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FISCAL IMPACT REPORT



SPONSOR: Lopez DATE TYPED: 1/31/02 HB

SHORT TITLE: College Textbook Tax Exemption SB 296

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(46.0)		Recurring	Youth Conservation Corps
	(70.0)			State Park & Rec. Capital Improvement
	(337.0)			Public Project Revolving Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill amends Section 7-9-3.2 NMSA 1978 to provide an exclusion from the definition of governmental gross receipts for receipts from the sale of textbooks and other materials required for a course at a state-affiliated, post-secondary institution. The college or university must be the operator of the bookstore and the sale must be to a student enrolled at the institution who displays a “valid student identification card”. This amendment means no governmental gross receipts tax would be due on these sales. Currently, in order for college or university bookstores to not be subject to governmental gross receipts tax on bookstore sales, they must close their bookstores to the general public during “book week” and limit admittance to those with a valid student ID.

FISCAL IMPLICATIONS

The Revenue Table reflects the funds affected by the loss of gross receipts tax. TRD's fiscal impact of this proposal was determined by surveying college and non-college bookstores. 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.

TECHNICAL ISSUES

How will TRD determine what are "textbooks" and "other materials" required for courses at the institution?

OTHER SUBSTANTIVE ISSUES

The New Mexico Finance authority has pledged this revenue and has made covenants that promise the state will not take any material action to compromise the tax base or yield.

SS/prr