

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 13, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB52 by Zaffirini (Relating to exempting books purchased by university and college students from the sales tax for a limited period.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB52, As Introduced: a negative impact of (\$58,600,000) through the biennium ending August 31, 2013, if the effective date of the bill is July 1, 2011; or a negative impact of (\$45,500,000) through the biennium ending August 31, 2013, if the effective date of the bill is October 1, 2011.

The following fiscal implications assume an effective date of July 1, 2011.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2011	(\$4,200,000)	\$0	\$0	\$0
2012	(\$26,600,000)	(\$5,200,000)	(\$1,600,000)	(\$900,000)
2013	(\$27,800,000)	(\$5,400,000)	(\$1,700,000)	(\$900,000)
2014	(\$29,000,000)	(\$5,600,000)	(\$1,800,000)	(\$1,000,000)
2015	(\$30,500,000)	(\$5,900,000)	(\$1,900,000)	(\$1,000,000)
2016	(\$32,000,000)	(\$6,200,000)	(\$1,900,000)	(\$1,100,000)

The following fiscal implications assume an effective date of October 1, 2011.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2012	(\$17,700,000)	(\$3,400,000)	(\$1,100,000)	(\$600,000)
2013	(\$27,800,000)	(\$5,400,000)	(\$1,700,000)	(\$900,000)
2014	(\$29,000,000)	(\$5,600,000)	(\$1,800,000)	(\$1,000,000)
2015	(\$30,500,000)	(\$5,900,000)	(\$1,900,000)	(\$1,000,000)
2016	(\$32,000,000)	(\$6,200,000)	(\$1,900,000)	(\$1,100,000)

Fiscal Analysis

SB 52 would amend Tax Code to exempt books from the sales tax when purchased by a student enrolled at a Texas institution of higher education. To qualify for the tax exemption, the sale must take place within a specified 10-day period each January and August. Eligibility would be established by presenting a valid student identification card.

This bill would take effect July 1, 2011, if receiving a two-thirds vote in both houses of the

Legislature. Otherwise, the bill would take effect October 1, 2011.

Methodology

The Comptroller of Public Accounts gathered data on the sale of books in Texas from public and private sources, including Comptroller tax files. Estimated book sales were adjusted for the exemption period; multiplied by the sales tax rate; adjusted for the potential effective bill dates of July 1, 2011, and October 1, 2011; and extrapolated through fiscal 2016. Fiscal implications on units of local government were estimated proportionally.

Local Government Impact

Units of local government would experience a loss in sales tax revenues, as indicated in the above table. According to the Comptroller of Public Accounts, there would be no impact on local governments in fiscal 2011, in either effective date scenario, as August sales tax collections remitted to the Comptroller are not allocated to the local jurisdiction until the next fiscal year.

Source Agencies: 304 Comptroller of Public Accounts

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