

HEALTH & FITNESS ASSOCIATION

February 9, 2026

The Honorable Richard Sullivan
Chair, House Finance Subcommittee
General Assembly Building
Richmond, VA 23219

RE: Health & Fitness Association Written Testimony Regarding HB 900 and HB 978

Dear Chair Sullivan and Members of the Subcommittee:

On behalf of the Health & Fitness Association (HFA), I respectfully submit this testimony regarding HB 900 and HB 978, which would expand Virginia's sales and use tax to include fitness memberships, personal training, nutrition services, and other programming that supports physical activity. While we recognize the Commonwealth's responsibility to evaluate revenue policy, we urge the General Assembly to amend these bills to exempt fitness and physical activity services, which are essential to public health, affordability, and long-term healthcare cost containment.

The Health & Fitness Association is the leading fitness trade association which represents more than 55,000 health and fitness businesses nationwide, which contribute nearly \$60 billion annually to the U.S. economy and employ close to 600,000 workers. Most importantly, fitness facilities help Americans live healthier lives by strengthening immune systems, improving mental health, increasing workforce productivity, and reducing long-term healthcare costs through prevention and regular physical activity.

The Health and Fitness Industry's Role in Virginia

In Virginia, the health and fitness industry is both a significant economic contributor and a critical community health resource. According to an independent economic impact analysis conducted for HFA, the industry supports more than 20,000 jobs across the Commonwealth and generates \$1.6 billion in economic activity in communities of all sizes.¹ These businesses—predominantly small and medium-sized

¹ John Dunham & Associates, *The 2024 Health & Fitness Association Economic Impact Study: Methodology and Documentation* (prepared for the Health & Fitness Association, May 6, 2024).

enterprises—contribute close to \$120 million in state and local tax revenue through existing business, payroll, and property taxes while operating on thin margins that are highly sensitive to changes in consumer costs.

Beyond its economic footprint, the industry provides direct access to physical activity for more than 2.1 million Virginians with memberships to a fitness facility. These members rely on fitness facilities, studios, trainers, and structured programming to maintain mobility, manage chronic conditions, support mental health, and build sustainable healthy habits. For many, particularly older adults, working families, and individuals with elevated health risks, these services are not discretionary or recreational; they are essential to maintaining daily function and quality of life.

Physical Activity as a Public Health Imperative

Federal public health guidance makes clear that Americans need to be moving more, not less. The **Physical Activity Guidelines for Americans**, issued by the U.S. Department of Health and Human Services, establish the scientific benchmark for the amount and type of physical activity needed to achieve meaningful health benefits. The Guidelines recommend that adults engage in at least 150 to 300 minutes of moderate-intensity aerobic activity per week, combined with muscle-strengthening activities on two or more days per week, and emphasize that regular physical activity is one of the most effective tools available to prevent chronic disease, improve mental health, and extend healthy life expectancy.²

The Guidelines also recognize that a large share of Americans do not meet these recommendations and identify cost, access, and opportunity as key barriers to participation. This places an affirmative responsibility on policymakers to remove barriers and support environments that increase participation in physical activity. Policies that raise the cost of engaging in physical activity—particularly structured, supervised exercise—run counter to this science-based guidance.

Economic Conditions and the Impact of Rising Costs on Preventive Health Access

Across the U.S. economy, households continue to experience meaningful cost pressure in everyday spending, even as inflation has moderated from its recent peak. The most recent Consumer Price Index (CPI) data show that consumer prices remain elevated, with persistent increases in core household categories, including food, healthcare, and services that compete directly with discretionary and preventive spending.³

² U.S. Department of Health and Human Services. (2018). *Physical Activity Guidelines for Americans* (2nd ed.).

³ U.S. Bureau of Labor Statistics, *Consumer Price Index News Release* (Jan. 13, 2026).

Food prices, including food away from home, and medical care services have continued to rise at rates above overall inflation, compounding affordability challenges for families already managing higher housing, transportation, and energy costs.⁴ These pressures disproportionately affect lower- and middle-income households, which are also the populations most sensitive to price increases and most at risk for preventable chronic disease.

Looking ahead, major economic forecasters agree that inflation is expected to return to target only gradually. The International Monetary Fund projects that while inflation is easing globally, U.S. inflation will normalize more slowly than in many advanced economies, meaning households will continue to face price sensitivity in the near term.⁵ Similarly, the Congressional Budget Office projects that inflation will remain above the Federal Reserve's long-term target through at least the next several years, reinforcing that cost pressures remain a defining feature of the current economic environment.⁶

Federal Reserve projections reflect the same reality: inflation is moderating, but not fully resolved. Policymakers continue to warn that household budgets remain under strain.⁷ In this context, consumers remain highly price-sensitive, particularly with respect to non-mandated spending.

These broader trends are echoed in the mood among consumers, which is bleak, with the Conference Board Consumer Confidence Index for January dropping to its lowest level since 2014.⁸

Against this backdrop, imposing a new sales tax on essential preventive health services—such as physical activity programs, fitness memberships, personal training, nutrition services, digital fitness services, and dietitian-supported interventions—would function as an immediate and avoidable increase in the cost of health-promoting behavior. When families are already absorbing higher prices across essential goods and services, even modest increases can determine whether preventive health spending is maintained or abandoned altogether.

Public health research consistently shows that affordability is a primary determinant of participation in physical activity and nutrition-related services. In an environment where economic forecasters continue to emphasize lingering inflationary pressure, now is not the time to increase the cost of services that reduce long-term healthcare spending and

⁴ U.S. Bureau of Labor Statistics, *Consumer Price Index: 2025 in Review* (Jan. 21, 2026).

⁵ International Monetary Fund, *World Economic Outlook Update: Global Economy—Steady amid Divergent Forces* (Jan. 2026).

⁶ Congressional Budget Office, *CBO's Current View of the Economy From 2026 to 2028* (Jan. 8, 2026).

⁷ Federal Reserve, *Summary of Economic Projections* (Dec. 10, 2025).

⁸ The Conference Board. (2026, January 27). US Consumer Confidence Fell Sharply in January [Press release].

prevent chronic disease. Policy choices that raise barriers to prevention during periods of economic strain risk increasing downstream medical costs and worsening population health outcomes.

Virginia's Chronic Disease Burden and the Cost of Inactivity

Virginia faces a significant and ongoing burden of chronic disease that is directly linked to physical inactivity. According to the Centers for Disease Control and Prevention, more than 60 percent of Virginia adults are overweight or obese, and 26 percent are clinically obese, placing a substantial portion of the population at elevated risk for preventable health conditions.⁹ At the same time, a recent study found that nearly one in five adults in the Commonwealth did not participate in any physical activity in the month prior to the study, a level of inactivity that significantly increases the likelihood of cardiovascular disease, stroke, type 2 diabetes, and musculoskeletal decline.¹⁰

The consequences of physical inactivity extend well beyond weight-related conditions. The CDC has identified inactivity and obesity as major drivers of chronic disease and rising healthcare costs, with obesity alone accounting for an estimated \$173 billion in annual medical spending nationwide.¹¹ Public health experts consistently emphasize that reducing chronic disease prevalence requires policies that make physical activity more accessible and affordable, particularly for populations already facing elevated health risks.

Importantly, regular physical activity is also a proven strategy for cancer prevention, an often overlooked but critical dimension of public health. According to the CDC, adults who engage in regular physical activity have a significantly lower risk of developing several common cancers, including cancers of the breast, colon, endometrium, kidney, bladder, esophagus, stomach, and lung. Physical activity reduces inflammation, helps regulate hormones, improves immune function, and supports metabolic health—biological mechanisms that are strongly associated with lower cancer risk.¹²

These findings reinforce a central policy reality: physical activity is not merely a lifestyle choice, but a scientifically validated preventive intervention across multiple disease categories. When access to physical activity is constrained—whether by cost, availability, or policy design—the result is higher rates of disease, higher healthcare

⁹ Centers for Disease Control and Prevention, *Virginia: State Nutrition, Physical Activity, and Obesity Profile* (Sept. 2012).

¹⁰ Centers for Disease Control and Prevention, *Physical Inactivity — Maps & Data* (for Virginia).

¹¹ Centers for Disease Control and Prevention, *About Adult Obesity* (CDC Division of Nutrition, Physical Activity, and Obesity), <https://www.cdc.gov/obesity/php/about/> (last visited Feb. 8, 2026).

¹² Centers for Disease Control and Prevention, *Health Benefits of Physical Activity: Lowers Risk of Cancer*, <https://www.cdc.gov/physical-activity-basics/health-benefits/lowers-risk-of-cancer.html> (last visited Feb. 8, 2026).

utilization, and greater long-term costs to individuals, employers, and the Commonwealth.

The Fitness Industry as Inclusive and Accessible Health Infrastructure

The fitness industry plays a unique and irreplaceable role in helping Virginians live more active and healthier lives through gyms, health clubs, studios, and other facilities that provide the trusted spaces, skilled professionals, evidence-based programs, and community access at scale. Far from being monolithic, the industry reflects the diversity of the population it serves. According to HFA's U.S. Health & Fitness Consumer Report, fitness facilities and studios serve individuals across age, income, race, and fitness level, offering a wide range of modalities, formats, and price points—from high-volume, low-cost gyms to community-based studios, pay-as-you-go options, senior-focused programs, and medically integrated fitness settings.

This diversity is essential to expanding participation. Consumer data show that engagement spans generations and demographics, with flexible pricing structures and varied access models enabling individuals to participate in physical activity in ways that fit their needs, preferences, and financial circumstances—particularly for price-sensitive consumers who most need preventive health interventions¹³.

Affordability as a Determinant of Physical Activity and a Lever for Public Policy

Independent research conducted by the Health & Fitness Association in its report, *Reversing the Physical Inactivity Crisis – Fitness Affordability as Strategic Policy*, demonstrates that affordability is the most significant determinant of participation in structured physical activity.¹⁴ The analysis finds that cost is the primary barrier cited by individuals who do not engage in fitness or physical activity services, even when they recognize and value the associated health benefits.

The report establishes a direct and measurable relationship between price and participation. Modest price increases—such as those resulting from the imposition of a sales tax—lead to immediate and predictable declines in utilization. This effect is most pronounced among lower-income individuals, older adults, and those with elevated health risks, precisely the populations for whom regular physical activity delivers the greatest preventive health benefit. In practical terms, a tax-driven price increase does not merely raise revenue; it suppresses participation and undermines public health objectives.

¹³ Health & Fitness Association, *2025 U.S. Health & Fitness Consumer Report: Headline Trends* (2025).

¹⁴ Health and Fitness Association, *Reversing the Physical Activity Crisis - Fitness Affordability as Strategic Policy* (January 24, 2025).

Critically, the research also demonstrates the inverse: policies that improve affordability meaningfully increase participation. When the cost of access is reduced, participation rises, adherence improves, and individuals are significantly more likely to meet recommended physical activity guidelines. Affordability is not just a consumer preference issue, but also a powerful public policy lever for improving population health.

Public Health and Fiscal Returns from Increased Participation

The report further evaluates the downstream impacts of increased participation using a rigorous social return-on-investment framework. By modeling health outcomes associated with higher levels of physical activity, the analysis quantifies reductions in the incidence of chronic disease across a range of conditions, including cardiovascular disease, type 2 diabetes, certain cancers, depression, anxiety, and musculoskeletal disorders.

The findings show that increased participation driven by improved affordability leads to substantial reductions in healthcare utilization. Fewer emergency room visits, hospital admissions, and long-term disease management needs translate into significant savings for healthcare systems, employers, and taxpayers. Nationally, the analysis demonstrates that increasing participation through affordability generates billions of dollars in annual healthcare and productivity savings—far exceeding the limited and short-term revenue generated by increasing the cost of fitness services through taxation.

From a policy perspective, this distinction is critical. A sales tax on fitness services produces modest near-term revenue while creating long-term healthcare costs by discouraging participation. In contrast, policies that treat physical activity as an essential, affordable service generate compounding returns: higher participation, improved health outcomes, lower public and private healthcare spending, and a more productive workforce.

Policy Implications for the Commonwealth

The findings of the HFA study make clear that the choice facing policymakers is not whether physical activity has economic value—it does—but whether policy decisions will amplify or suppress that value. Increasing costs through taxation moves the system in the wrong direction, discouraging participation and increasing downstream costs. Conversely, policies that protect affordability function as an investment in prevention, yielding measurable returns in both health outcomes and fiscal sustainability.

In this context, exempting fitness facilities, memberships, and related services from sales tax is not a carve-out or special treatment; it is a data-driven policy choice aligned with public health science and economic efficiency. The HFA research provides clear

evidence that when physical activity is made more affordable, participation increases and healthcare costs decline—outcomes that serve the long-term interests of the Commonwealth and its residents.

Sales Tax on Fitness Undermines Public Health Goals

Against this evidence, imposing a new sales tax on fitness memberships and physical activity services would move Virginia in the wrong direction. A sales tax functions as a direct price increase, and the evidence is clear that price increases suppress participation. Reduced participation predictably leads to higher rates of inactivity, worsening chronic disease outcomes, and increased downstream healthcare costs. Rather than incentivizing preventive behavior, taxing fitness services penalizes Virginians for investing in their health.

Public policy choices that affect the price of physical activity function, in practice, as health interventions. Treating fitness as taxable discretionary consumption mischaracterizes its role as essential health infrastructure and undermines the scientific objectives laid out in the Physical Activity Guidelines for Americans.

Conclusion and Request for Amendment

The evidence presented in this testimony demonstrates that regular physical activity is necessary for public health and that affordable access to physical activity is essential to achieving the outcomes policymakers seek. Extensive public health and economic research consistently shows that increasing participation in physical activity is among the most effective and cost-efficient strategies available to prevent chronic disease, reduce cancer risk, improve mental health, and control long-term healthcare spending.

At the same time, current economic conditions make affordability more important than ever. With households continuing to face elevated costs across food, healthcare, housing, and other essentials, even modest price increases can determine whether individuals maintain or abandon preventive health behaviors. Policies that increase the cost of fitness, physical activity, and nutrition services—particularly through a new sales tax—will predictably reduce participation, especially among lower-income and higher-risk populations, and undermine public health goals.

Fitness facilities, memberships, and related services function as essential public health infrastructure. They are the primary settings where millions of Virginians safely and consistently engage in the levels of physical activity recommended by medical and public health authorities. These services are preventive in nature, inclusive in reach, and adaptable across age, income, and health status. Treating them as discretionary or luxury consumption fails to reflect their role in disease prevention, healthcare cost containment, and community well-being.

For these reasons, the Health & Fitness Association respectfully urges the General Assembly to amend HB 900 and HB 978 to explicitly exempt fitness facilities, memberships, personal training, nutrition services, structured physical activity programming, and digital fitness services from any expansion of the sales and use tax. Doing so would align Virginia's tax policy with public health science, protect affordability at a time of continued economic pressure, and ensure that the more than 2.1 million Virginians who rely on the fitness industry can continue to access essential preventive health services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Goscinski". The signature is fluid and cursive, with a large initial "M" and "G".

Mike Goscinski
Chief of Staff
Health & Fitness Association

CC: Members of the Finance Subcommittee