

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 1710

INTRODUCER: Senator Evers

SUBJECT: Sales and Use Tax on Protection Services

DATE: March 29, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Malcolm	Hrdlicka	CM	Favorable
2.	_____	_____	AFT	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

SB 1710 repeals the sales tax levied on detective, burglar protection, or protection services.

This bill amends s. 202.05, F.S.

II. Present Situation:

Currently, under s. 212.05, F.S., anyone who provides detective, burglar protection, or protection services defined under North American Industry Classification System (NAICS) numbers 561611, 561612, 561613, and 561621 provides a taxable service and is required to charge a 6 percent tax on the total taxable sales price of the service.¹

The Department of Revenue (DOR) defines “detective, burglar protection and other protection services” as

those services which are rendered to minimize or prevent loss or damage to life, limb, or property and are of a kind typically performed by security or alarm system companies, or are those investigative services which are rendered to obtain evidence or other information for legal, business, employment, or personal purposes of a kind typically performed by detective or investigative agencies.²

Examples of services that are subject to the tax include:

¹ See 12A-1.0092, F.A.C.

² *Supra* note 1.

- Armored car service;
- Bodyguard (personal protection) services;
- Burglar alarm monitoring and maintenance;
- Detective agency services;
- Fingerprinting services;
- Fire alarm monitoring and maintenance;
- Guard dogs, detection dogs, and other dogs for protection or investigative services (not including training), with or without a handler;
- Guard, patrol, and parking or other facility services;
- Investigation services (except credit);
- Lie detection or polygraph services;
- Missing person tracing services;
- Passenger screening services; and
- Skip tracing services.³

The amount of taxable sales includes all expenses (including any taxes paid on those expenses) necessary for the performance of the service.⁴

Services are exempt from the tax when performed within this state but used outside this state by the purchaser or when the purchaser's primary benefit of the services is outside this state.⁵ The seller must maintain a log documenting any transaction where services are performed in this state but used by a purchaser outside this state.⁶ Services provided by a law enforcement officer who is performing approved duties in the scope of his employment by a law enforcement agency are exempt from the tax.⁷

III. Effect of Proposed Changes:

Section 1 amends s. 212.05, F.S., to repeal the sales tax levied on detective, burglar protection, or protection services defined under North American Industry Classification System (NAICS) numbers 561611, 561612, 561613, and 561621. The bill also removes the requirement that sellers of these services maintain a monthly log documenting transactions for which sales tax was not collected because the service was either used outside the state or the purchaser's primary benefit was outside the state.

Section 2 provides that the bill takes effect July 1, 2013.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

³ Department of Revenue, *Sales and Use Tax on Detective, Burglar Protection and Other Protection Services: What Service Providers Need to Know*, 1 (Aug. 2010), available at <http://dor.myflorida.com/dor/forms/2010/gt800018.pdf> (last visited March 28, 2013).

⁴ *Supra* note 3 at 1.

⁵ Section 212.05(1)(i)a.3.

⁶ Section 212.05(1)(i)a.5; *supra* note 1.

⁷ Section 212.05(1)(i)a.; *supra* note 1.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

According to preliminary staff analysis, repeal of the tax on detective, burglar protection, and other protection services will result in an estimated revenue loss of \$144 million based on 2011 tax remittances.

B. Private Sector Impact:

Businesses and consumers that provide or use detective, burglar protection, and other protection services may benefit from the reduced tax assessment on those services.

C. Government Sector Impact:

According to DOR, the bill will have an insignificant operational impact on the agency.⁸

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁸ Department of Revenue, *Agency Bill Analysis: SB 1710* (March 13, 2013) (on file with the Senate Commerce and Tourism Committee).