

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB20 by Leibowitz (Relating to exempting textbooks for university and college courses from the sales tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB20, As Introduced: a negative impact of (\$98,071,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$74,760,000) through the biennium ending August 31, 2011, if the effective date of the bill is October 1, 2009.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties</i>
2009	(\$5,482,000)	\$0	\$0	\$0
2010	(\$44,572,000)	(\$8,290,000)	(\$2,827,000)	(\$1,171,000)
2011	(\$48,017,000)	(\$8,930,000)	(\$3,045,000)	(\$1,262,000)
2012	(\$51,729,000)	(\$9,621,000)	(\$3,281,000)	(\$1,359,000)
2013	(\$55,727,000)	(\$10,364,000)	(\$3,534,000)	(\$1,465,000)
2014	(\$60,035,000)	(\$11,165,000)	(\$3,807,000)	(\$1,578,000)

The above table assumes an effective date of July 1, 2009. The table below assumes an effective date of October 1, 2009.

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties</i>
2010	(\$26,743,000)	(\$4,974,000)	(\$1,696,000)	(\$703,000)
2011	(\$48,017,000)	(\$8,930,000)	(\$3,045,000)	(\$1,262,000)
2012	(\$51,729,000)	(\$9,621,000)	(\$3,281,000)	(\$1,359,000)
2013	(\$55,727,000)	(\$10,364,000)	(\$3,534,000)	(\$1,465,000)
2014	(\$60,035,000)	(\$11,165,000)	(\$3,807,000)	(\$1,578,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the sales tax, to exempt college textbooks from taxation.

To be eligible for the exemption, the books would have to be written for educational use, be purchased by a full-time or part-time student enrolled in a Texas institution of higher education, and be required for a course at the college or university. A person could establish full-time or part-time enrollment status by presenting a valid student identification card.

The bill would take effect July 1, 2009, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2009.

Methodology

Data on the sale of college textbooks were gathered from public and private sources, including Comptroller tax files. Estimated textbook sales were multiplied by the sales tax rate; adjusted for the potential effective dates for the bill of July 1, 2009 and October 1, 2009; and extrapolated through fiscal 2014.

Local Government Impact

There would be a proportional amount of revenue loss to units of local government. There would be no impact on local governments in fiscal 2009 because August sales tax collections remitted to the Comptroller are not allocated to the local jurisdictions until the next fiscal year.

Source Agencies: 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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