

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Sales Tax Exemption for Textbooks for Institutions of Higher Education

BILL NUMBER(S): Committee Substitute for SB 1720

SPONSOR(S): Senator Haridopolis

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2005

DATE OF ANALYSIS: April 13, 2005

SECTION 1: NARRATIVE

a. Current Law:

Subjects the sales of textbooks for institutions of higher education to the state and local sales taxes.

b. Proposed Change:

Provides for the exemption from the state and local sales tax on the sale of textbooks for institutions of higher education.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

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Fl Department of Education Website – www.fldoe.org

College Board – www.collegeboard.com

2004 Florida Statistical Abstract

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

1. Assumes that 10 % of books and supplies are for supplies that will not be exempt from sales tax in the high estimate.
2. Assumes that 15 % of books and supplies are for supplies that will not be exempt from sales tax in the middle estimate.
3. Assumes that 20 % of books and supplies are for supplies that will not be exempt from sales tax in the low estimate.
4. Assumes that the Producer Price Index (PPI) used to value books and supplies is an average of 2000-2003 PPI.
5. FTE counts for public universities and community colleges was provided by EDR.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
High	(\$ 23.0 m)	(\$ 23.0 m)	(\$ 23.9 m)
Middle	(\$ 21.8 m)	(\$ 21.8 m)	(\$ 22.6 m)
Low	(\$ 20.5 m)	(\$ 20.5 m)	(\$ 21.2 m)

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4 / 15 / 05) The conference added \$1.9 million to the high estimate, to account for schools which have non-degree programs.

	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
General Revenue	(22.1)	(22.1)	(23.0)
State Trust	(.1)	(.1)	(.1)
Total State Impact	(22.2)	(22.2)	(23.1)
Revenue Sharing	(.7)	(.7)	(.7)
Local Gov't Half Cent	(2.0)	(2.0)	(2.0)
Local Option	(2.0)	(2.0)	(2.0)
Total Local Impact	(4.7)	(4.7)	(4.7)
Total Impact	(26.9)	(26.9)	(27.8)

Private Degree-Granting Fall Enrollment					
Source: U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics 2003, Table 202.					
	Total Public Enrollment in Degree-Granting Institutions Fall 2000	%	Total Private Enrollment in Degree-Granting Institutions Fall 2000	%	Total Enrollment, Public & Private, Fall 2000
Florida	508,878	82%	114,193	18%	623,071
US	10,539,322	80%	2,616,071	20%	13,155,393

FTE	Public	Comm College	Private	Total FTE
2005	180,176	242,208	94,784	517,168
2006	185,016	248,715	97,330	531,061
2007	188,399	253,262	99,109	540,770
2005-2006				524,115
2006-2007				535,916

Source: College Board, Trends in College Pricing 2004, Table 5 Southern Region

	Books and Supplies 2004-2005	Books and Supplies 2005-2006	Books and Supplies 2006-2007
2 year Public	\$ 736	\$ 746	\$ 757
4 year Public	\$ 814	\$ 825	\$ 837
4 year Private	\$ 859	\$ 871	\$ 883
Average	\$ 803	\$ 814	\$ 826

2004 FI Statistical Abstract

Producer Price Index			
2003	138.1	5.3%	
2002	131.1	-2.3%	
2001	134.2	1.1%	
2000	132.7		1.4%

Books Only	If supplies are 10 %	If supplies are 15 %	If supplies are 20 %
2005-2006	\$ 733	\$ 692	\$ 651
2006-2007	\$ 743	\$ 702	\$ 661

	2005-2006 Annualized	2005-2006 Cash	2006-2007 Cash
High	\$ (23.0)	\$ (23.0)	\$ (23.9)
Middle	\$ (21.8)	\$ (21.8)	\$ (22.6)
Low Estimate	\$ (20.5)	\$ (20.5)	\$ (21.2)