



April 13, 2017

The Honorable Thomas West  
The Honorable Ron Young  
Ohio House of Representatives  
77 South High Street  
Columbus, OH 43215

RE: HB 177

Dear Rep. West and Rep. Young:

I am writing you to express my concern about House Bill 177 you are co-sponsoring which would exempt non-profit fitness centers from charging sales tax on memberships. It is our position that any effort to repeal sales tax on gym memberships be applied to **all** fitness facilities, including for-profit health clubs.

In the history of our republic, sales taxes have long been used to raise revenue and to encourage or discourage certain behaviors. If the State of Ohio is considering removing a sales tax, then revenue is likely not the overarching issue. If, however, the state wishes to encourage its citizens to lead an active lifestyle, then it should not matter where a citizen chooses to exercise, be it a for-profit or non-profit gym.

Compare this choice to buying a gallon of milk. Ohio citizens don't pay sales tax on milk if they buy it from Kroger's or a farm cooperative. The same rationale should be applied to gym memberships—the tax is levied on what you buy, not where you buy it.

Many of the non-profits in the health club industry provide necessary services to the community, (e.g., childcare, after school programs, etc.). These programs are already exempt from sales tax. Many of these programs are also provided by for-profits.

There is also another slant to the issue of increased access that I'd like to share. Five years ago, the Village of Fairfax and the Cincinnati Sports Club (CSC) signed a partnership agreement to allow Fairfax residents special membership pricing at the CSC. The pricing was consistent with the pricing of a non-profit gym or Rec Center in our market.



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This creative partnership increased the number of residents actively using the club from 1.5% to 30% of the Village households. The Village of Fairfax was able to provide services to its residents without the burden of maintaining the center. In effect, CSC serves as a Rec Center for Fairfax, priced affordably, and producing increased access. Yet, under HB 177, our memberships would be subject to sales tax. How is this fair to the Fairfax residents and to our general membership?

As a former CEO of non-profits and former employee of local governments, I understand the role non-profits play in our society. I also understand the role that for-profits play. In the past three years, a rapid expansion in gym membership has occurred in Ohio, effectively reaching lower income demographic groups. This expansion has been a result of efforts by for-profit businesses. High Volume/Low Price gyms have spread across Ohio creating membership opportunities for those previously unable to join a facility. These memberships are priced at \$10 per month (e.g., Planet Fitness, Crunch, etc.).

Please don't penalize your constituents who choose to exercise at a for-profit facility by imposing a sales tax on their gym membership.

Thank you for your consideration. We welcome any comments and questions you may have.

Sincerely,



Thomas Fiorini  
President & CEO

Copy: The Honorable Bill Seitz, Ohio Representative  
The Honorable Cecil Thomas, Ohio Senate  
The Honorable Steve Wilson, Ohio Senate  
The Honorable Thomas E. Brinkman, Jr, Ohio Representative  
The Honorable Louis Blessing III, Ohio Representative  
The Honorable Brigid Kelly, Ohio Representative  
Carson Shelton, Mayor, Village of Fairfax  
Bob Reed, Ohio House of Representatives  
Steven Hix, Ohio House of Representatives