

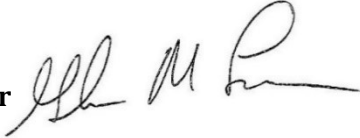
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: July 2, 2024

SUBJECT: Fiscal Impact Statement – Landscape Architect Services Sales Tax
Clarification Amendment Act of 2024

REFERENCE: B25-0277, draft Committee Print as provided to Office of Revenue
Analysis, June 25, 2024

Conclusion

Funds are not sufficient in the fiscal year 2025 budget and fiscal year 2025 through fiscal year 2028 financial plan. The bill would reduce sales tax revenue by \$1.9 million in 2025 and \$7.7 million over the 2025-2028 financial plan period.

Background

Presently landscape architects must meet the licensing requirements set by the Board of Architecture, Interior Design, and Landscape Architecture and obtain a professional license from the Department of Consumer and Regulatory Affairs. Landscape architects provide services including drafting, design, and installation of arrangements of natural areas or features.¹ Since 2016, landscape architects (and design firms that employ landscape architects) have been required to obtain a business license in the District.

The District of Columbia applies a general sales tax of 6 percent on landscaping services, including landscape design, landscape construction, and landscape architecture services.² Gross receipts from

¹ DC Code § 47-2853.116. Scope of practice for landscape architects.

² DC Code § 47-2001 (n)(1)(M). Definitions.

The Honorable Phil Mendelson

FIS: "Landscape Architect Services Sales Tax Clarification Amendment Act of 2024", B25-0277 as provided to the Office of Revenue Analysis, June 25, 2024

sales of select other services (including accounting, architectural, consulting, dental, legal, engineering, and physician services) are exempt from general sales taxes.

This bill exempts landscape architect services (as defined in the landscape architect scope of practice) from sales taxes. This exemption would also apply to landscape architect services provided by design firms that employ landscape architects. Other landscape services would continue to be subject to the 6 percent sales tax.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2025 budget and fiscal year 2025 through fiscal year 2028 financial plan. The bill is projected to reduce sales tax revenue by \$1.9 million in 2025 and \$7.7 million over the financial plan period. Because sales taxes from landscape architecture services may be included in sales tax remittances from firms also providing general landscaping services, the Office of Revenue Analysis has estimated the impact of the bill based on gross output for the landscape architectural sector³ from the Bureau of Economic Analysis' National Income and Product Accounts (NIPAs), which underly the measurement of gross domestic product (GDP).

B25-277, Landscape Architect Services Sales Tax Clarification Amendment Act of 2024					
Total Cost (millions)					
	FY2025	FY2026	FY2027	FY2028	Total
Reduction in sales tax revenue	\$1.91	\$1.92	\$1.93	\$1.94	\$7.7

³ Bureau of Economic Analysis, Arts and Cultural Production Satellite Account, U.S. and States, 2022. [acpsa0324.pdf \(bea.gov\) \(Table 6\)](#)