

## Commissioner Trenholm's Draft Notes on Consumption Taxes

### Six Categories of taxed services

1. **Services to tangible personal property (TPP):** Many states now tax services to TPP at the same rate as sales of TPP. This includes improvements or carpentry repairs to property, and car repair.
2. **Services to real property:** Includes work done on buildings and land, such as landscaping or janitorial services.
3. **Business services:** Here, services performed for businesses and companies include telephone answering, credit reporting and credit bureaus, and extermination services.
4. **Personal services:** These comprise businesses that provide personal grooming or other types of self-improvement, tanning salons, massages not performed by a licensed therapist, and even animal grooming.
5. **Professional services:** These are considered the least-taxed services due to powerful lobbying presences. Accountants fall into this area, as well as the work performed by attorneys and healthcare professionals, among other licensed professionals.
6. **Amusement and recreation:** Where there's fun, there may be a tax on services; many states tax admission to amusement parks and events such as concerts and professional sports.

### Possible Actions/Questions

- Eliminate the Telephone Property Tax.
- Do we really still need the exemption for newspapers in sales tax?