

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 298 (Senator Amoss)
Budget and Taxation

Sales and Use Tax - Detective Services - Taxable Price

This bill exempts from the sales and use tax expense reimbursements incurred while providing taxable detective services.

The bill is effective July 1, 1997.

Fiscal Summary

State Effect: Decrease in general fund revenues of \$124,600 in FY 1998. Out-year estimates reflect a 5% growth rate. Expenditures would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$124,600)	(\$130,800)	(\$137,300)	(\$144,200)	(\$151,400)
GF Expenditures	0	0	0	0	0
Net Effect	(\$124,600)	(\$130,800)	(\$137,300)	(\$144,200)	(\$151,400)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Potential minimal effect on small businesses as discussed below.

Fiscal Analysis

State Revenues: The Comptroller's Office estimates that expense reimbursements consist of 10-15% of the cost in billings of detective agencies. Based on a survey conducted by the Comptroller's Office of detective agencies, detective services will generate approximately \$1.04 million in sales tax revenue in fiscal 1998. Assuming that expense

reimbursements consist of 12% of the detective services, revenues are estimated to decrease

by approximately \$124,560 in fiscal 1998. Growth is assumed to be 5% annually.

Small Businesses: Exempting expense reimbursements paid to detective services from the sales tax would reduce the cost by approximately 5%. Assuming that expense reimbursements represent a minor portion of the billing of detective services, this bill would have a minimal positive impact on detective services that are small businesses.

Information Source(s): Office of the Comptroller (Compliance Division), Department of State Police, Department of Fiscal Services

Fiscal Note History: First Reader - February 10, 1997

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Analysis by: Christina H. Kim

Reviewed by: David F. Roose

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710