



International
Health, Racquet &
Sportsclub Association

RE: HOUSE BILL 177
International Health, Racquet & Sportsclub Association (IHRSA)

May 9, 2017

Members of Ohio House Ways and Means Committee:

My name is Joe Moore. I am President/CEO of the International Health, Racquet & Sportsclub Association (IHRSA), the leader in education, research and advocacy for the health and fitness industry, representing health clubs and fitness businesses worldwide.

I am writing in reference to **HOUSE BILL 177**, recently referred to your committee, which would exempt memberships to gyms or other recreational facilities operated by organizations with IRS 501(c)3 status from Ohio's sales and use taxation. IHRSA respectfully asks that any effort to enact a sales tax repeal apply to all fitness facilities, including for-profit health clubs.

Ohio's sales tax on fitness services serves as a penalty on healthy lifestyles. A financial penalty, specifically the 5.75 percent sales tax on fitness services, on individuals attempting to live healthier lives sends the wrong message to Ohio residents. In Ohio, 29 percent of adults in the state are obese. Meanwhile, numerous studies have consistently shown that people who exercise regularly are significantly less likely to suffer from heart disease, obesity, diabetes, hypertension, stroke, various forms of cancer, and depression and mood disorders. The benefits of regular exercise extend beyond improving health, they also project well for the state's economic well being. Increased physical activity leads to greater worker productivity, less absenteeism and decreased workers' compensation filings, and insurance costs. Conversely, a physically inactive population is a major strain on the state economy, contributing heavily to high state health insurance costs.

House Bill 177 proposes to leave the penalty in place for one set of consumers. Consumer investment in physical fitness services, a primary prevention of chronic disease, helps to minimize the devastating impact of poor health in Ohio. House Bill 177, as currently written, would remove a disincentive to exercise, the sales tax, for consumers at nonprofit facilities, such as the YMCA, but not for consumers at for-profit fitness facilities. At either a nonprofit or for-profit gym, the



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sales tax is passed to the consumer. Also at either form of facility, consumers of comparable financial abilities, as judged by household income, are represented. At non-profit fitness facilities including YMCAs, YMCA, and JCCs, a significant percentage, or 46 percent, earn at least \$50,000 a year. In the most recent U.S. census, Ohio median household income was \$49,429; one-half of residents reported income below this number, while the other half reported income above that income.¹

House Bill 177 proposes to treat consumers on different terms according to their choice of business.

Thank you for considering our testimony. We welcome any comments and questions you might have to Jeff Perkins, Assistant Vice President of Government Relations, at jdp@ihrsa.org and Suzanne Trainor, Government Relations Coordinator at smt@ihrsa.org or (617) 951-0055.

Sincerely,

A handwritten signature in black ink that reads "Joe". The signature is written in a cursive, flowing style.

Joe Moore
CEO
IHRSA

¹ IHRSA 2016 Health Club Consumer Report, 2016 IHRSA ihrsa.org/research; <https://www.census.gov>