April 10, 2019

Dear Members of the Finance, Revenue, and Bonding Committee:

The International Interior Design Association (IIDA) and its New England Chapter, which includes our 100+ Connecticut members, strongly oppose the removal of the exemption on sales tax of interior design services in House Bill 7410. As less than five states currently tax interior design services not related to the sale of tangible personal property, this new 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.

IIDA is the commercial interior design association. Our members design safe, functional, and engaging interior environments that touch the lives of the general public. Our members’ projects include hospitals, senior living facilities, multi-family housing, schools, universities, offices, retail outlets, airports, prisons, restaurants, and hotels. They can take a raw space and create a vibrant, effective interior space that better accomplishes the goal of the space. Commercial interior designers create spaces that increase productivity, reduce healing time or promote learning. Our members are experts in interior building codes, ADA-standards, WELL and LEED standards, and sustainability best practices.

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 or 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 urge you to support the growing commercial interior design industry in Connecticut and remove the proposed sales tax provision on interior design services.

Thank you,

Aimee Schefano
Vice President of Advocacy
IIDA New England Chapter