Doug Jefferies, owner of the Results Gym chain, and David von Storch, owner of the Vida Fitness chain, are also mobilizing in opposition to a tax on gym memberships or classes.

Council member Jack Evans (D-Ward 2), chairman of the Committee on Finance and Revenue, said he wants his colleagues to hold the line on all taxes. Increasing them, he said, "is a real mistake."

Evans said the city needs to cut its expenditures, or next year, taxes will have to be raised again.

Here's a list of services currently not taxed that the institute would like the council to consider:

- Admission to cultural events
- Art conservation/restoration services to individuals
- Art/antique collecting advisory and brokerage services
- Carpet and upholstery cleaning
- Chimney cleaning services
- Closet/storage design consulting services

Commissions on auction purchases/sales (brokerage service)
Custom processing (on customers' property)
Dating services
Day spa services
Diaper service
Fur storage
General house cleaning services
Health clubs, tanning parlors, reducing salons
Household errand/"personal shopper"/gift consulting/management consulting services
Installation charges -- other than seller of goods
Interstate air courier (billed in-state)
Kennels
Magazines
Marine towing service (including tugboats)
Massage services
Membership fees in private clubs
Packing and crating
Personal instruction (dance, golf, tennis, etc.)
Pet grooming
Private investigation (detective) services
Swimming pool/hot tub cleaning and maintenance services
Taxidermy
Vehicle security monitoring services

-- *Nikita Stewart and Tim Craig*

http://voices.washingtonpost.com/dc/2010/05/proposal_to_tax_more_dc_servic.html

May 6, 2010; 5:49 PM ET