

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:
S-2592

DATE OF INTRODUCTION:
March 12, 2007

SPONSOR:
Senator Bucco
Senator Lance

DATE OF RECOMMENDATION:
June 28, 2007

IDENTICAL BILL:

COMMITTEE:
Senate Budget and Appropriations Committee

DESCRIPTION:

This bill removes investigation and security services from the sales and use tax.

ANALYSIS:

This bill is proposed to amend the Sales and Use Tax Act (P.L.1966, c.30 (C.54:32B-1 et seq.)) to eliminate the imposition of sales and use tax on investigation and security services which became effective October 1, 2006. The imposition of sales and use tax on certain services and goods which were previously untaxed was a major component of the budgetary legislation that provided revenue to balance the State budget. *See* P.L.2006, c. 44. This bill represents an attempt by the Legislature to rescind portions of P.L.2006, c. 44. The approval of this bill will only hasten the call for similar legislation and further undermine the intention of P.L.2006, c.44, reduce State revenues and add to the State's deficit.

The Commission acknowledges the importance of homeland security and protecting critical infrastructure and assets at this time. However, this bill is too broad as written. The Sales and Use Tax Act's definition of investigation and security services encompasses more than just security guard and patrol services. P.L.2006, c.44 defines "Investigation and Security Services" as: 1) Investigation and Detective Services, including detective agencies and private investigators, and fingerprint, polygraph; missing person tracing and skip tracing services; 2) Security Guard and Patrol Services, including bodyguard and personal protection, guard dog, guard, patrol, and security services; 3) Armored Car Services; and 4) Security Systems Services, including security, burglar, and fire alarm installation, repair or monitoring services. N.J.S.A. 54:32B-2(xx).

The Commission supports this bill with the following amendment: Remove paragraph 2) "Security Guard and Patrol Services, including bodyguard and personal protection, guard dog, guard, patrol, and security services"; from the definition of "investigation and

security services” under N.J.S.A. 54:32B-2(xx). Thus the tax would still be imposed on paragraphs 1, 3 and 4.

RECOMMENDATION:

The Commission recommends enactment of this bill only with amendment as discussed in Analysis. * *See* above.

COMMISSION MEMBERS FOR PROPOSAL: 6 *

COMMISSION MEMBERS AGAINST PROPOSAL: 1

COMMISSION MEMBERS ABSTAINING: 0

EJL