

The Political Realities of Expanding the Sales Tax Base

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Economists' mantra: Consumption of goods is shrinking. Services are expanding. Tax services!

Goods vs. Services Share of Total Personal Consumption Expenditures (U.S. Total, 1929 - 2017)

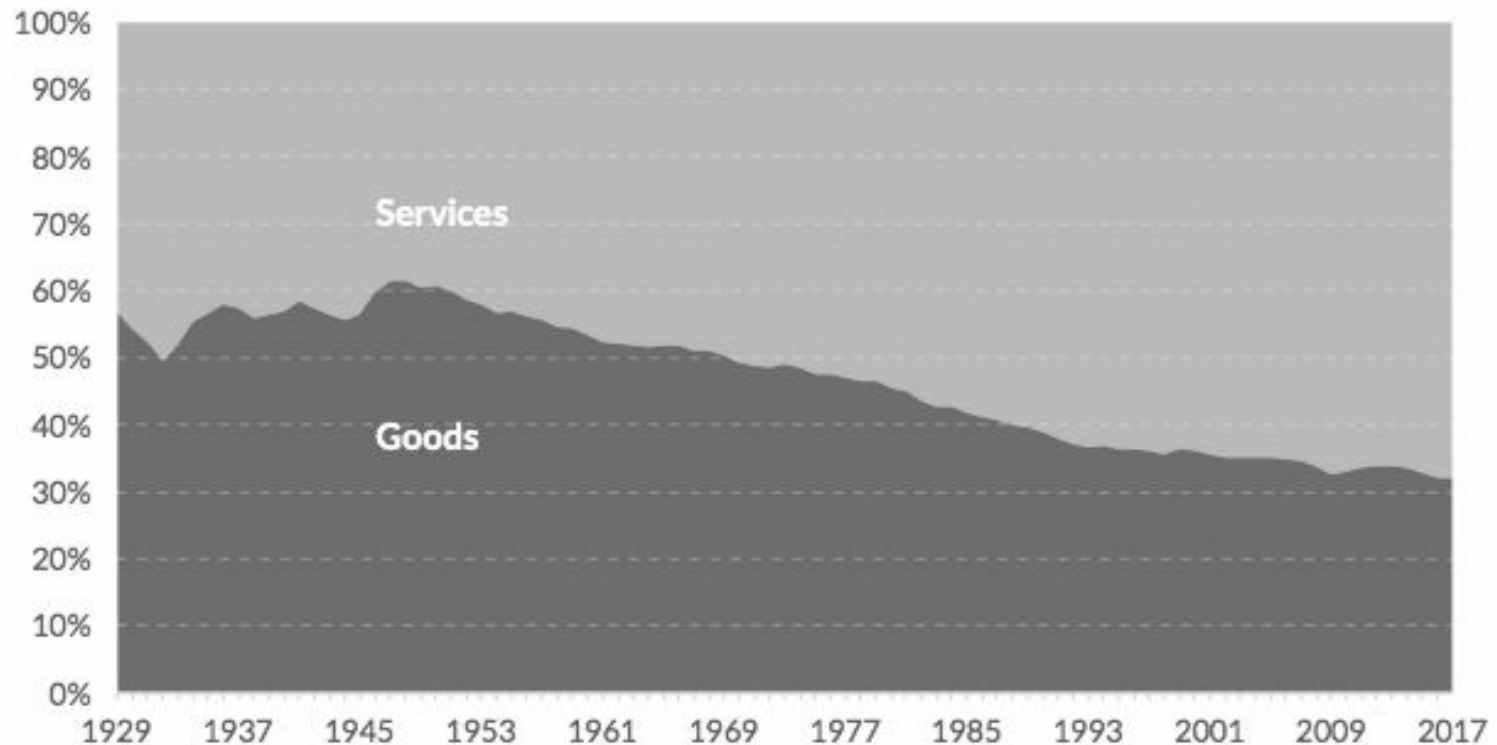
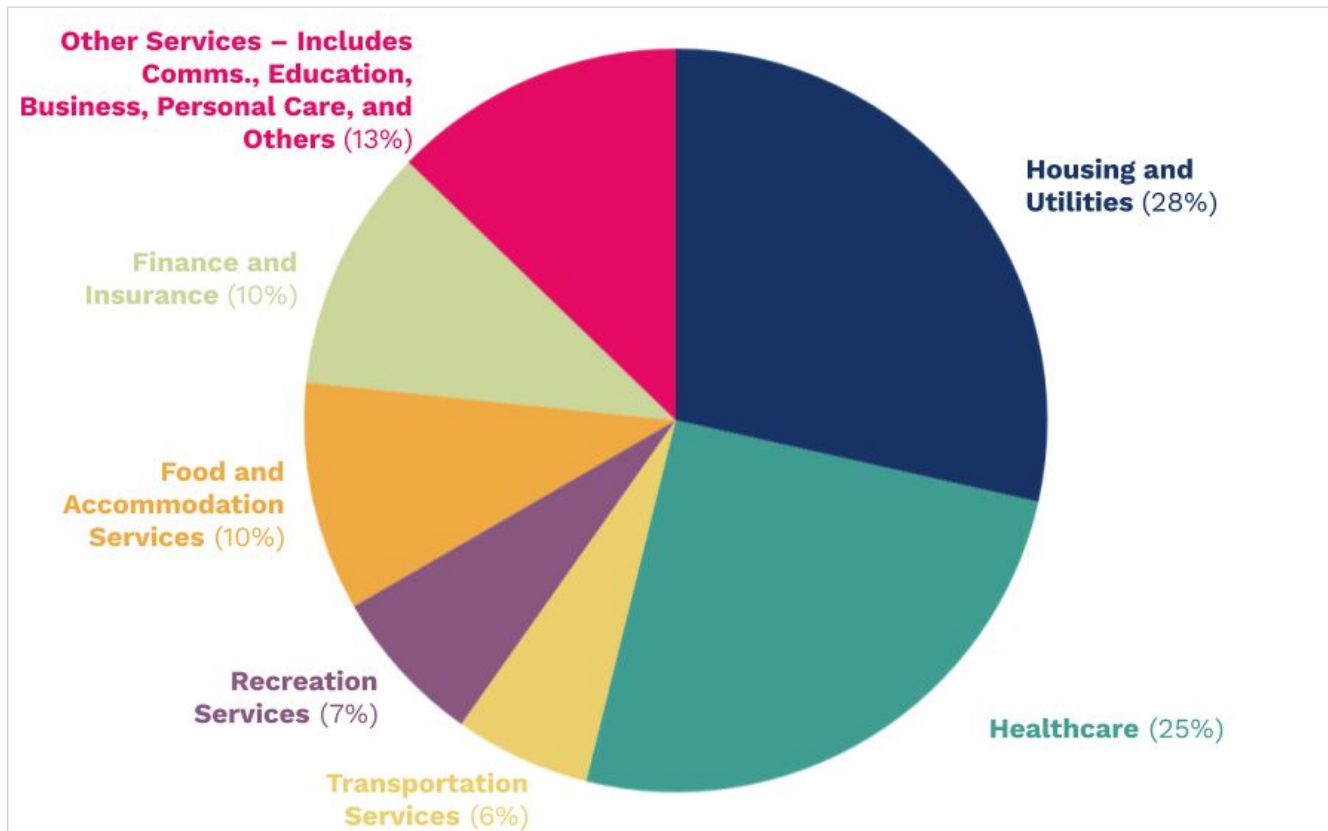


Chart Source: copied from Tax Foundation, “Modernizing Utah’s Sales Tax: A Guide for Policymakers” (June 4, 2019).



Political reality: we will *never* tax a large portion of personal service consumption (with a sales tax).

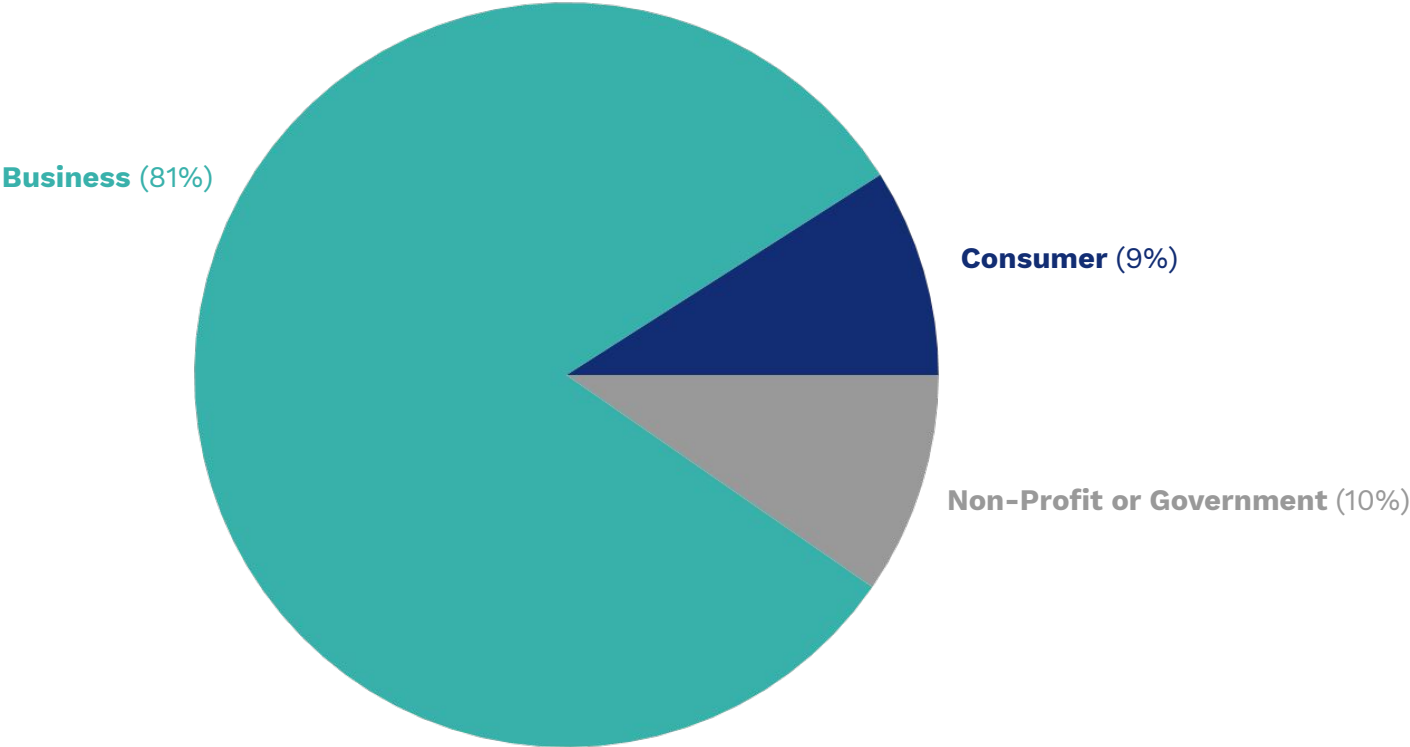
Personal Consumption Expenditure, Services, by Type (Washington State, 2017)



Source: Bureau of Economic Analysis, “Personal Consumption Expenditures by State” (October 4, 2018).

Of those that are “politically taxable,” taxing many of them doesn’t align with economic theory.

Share of Total Accounting Services by Type of Purchaser (U.S. Total, 2012)




Source: Bureau of Economic Analysis, “Input-Output Accounts Data,” Use Tables.



Additional Resources

1. [The Economic Case Against Professional Services Taxes](#)
2. [Lessons Learned from Utah](#)
3. [Past Failed Attempts to Tax Services](#)
4. [Accounting Services are Business Services](#)
5. [The Impact of Imposing Sales Taxes on Business Inputs \(Council On State Taxation\)](#)



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