

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 24, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB46 by Zaffirini (Relating to exempting books purchased, used, or consumed by university and college students from the sales and use tax for a limited period.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB46, As Introduced: a negative impact of (\$62,300,000) through the biennium ending August 31, 2015, if the effective date of the bill is July 1, 2013; or a negative impact of (\$47,800,000) through the biennium ending August 31, 2015, if the effective date of the bill is October 1, 2013.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties and Special Districts</i>
2013	(\$2,200,000)	\$0	\$0	\$0
2014	(\$29,600,000)	(\$5,500,000)	(\$1,900,000)	(\$900,000)
2015	(\$30,500,000)	(\$5,600,000)	(\$1,900,000)	(\$1,000,000)
2016	(\$31,400,000)	(\$5,800,000)	(\$2,000,000)	(\$1,000,000)
2017	(\$32,400,000)	(\$6,000,000)	(\$2,000,000)	(\$1,000,000)
2018	(\$33,400,000)	(\$6,200,000)	(\$2,100,000)	(\$1,000,000)

The above table assumes an effective date of July 1, 2013. The table below assumes an effective date of October 1, 2013.

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 and Special Districts</i>
2014	(\$17,300,000)	(\$3,200,000)	(\$1,100,000)	(\$500,000)
2015	(\$30,500,000)	(\$5,600,000)	(\$1,900,000)	(\$1,000,000)
2016	(\$31,400,000)	(\$5,800,000)	(\$2,000,000)	(\$1,000,000)
2017	(\$32,400,000)	(\$6,000,000)	(\$2,000,000)	(\$1,000,000)
2018	(\$33,400,000)	(\$6,200,000)	(\$2,100,000)	(\$1,000,000)

Fiscal Analysis

This bill would amend Chapter 151 of the Tax Code, to exempt books from the sales tax when purchased by a student enrolled at a Texas institution of higher education and the sale takes place within a specified 10-day period each January and August.

A person could establish eligibility for the exemption by presenting a valid student identification card. The Comptroller would by rule prescribe electronic means for establishing eligibility for online purchases.

The bill would take effect July 1, 2013, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2013.

Methodology

Data on higher education enrollment from the Texas Higher Education Coordinating Board, on average annual college student expenditures for required course materials from the National Association of College Stores, and data from college bookstores in Comptroller tax files were used to estimate college textbook expenditures. Estimated book sales were adjusted for the exemption period; multiplied by the sales tax rate; adjusted for potential effective dates for the bill of July 1, 2013, and October 1, 2013; and extrapolated through fiscal 2018. Fiscal implications for units of local government were estimated proportionally.

There would be no impact on local governments in fiscal 2013 because August sales tax collections remitted to the Comptroller are not allocated to the local jurisdictions until the next fiscal year.

Local Government Impact

There would be a proportional loss of sales and use tax revenue to local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

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