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## FISCAL IMPACT REPORT



SPONSOR: Sandoval DATE TYPED: 02/05/02 HB 312

SHORT TITLE: College Textbooks Tax Exemption SB \_\_\_\_\_

ANALYST: Neel

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(\$46.0)	(\$50.0)	Recurring	OSF/Youth Conservation Corps
	(\$70.0)	(\$76.0)	Recurring	OSF/State Park & Rec Capital Improvement
	(\$337.0)	(\$368.0)	Recurring	Public Project Revolving Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB296

### SOURCES OF INFORMATION

LFC files  
Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 312 amends statute to provide an exemption from Government Gross Receipts Tax (GGRT) for textbooks and other materials required for a course at a state affiliated, post-secondary institution.

#### Significant Issues

### FISCAL IMPLICATIONS

TRD's fiscal impact of this proposal was determined by surveying college and non-college book-

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stores. On average, full-time university students expend almost \$400 per year on textbooks, while students in the two-year colleges spend an average of almost \$260 per year. So as not to be subject

to governmental gross receipts tax, all New Mexico colleges and universities close their bookstores to the general public during fall and spring “book weeks”. Sales of textbooks, as well as other tangible property, outside this time period are taxable.

GGRT is imposed on the following receipts of state and local governments:

- The sale of sewer and refuse collection services;
- The performance of or admissions to amusement, recreational, athletic or entertainment events or services when the facilities are open to the public;
- The sale of tangible personal property by governmental entities to the public or other governments; and
- The sale of tangible personal property by one governmental entity to another governmental entity;

The disposition of the GGRT is as follows:

- After necessary refunds and interest are paid, 25 percent of receipts are distributed to the Energy, Minerals and Natural Resources Department (of which 40 percent of the 25 percent is earmarked for the Youth Conservation Corps Program and the other 60 percent distributed for state park and recreation area capital improvements); and
- 75 percent is distributed to the Public Project Revolving Fund (PPRF) administered by the New Mexico Finance Authority.

However, not more than 30 percent of GGRT proceeds distributed to the PPRF may be appropriated by the legislature to support programs administered by the department of environment pursuant to the following acts: Wastewater Facility Constructions Act, Rural Infrastructure Act, Solid Waste Act, and Drinking Water State Revolving Loan Fund Act.

SN/ar