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NASCO Position Paper: Sales Tax on Security Services

Most states and some local government entities collect sales taxes on tangible goods sold in their jurisdiction. A smaller number of government entities extend this sales tax to services as well, either broadly or specified services, possibly including security services.

Two factors, the growth of the service sector as a portion of the economy and the general decline in government revenues in the current economic slowdown, have caused governments which impose a sales tax to consider expansion of the sales tax to services, including security services.

NASCO opposes the expansion of sales taxes to security services. We understand the need for government revenue, but the potential cost to public safety is too high.

The imposition of sales tax on security services does not increase facilities' overall security budgets, just directs a portion of these budgets to paying the tax rather than paying for security services. This means facilities might be forced to cut security services at exactly the worst time.

A recent ASIS study on the impact of the economic slowdown on security found that clients' needs for security services increase during economic slowdowns, as crime rises. At the same time, the general slowdown in restricting their budgets for all services, including security. The imposition of sales tax on these services would further constrain these budgets, making facilities less safe.