

Table 1: Estimated State Sales Tax Revenue Yield from Taxing All "Feasibly-Taxable"\* Services  
(\$ millions)

	Share of 2007 Ntl. Personal Income	Estimated Purchases of "Feasibly-taxable" Services	Jan. 1 2007 State Sales Tax Rate	Maximum Revenue from Taxing Services	FY07 State General Sales Tax Revenue	Revenue from Services as Percent of Current Revenue
	(1)	(2)	(3)	(4)	(5)	(6)
United States	100.00%	1,621,600	5.387%	87,358	239,560	36%
Alabama	1.29%	20,906	4.000%	836	2,349	36%
Arizona	1.79%	29,075	5.600%	1,628	5,640	29%
Arkansas	0.73%	11,906	6.000%	714	2,904	25%
California	13.07%	211,964	6.250%	13,248	32,669	41%
Colorado	1.71%	27,804	2.900%	806	2,219	36%
Connecticut	1.65%	26,744	6.000%	1,605	3,030	53%
D. of Columbia	0.32%	5,120	5.750%	294	960	31%
Florida	6.01%	97,452	6.000%	5,847	21,749	27%
Georgia	2.74%	44,465	4.000%	1,779	6,382	28%
Hawaii	0.43%	6,987	4.000%	279	2,446	11%
Idaho	0.41%	6,632	6.000%	398	1,278	31%
Illinois	4.52%	73,315	6.250%	4,582	7,817	59%
Indiana	1.81%	29,332	6.000%	1,760	5,424	32%
Iowa	0.90%	14,519	5.000%	726	1,833	40%
Kansas	0.87%	14,139	5.300%	749	2,242	33%
Kentucky	1.12%	18,200	6.000%	1,092	3,229	34%
Louisiana	1.32%	21,395	4.000%	856	3,481	25%
Maine	0.38%	6,232	5.000%	312	1,055	30%
Maryland	2.24%	36,394	5.000%	1,820	4,248	43%
Massachusetts	2.72%	44,169	5.000%	2,208	4,233	52%
Michigan	2.97%	48,217	6.000%	2,893	7,983	36%
Minnesota	1.83%	29,691	6.500%	1,930	5,003	39%
Mississippi	0.72%	11,620	7.000%	813	3,162	26%
Missouri	1.72%	27,828	4.225%	1,176	3,273	36%
Nebraska	0.55%	8,971	5.500%	493	1,484	33%
Nevada	0.87%	14,189	6.500%	922	3,213	29%
New Jersey	3.68%	59,714	7.000%	4,180	8,346	50%
New Mexico	0.52%	8,407	5.000%	420	1,979	21%
New York	7.74%	125,557	4.000%	5,022	10,194	49%
North Carolina	2.62%	42,514	4.250%	1,807	5,202	35%
North Dakota	0.20%	3,208	5.000%	160	564	28%
Ohio	3.40%	55,141	5.500%	3,033	7,781	39%
Oklahoma	1.09%	17,600	4.500%	792	1,964	40%
Pennsylvania	4.14%	67,154	6.000%	4,029	8,662	47%
Rhode Island	0.36%	5,846	7.000%	409	876	47%
South Carolina	1.18%	19,096	5.000%	955	3,256	29%
South Dakota	0.24%	3,966	4.000%	159	767	21%
Tennessee	1.77%	28,622	7.000%	2,004	6,764	30%
Texas	7.60%	123,239	6.250%	7,702	23,760	32%
Utah	0.68%	11,097	4.750%	527	1,954	27%
Vermont	0.20%	3,243	6.000%	195	530	37%
Virginia	2.76%	44,775	4.000%	1,791	3,539	51%
Washington	2.28%	37,039	6.500%	2,408	7,951	30%
West Virginia	0.46%	7,412	6.000%	445	1,303	34%
Wisconsin	1.75%	28,306	5.000%	1,415	4,159	34%
Wyoming	0.21%	3,431	4.000%	137	698	20%

\* "Feasibly-taxable" services consist of all services consumed by households except: housing, health care, education, transit, legal, funeral, and certain banking and insurance services. See text for description of data sources.

Table 2: State Sales Taxation of 40 Selected Household Services ("T" = taxable)

	A L	A Z	A R	C A	C O	C T	D C	F L	G A	H I	I D	I L	I N	I A	K S	K Y	L A	M E	M D	M A	M I	M N	M S			
Veterinary services										T																
Horse boarding/training										T																
Pet grooming			T							T				T	T								T			
Landscaping/lawn care		T	T			T	T			T			T	T	T								T	T		
Self storage			T			T		T		T				T												
Marina services			T				T	T		T					T									T		
Residential electricity	T	T	T				T		T	T		T	T	T				T				T	T			
Residential gas	T	T	T				T		T	T		T	T	T								T	T			
Investment counseling										T				T												
Barber shops/salons										T				T												
Carpet/uphol. cleaning			T			T				T				T			T							T		
Dating services						T				T				T												
Diaper service	T	T							T	T			T	T	T		T							T		
Garment alter./repair						T	T	T		T				T	T		T							T		
Health clubs			T			T				T	T			T	T									T		
Laundry/dry cleaning			T				T			T				T	T		T		T					T	T	
Personal instruction										T																
Shoe repair			T				T	T		T				T	T		T							T		
Swimming pool clean.			T			T	T			T				T	T									T		
Tuxedo rental	T	T	T	T		T	T	T	T	T	T		T	T	T	T	T		T					T		
Exterminating			T			T	T	T		T				T	T									T	T	
Auto washing			T					T		T				T	T									T	T	
Auto road svc./towing			T							T				T	T									T		
Auto maint./painting			T	T		T	T	T		T				T	T		T							T	T	
Parking lots/garages		T	T			T	T	T		T				T			T							T	T	
Auto rustproofing			T			T	T	T		T				T	T		T							T	T	
Parimutuel racing adm.			T			T	T	T	T		T			T		T				T				T	T	
Amusement park adm.	T	T	T			T	T	T	T	T	T			T	T	T	T		T					T	T	
Bowling alleys	T	T	T					T	T	T	T			T	T		T							T	T	
Cable TV			T			T	T	T		T			T	T	T			T	T					T	T	
Circus/fair adm.	T	T	T			T	T	T	T	T	T			T	T	T	T		T					T	T	
Private club membersh.			T			T		T		T				T	T		T							T		
Cultural event adm.	T		T			T		T	T	T	T			T	T	T	T		T							
Prof. sports adm.	T	T	T			T	T	T	T	T	T			T	T	T	T		T					T	T	
Private limo svc.			T				T		T	T				T												
Labor chg., auto repair			T			T		T		T				T	T		T								T	
Labor chg., TV repair			T			T	T	T		T				T	T		T								T	
Labor chg., remodeling			T			T	T			T				T	T											
Extended svc. contracts			T	T	T	T	T	T		T	T	T	T	T	T		T								T	
Installation charges					T		T	T		T					T		T								T	T
# of these services taxed	9	13	28	3	2	23	23	22	11	39	9	3	7	35	27	6	19	2	8	0	3	23	21			

Source: Federation of Tax Administrators, *Sales Taxation of Services: 2007 Update*, October 2008. See report for extensive footnotes that affect classification as taxable or exempt. Available at [www.taxadmin.org/fta/pub/services/services.html](http://www.taxadmin.org/fta/pub/services/services.html).

M O	N E	N V	N J	N M	N Y	N C	N D	O H	O K	P A	R I	S C	S D	T N	T X	U T	V T	V A	W A	W V	W I	W Y	
				T									T										Veterinary services
	T		T		T								T							T	T		Horse boarding/training
	T		T	T	T					T			T	T	T	T				T	T		Pet grooming
			T	T	T			T		T			T		T				T	T	T		Landscaping/lawn care
			T	T	T			T					T							T			Self storage
			T	T	T					T			T		T	T				T	T		Marina services
	T		T	T		T							T			T				T	T	T	Residential electricity
	T		T	T			T						T			T				T	T	T	Residential gas
				T									T										Investment counseling
				T				T					T										Barber shops/salons
	T		T	T	T			T		T			T	T	T					T	T		Carpet/uphol. cleaning.
				T									T						T	T			Dating services
	T			T		T		T				T	T	T	T	T		T	T	T		T	Diaper service
	T			T				T					T	T	T	T			T	T	T	T	Garment alter./repair
T	T		T	T				T	T				T	T	T	T	T		T	T	T		Health clubs
				T		T		T					T	T	T	T	T			T	T	T	Laundry/dry cleaning
				T									T							T			Personal instruction
	T			T				T					T	T	T	T			T	T	T	T	Shoe repair
			T	T	T			T					T		T				T	T	T		Swimming pool clean.
	T	T		T	T	T	T	T	T	T		T	T	T	T	T		T	T	T	T	T	Tuxedo rental
	T		T	T	T			T		T			T		T				T	T			Exterminating
	T		T	T	T			T		T			T	T		T			T	T	T	T	Auto washing
	T		T	T	T			T		T			T	T		T			T	T	T	T	Auto road svc./towing
		T	T	T	T			T		T			T	T		T			T	T	T	T	Auto maint./painting
			T	T	T				T				T	T	T				T	T	T		Parking lots/garages
	T	T	T	T	T			T		T			T	T		T			T	T	T	T	Auto rustproofing
T	T	T		T	T	T	T		T		T		T	T	T	T	T			T	T	T	Parimutuel racing adm.
T	T	T	T	T	T	T	T		T			T	T	T	T	T	T			T	T	T	Amusement park adm.
T	T			T			T		T			T	T	T	T	T	T		T	T	T		Bowling alleys
	T			T		T					T		T	T	T	T	T			T	T		Cable TV
T	T	T	T	T		T	T		T			T	T	T	T	T	T			T	T	T	Circus/fair adm.
T	T			T	T		T	T	T			T	T	T	T	T	T			T	T		Private club membersh.
T	T	T	T	T		T	T		T			T	T	T	T	T	T			T	T	T	Cultural event adm.
T	T	T	T	T	T	T	T		T			T	T	T	T	T	T			T	T	T	Prof. sports adm.
			T	T				T	T				T					T		T	T	T	Private limo svc.
			T	T	T			T		T			T	T		T			T	T	T	T	Labor chg., auto repair
	T		T	T	T			T		T			T	T	T	T			T	T	T	T	Labor chg., TV repair
	T		T	T	T								T		T				T	T			Labor chg., remodeling
	T	T	T	T	T			T		T		T	T	T	T	T		T	T	T	T	T	Extended svc. Contracts
	T		T	T	T			T		T			T	T	T	T			T	T	T	T	Installation charges
8	26	9	26	39	23	10	9	22	11	14	2	12	40	25	25	25	9	4	21	37	31	21	#of these services taxed

## APPENDIX 1: POTENTIALLY - TAXABLE SERVICES

H = services primarily purchased by households

H/B = services commonly purchased by households and businesses

### Lawn and garden-related services

- H/B Landscaping and gardening
- H/B Lawn care (chemical/fertilizer treatment)
- H/B Lawn mowing
- H/B Lawn installation (soil prep, seeding, sod)
- H/B Tree and shrub care (incl. trimming and removal)
- H/B Landscape architect services

### Pet-related services

- H/B Veterinary services (doctors, hospitals)
- H Horse boarding and training
- H Kennels
- H Pet grooming
- H Pet sitting/walking services
- H Pet training (incl. classes)

### Personal transportation and related services and rentals

- H/B Charter bus/limo/plane/boat - short-term rentals and long-term leases (with or without driver/pilot/crew)
- H/B Car/truck/van/motorcycle/RV/ATV/trailer - short-term rentals and long-term leases (incl. misc. charges)
- H/B Bus/train/limo/subway tickets and fares (local, inter-, and intra-state)
- H/B Airline tickets (for info. only; sales taxation barred by federal law)
- H/B Taxi fares
- H/B Personal chauffeur services (separate from vehicle rental)
- H/B Personal pilot services (separate from plane rental)
- H Vehicle security monitoring services

### Storage and moving services

- H/B Auto storage (including fees for long-term garage and parking spaces)
- H/B Parking garage fees (short-term)
- H/B Personal plane hangaring/parking fees
- H Marina services (docking/storage/seasonal removal, etc.)
- H Household goods storage (including self-storage fees)
- H Fur/clothing storage
- H Household goods moving services
- H Vehicle transport services (including drive-away)
- H/B Delivery/shipping/handling charges (purchased goods)
- H/B Packing/crating/shipping charges (outgoing shipping, e.g., gifts)
- H Gift wrapping services
- H/B Messenger/courier services (personal use)
- H/B Private shipping/mailling charges (e.g., FedEx, UPS)
- H House/mobile home moving services

### Residential utility services

- H Electricity
- H Natural gas
- H Water/Sewer

H Refuse removal/hauling/dumping

**Telecommunications and related services (incl. monthly fees and one-time charges)**

H/B Local telephone service

H/B Interstate/international telephone service (including calling plan fees)

H/B Mobile telephone service (incl. monthly fees, airtime charges, roaming charges, long-distance charges)

H/B Paging service

H/B Caller ID, call forwarding, voice mail, 3-way/conference calling, and similar enhanced phone services

H/B Internet access service

H/B Faxing services

H/B DSL/ISDN service

H Prepaid telephone calling cards

H/B Voice over Internet protocol (VOIP) telephone service

**Financial and insurance services**

H/B Service charges of banking institutions (miscellaneous)

H/B Safe deposit box rental charges

H Bill paying services (fee and commission)

H Investment counseling/financial planning/portfolio management

H/B Mutual fund management fees

H/B Credit and debit card fees (incl. annual membership and usage fees)

H/B Stock brokerage fees/commissions

H/B Insurance services (life, real property, auto, etc.)

H/B Imputed brokerage service value of loans and deposits in depository institutions

H Fees/commissions for check cashing, money orders, traveler's checks, money wiring

**Personal care services**

H Hair care

H Hair removal

H Nail care

H Day spa services (facials, makeovers, etc.)

H Massage services

H Tanning parlors

H Weight loss salons and counseling

H Tattoo and piercing services

**Miscellaneous personal services**

H Dating services

H Personals advertising

H Miscellaneous advertising for personal purposes (e.g., items for sale, positions wanted)

H Household errand/"personal shopper"/gift consulting/management consulting services

H Child day care services

H Adult day care services

H Baby-sitting services (casual)

H/B Photocopying/printing services

H Taxidermy services

H Custom butchering services

H/B Bodyguard services

H Escort services

**Home cleaning and maintenance services**

H General house cleaning services

- H/B Carpet cleaning services
- H/B Window cleaning services
- H/B Floor cleaning services
- H/B Upholstery/furniture cleaning services
- H Swimming pool/hot tub cleaning and maintenance services
- H Septic maintenance services
- Ductwork cleaning services
- H Gutter cleaning services
- H/B Snow removal services
- H Chimney cleaning services
- H/B HVAC maintenance services
- H Radon and other home environmental testing services
- H/B Pest control services
- H Condominium/co-op maintenance fees
- H Water softening/conditioning services
- H/B Interior decorating and design services
- H Home security system consulting, installation, and monitoring
- H Closet/storage design consulting services

#### **Clothing-related services**

- H Diaper service
- H Laundry and dry cleaning and pressing services, coin-operated
- H Laundry and dry cleaning and pressing services, non-coin-operated
- H Shoe repair
- H Shoe shining and dyeing
- H Alterations, repairs, dyeing, and imprinting of clothing and accessories
- H Original tailoring of clothing
- H Jewelry repair/cleaning/custom design and fabrication

#### **Education-related services**

- H Personal instruction (formal classes and one-on-one; see separate list for examples)
- H School and university tuition, room and board charges, student fees
- H College and private school admission and financial aid counseling
- H Test preparation classes
- H Private tutoring services
- H Private testing services
- H Summer camp tuition and fees

#### **Miscellaneous professional services**

- H Funeral and related services
- H/B Accounting/tax preparation
- H/B Legal services (wills, estate planning, accident defense, etc.)
- H/B Notary services
- H/B Private investigator services
- H/B Computer consulting/trouble-shooting/data restoration services
- H Personal property appraisal services
- H Art conservation/restoration services to individuals
- H Art/antique collecting advisory and brokerage services
- H Commissions on auction purchases/sales (brokerage service)
- H Career counseling and resume preparation services
- H Debt counseling services
- H/B Commercial art, graphic design, calligraphy, printing services (e.g., resume and invitations)

H Personal/professional coaching services

**Admissions/amusements/recreation/travel-related services**

- H Pari-mutuel racing events
- H Amusement parks and fairs — admissions, rides, and games
- H Admission charges/fees for participant sporting/game facilities (see separate list)
- H Coin-operated mechanical amusements (video games, pinball, karaoke, etc.)
- H Admissions to school and college sports events (incl. season tickets, “skybox” rentals, etc.)
- H Admissions to professional sports events (incl. season tickets, “skybox” rentals, etc.)
- H Admissions to movies
- H Admissions to cultural events/venues (see separate list)
- H Admissions to boat, car, computer, craft, etc. shows
- H Lottery tickets
- H Other gambling admission and misc. charges
- H Health club memberships and fees
- H Recreational/scenic transportation (see separate list)
- H Memberships (dues, initiation fees, etc.) in sporting clubs and teams (tennis, golf, swimming, baseball, etc.)
- H Memberships (dues, initiation fees, etc.) in book and music clubs
- H Misc. memberships (dues, initiation fees, etc.) in sororities, neighborhood assns., social clubs, AARP, etc.
- H Memberships in buying clubs and coops (e.g., Costco)
- H Cable/satellite/Internet TV and radio (monthly, pay-per-view, installation, and misc. fees)
- H Ticket broker services
- H Fees for online gaming, entertain. and info. services and downloadable “digital goods”(see separate list)
- H 900 number telephone information and entertainment services
- H Services of DJs, musical performers/bands, dancers, other performers for adults
- H Services of children’s performers (clowns, magicians, entertainers, puppeteers, storytellers, etc.)
- H Psychic/fortune teller/astrologer services
- H Admission fees/cover charges for nightclubs and bars
- H/B Services of photographer/videographers (studios and traveling)
- H/B Photo finishing
- H Media conversion services (e.g., videotape to DVD)
- H/B Wedding/party/event planning services
- H/B Catering services
- H/B Services of private party waiters, bartenders, etc.
- H/B Hotel/motel/inn/cabin room rentals
- H Complimentary meals and hotel rooms at gambling casinos
- H Campground and RV park rental charges
- H/B Services of travel agents (fees and commissions)
- H Services of tour operators (fees and commissions)
- H/B Reservation services
- H Services of waiters compensated through tips
- H Served meals/prepared foods (restaurants, takeout, street vendors, etc.)

**Personal property leases and rentals (other than vehicles)**

- H Musical instruments
- H Sporting goods (skis, bicycles, camping equipment, etc.)
- H/B Hand and power tools
- H/B Gardening tools and equipment
- H Tables/chairs/dishes/party-related equipment and appliances
- H Dance floors, party tents, “moon bounces,” etc.
- H Furniture, appliances, home electronics
- H/B Computers and peripherals

- H Miscellaneous personal property rentals
- H Luggage cart rentals at public transit facilities
- H Tuxedo/clothing/uniform/costume rentals
- H Video tape/DVD/video game rentals
- H VCR/DVD/video game equipment rentals

**Misc. repair/installation/fabrication services (other than residences, vehicles, & clothing)**

- H Furniture and upholstery repair and refinishing
- H Appliance repair (kitchen, laundry, vacuum, etc.)
- H Home entertainment equipment repair
- H Sporting goods repair (e.g., racket re-stringing, bike, gun repair)
- H/B Computer repair, hardware upgrading, maintenance
- H Camera and video equipment repair
- H Musical instrument repair
- H Piano tuning
- H Sharpening services
- H Watch/clock repair
- H Picture/artwork framing
- H Product assembly/installation services (e.g., furniture, jungle gyms, gas grills, computers, stereo systems)
- H Service/extended warranty contracts on personal property
- H Custom fabrication services (furniture, cabinets, shelving, window treatments, pillows, sporting goods, etc.)

**Medical and related services**

- H Services of doctors and dentists
- H Home nursing services
- H Medical testing services
- H Psychologist/social work/counseling services
- H Optometrists
- H Nutritionists/dieticians
- H Occupational/physical/massage/speech therapy
- H Alternative medicine practitioners (e.g., acupuncture, chiropractors)
- H Hospital services
- H Nursing home services
- H Specialized facilities (substance abuse, hospice, dialysis, etc.)
- H Nursing home/elder care consultants
- H Rent/fees for assisted living facilities
- H Rental of medical equipment for home use

**Vehicle repair and maintenance services**

- H/B Auto/motorcycle/RV/ATV repair and maintenance services (engine, transmission, body, tire, etc.)
- H/B Boat repair and maintenance services
- H/B Airplane repair and maintenance services
- H/B Auto/boat/plane cleaning and waxing services
- H/B Auto washing and waxing (coin op)
- H/B Auto and boat road service, towing, and removal and disposal of wrecked vehicles
- H/B Auto/boat/plane rust-proofing, painting, other exterior maintenance and customization
- H Car audio installation and repair
- H/B Auto locksmith services

**Residential construction/renovation/repair services**

- H Locksmith services
- H Architectural services

- H Consulting engineer services
- H Gross charges of a general contractor for labor or for total job
- H Skilled trades services (original construction, renovation, and repair; see separate list)
- H Basement waterproofing services
- H Floor refinishing
- H Site excavation and grading
- H Well drilling and maintenance
- H Rental of construction equipment

**Housing and real estate-related services**

- H Real estate agent fees/commissions (buyers' and sellers' agents)
- H Real estate title search services
- H Real estate appraisal services
- H Real estate surveying services
- H Real estate inspection services
- H Real estate advertising
- H Escrow agent services
- H Apartment search and roommate matching services
- H Loan "points," lock-in fees, other loan-origination fees
- H Residential rentals
- H Trailer park site rentals

### **Examples of personal instruction (formal classes and one-on-one)**

- Musical instruments/voice
- Dance
- Yoga, aerobics, etc.
- Personal trainers
- Ceramics/painting/sculpture/crafts
- Cooking
- Woodworking
- Auto repair
- Driving
- Sailing
- Flying
- Sports (e.g., golf, tennis, fencing, martial arts)
- Computer and computer software use
- Misc. adult-education-type courses (investing, retirement planning, public speaking, travel, etc.)

### **Examples of cultural events/venues for which admission might be charged**

- Theater, music, dance, ice show, circus, etc. performances
- Museums (public and private)
- Historic houses and gardens
- Natural sites and parks
- Guided tours/walks

### **Examples of participant sports/game facilities/services for which admission fees may be charged**

- Golf (courses, driving ranges, miniature)
- Batting cages
- Climbing walls
- Skating rinks
- Shooting ranges
- Horse stables/pony rides
- River rafting
- Tennis courts
- Squash and raquetball courts
- Bungee-jumping
- Ski lifts
- Swimming pools
- Sky diving
- Parasailing
- Fishing charter boats
- Services of hunting/fishing/climbing guides
- Bowling alleys
- Billiard parlors

- Laser tag
- Paintball
- Go-carts

### **Examples of recreational/sight-seeing transportation**

- Train rides
- Boat rides
- Chair lifts/gondolas
- Bus/limo/van/jeep rides
- Dinner cruises
- Helicopter, balloon, plane, glider rides

### **Examples of online entertainment and information services**

- Online gaming services
- Online music access services
- Downloadable music and video
- Adult content sites
- Gambling sites
- Online newspaper and magazine subscriptions and archives
- Online databases and information (financial, current stock prices, genealogy, etc.)
- Downloadable software
- Downloadable articles (pay-per-view)

### **Examples of skilled residential construction/renovation/repair services**

- Carpentry
- Painting/staining/deck treatment, etc.
- Wallpapering
- Plumbing
- Drywall/plaster
- Masonry/cement/stucco/driveway
- Roofing
- Electrical
- Heating and air conditioning
- Flooring installation
- Custom cabinetry making/installation
- Swimming pool
- Fencing
- Tile/marble/countertops