

# THE CAPITOL INSIDER

Arizona Association of REALTORS®  
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*The Insider is devoted to bringing you cutting edge information on legislative issues effecting your industry*

## Legislator Pushing Tax on Services!

Currently Arizona imposes a retail sales tax on all tangible items, except those specifically exempted by law. Services are generally not subject to the sales tax.

However the state is now considering extending the sales tax to include services as the state grapples with its severe fiscal crisis.

This week Tom Farley, AAR's CEO and Chief Lobbyist, has been down at the Capitol lobbying against a tax on services.

He reports that it has been a frustrating process to say the least! To cut to the chase, the mantra of broaden the base and lower the sales tax rate has moved from a slogan to a very real potential tax policy.

And the strongest proponent of taxing services – a Republican REALTOR® who is the Chairman of a powerful committee in the state legislature!

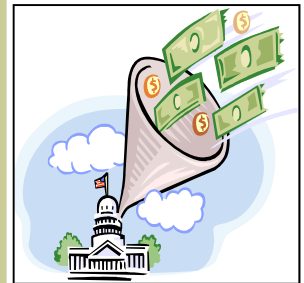
If this new tax passes a number of services used when property transfers ownership, all of which are already paying income taxes, would again be taxed including the services provided by the REALTOR®, the title company, the home inspector, the surveyor, the escrow company, the real estate appraiser, the marketing materials and advertisements created by the printers, the home décor staging vendors, the lending institution mortgage, etc.

In this type of economy, the services people use from the business sector are necessary, not optional. Just think of all the services that would be affected by this new tax—health services, child care, elder care, child tutoring, auto repair, funeral services, plumbing repairs, etc.

There are some who believe that by taxing services and getting rid of business taxes, they will create new jobs here in Arizona. All taxing services will accomplish is increase the tax load on Arizona's citizens because even more consumer purchases will be taxed.

*"In July 1990, Massachusetts enacted and then repealed a measure to extend its sales tax to services provided to businesses."*

State Sales Taxes on Services: Massachusetts as a



*"The short-lived 1987 sales tax on services in Florida is used to illustrate the distributional effect of a sales tax levied on both intermediate and final consumption products. ... Florida's temporary 5 percent sales tax on services was slightly less regressive than the 1 percent boost in the general sales tax on commodities that replaced it."*

