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FISCAL IMPACT REPORT

SPONSOR: Sandoval DATE TYPED: 02/26/01 HB 799
 SHORT TITLE: _____ SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (110.0)	\$ (120.0)	Recurring	EMNRD
	\$ (320.0)	\$ (350.0)	Recurring	NMFA

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill proposes a deduction Governmental Gross Receipts Tax (GGRT) for receipts from sale of textbooks and other materials required for a course at a post-secondary institution. The college or university must be the operator of the bookstore and the student must display a "valid student identification card". Apparently, only the bookstore at UNM would currently qualify for this deduction. All other institutions close their bookstores during "book week" so there is no GGRT on textbooks.

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) report that this bills full year impact is estimated to reduce governmental gross receipts by \$470.0, affecting The Energy Minerals and Natural Resources Department (EMNRD) and the New Mexico Finance Authority (NMFA).

The fiscal impact of this proposal was determined by surveying college and non-college bookstores. On average, full-time university students expend \$396 per year on textbooks, while students in the two-year colleges spend an average of \$255 per year. All colleges and universities except UNM close their bookstores during fall and spring "book weeks". Sales of textbooks, as well as other tangible property, outside this time period are taxable. This GGRT deduction is unlimited as to time, but does not create a deduction for the sale of other goods, besides textbooks.

ADMINISTRATIVE IMPLICATIONS

Minimal.

TECHNICAL ISSUES

The Taxation and Revenue Department (TRD) report that bonds have been sold against GGRT receipts with covenants that promise the state will not take any material action to compromise the tax base or yield. This is an issue of contract.

JBE/njw