

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** Stephen H. Martin

2. **Bill Number** SB 392

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Retail Sales and Use Tax Exemption; Sales of Textbooks by For Profit Schools

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would extend the current sales and use tax exemption on sales of school textbooks to include students who attend for-profit institutions of learning.

Under current law, a sales and use tax exemption is available for purchases of school textbooks sold by a local school board or authorized agency thereof, and school textbooks for use by students attending nonprofit colleges and other nonprofit institutions of learning.

The effective date of this bill would be July 1, 2010.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010-11	(\$270,000)	GF
	(\$ 39,000)	TTF
	(\$ 79,000)	Local
2011-12	(\$300,000)	GF
	(\$ 44,000)	TTF
	(\$ 88,000)	Local
2012-13	(\$306,000)	GF
	(\$ 45,000)	TTF
	(\$ 89,000)	Local
2013-14	(\$312,000)	GF
	(\$ 46,000)	TTF
	(\$ 91,000)	Local

7. Budget amendment necessary: Yes.

Page 1, Revenue Estimates

8. Fiscal implications:

Administrative Costs Impact

TAX considers implementation of this bill as "routine," and does not require additional funding.

Revenue Impact

The sales tax exemption proposed in this bill is estimated to reduce state and local revenues by \$388,000 in FY 2011, \$432,000 in FY 2012, \$440,000 in FY 2013, and \$449,000 in FY 2014.

9. Specific agency or political subdivisions affected:

TAX

10. Technical amendment necessary: No.

11. Other comments:

Generally

Under current law, an exemption is available for school textbooks that are sold by a local school board or authorized agency thereof or sold for use by students attending a nonprofit college or other institution of learning, provided such textbooks are sold: 1) by that institution of learning; or 2) by any other dealer, when the textbooks have been certified by a department or instructor of such institution of learning as a required textbook for students attending courses at such institution. The exemption does not include other required school supply items, such as personal computers and software programs, but is limited to the plain meaning of textbooks.

Proposal

Under the provisions of this bill, textbooks sold for use by students attending any college or other institution of learning, regardless of nonprofit status, would be eligible for a retail sales and use tax exemption provided such textbooks are sold: 1) by that institution of learning; or 2) by any other dealer, when the textbooks have been certified by a department or instructor of such institution of learning as a required textbook for students attending courses at such institution. This bill would become effective on July 1, 2010.

cc : Secretary of Finance

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