Testimony of the American Society of Interior Designers
Connecticut before the Finance, Revenue, & Bonding Committee
Opposition to House Bill 7410 AN ACT CONCERNING CERTAIN TAX RECOMMENDATIONS OF THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH AND ESTABLISHING A STEM SCHOLARSHIP PROGRAM

The American Society of Interior Designers (ASID) and its Connecticut Chapter, which consists of more than 300 Connecticut residents, strongly oppose House Bill 7410’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 Connecticut versus those in neighboring states but would also hurt the many female-owned interior design small businesses in Connecticut.

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 one to four employees. In Connecticut in 2019, per the North American Industry Classification System (NAICS), of the 622 interior design establishments in the State, 129 are small businesses of four of fewer employees and 474 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 7410 and the 2017 NAICS edition, 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.

While increasing state revenues is a laudable goal, we question the proposed methodology if it results in a significant increase to 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 Connecticut 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,

Karen Davis
President,
ASID Connecticut
Connecticut Resident