

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 998 (Delegate McKee)

Ways and Means

Sales and Use Tax - College Textbooks

This bill creates an exemption from the sales and use tax for sales of textbooks required for undergraduate course work by a book store at an institution of higher education.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: General fund revenues would decline by an estimated \$5.3 million beginning in FY 1999, increasing at about 7% annually. Expenditures would not be affected.

(in millions)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	(\$5.3)	(\$5.7)	(\$6.1)	(\$6.5)	(\$7.0)
GF Expenditures	0.0	0.0	0.0	0.0	0.0
Net Effect	(\$5.3)	(\$5.7)	(\$6.1)	(\$6.5)	(\$7.0)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: General fund revenues would decline by an estimated \$5.3 million in fiscal 1999. In 1997, the average amount spent at college bookstores on undergraduate textbooks was \$509 per full-time student, and full-time equivalent enrollment at Maryland institutions of higher education was 182,407. Assuming 5% growth in expenditures and 2% growth in enrollment, average textbook costs for the 189,776 undergraduates enrolled in fiscal 1999

would be \$561. A total of \$106.5 million will be spent, for a revenue loss of \$5.3 million. Accounting for growth in expenditures and enrollment, the revenue loss will increase by approximately 7% annually.

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates),
Department of Legislative Services

Fiscal Note History: First Reader - March 8, 1998

Inc

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