

## **BILL ANALYSIS**

Senate Research Center  
84R1643 TJB-D

S.B. 157  
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Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The total college textbook market is estimated to be more than \$9 billion. According to the Texas Higher Education Coordinating Board (THECB), the total student cost of books and supplies in Texas was nearly \$1.5 billion for the 2012-13 school year. Nationally, books and other course materials account for an estimated \$1,207 of an undergraduate student's annual budget at a four-year public college and \$1,270 at a two-year public college. In Texas, sales taxes on these amounts are approximately \$99.58 and \$104.78 for four-year and two-year public colleges, respectively, based on the maximum sales tax rate of 8.25 percent.

As institutions have increased tuition to compensate for decreased state support, students bear the burden of the higher cost of education and are accruing unprecedentedly high students loans. Accessing textbooks is especially burdensome for TEXAS Grant and Texas Equal Opportunity Grant (TEOG) recipients, given the rising costs of textbooks and the frequency with which they are updated. For the 2016-2017 biennium, it is estimated that there will be 74,000 students eligible for TEXAS Grants and 88,400 students eligible for TEOG. If these students were provided an exemption on textbooks, it would result in a total tax savings for these students of approximately \$33.26 million.

S.B. 157 seeks to provide financial relief to the college and university students with the greatest need who are eligible for TEXAS Grants or TEOG by establishing two annual, ten-day tax-free periods during which a full- or part-time student at a public or private Texas institution of higher education with valid documentation would be able to purchase or rent textbooks on a tax-free basis.

As proposed, S.B. 157 amends current law relating to exempting books purchased, used, or consumed by certain university and college students from the sales and use tax for limited periods.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 151.3214, Tax Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.3214, as follows:

Sec. 151.3214. BOOKS PURCHASED, USED, OR CONSUMED BY CERTAIN UNIVERSITY AND COLLEGE STUDENTS FOR LIMITED PERIODS. (a) Provides that the sale, use, or consumption of a book is exempted from the taxes imposed by this chapter if the book is:

(1) purchased by a full-time or part-time student who:

(A) is eligible under Subchapter M (Toward Excellence, Access, & Success (Texas) Grant Program) or P (Texas Educational Opportunity Grant Program), Chapter 56, Education Code, to

receive a grant authorized by those subchapters, regardless of whether the student actually receives the grant; and

(B) is enrolled at an institution of higher education as defined by Section 61.003 (Definitions), Education Code, or a private or independent college or university that is located in this state and that is accredited by a recognized accrediting agency as defined by Section 61.003, Education Code; and

(2) the purchase takes place during a period:

(A) beginning at 12:01 a.m. on the first Monday following the first Saturday in August and ending at 12 midnight on the second following Wednesday; or

(B) beginning at 12:01 a.m. on the first Monday following the first Saturday in January and ending at 12 midnight on the second following Wednesday.

(b) Requires that not later than the 10th day before the first day of each period described by Subsection (a)(2), each institution, college, and university described by Subsection (a)(1)(B) create for and electronically distribute to each person described by Subsection (a)(1) that is enrolled at the institution, college, or university the following to be used by the person to establish that the person is qualified to receive the exemption authorized by this section:

(1) a unique temporary student sales tax exemption certificate on a form prescribed by the comptroller of public accounts of the State of Texas (comptroller) that the person may use when making an in-person purchase; and

(2) a unique electronic credential that the person may use when making an online purchase.

(c) Provides that a certificate or credential distributed under Subsection (b) is valid only for purchases made during the period described by Subsection (a)(2)(A) or (B) that immediately follows the distribution date of the certificate or credential.

(d) Authorizes the comptroller to adopt rules necessary for the implementation, administration, and enforcement of this section.

SECTION 2. Requires the comptroller as soon as practicable, but not later than November 1, 2015, to develop the temporary student sales tax exemption certificate form required by Section 151.3214(b)(1), Tax Code, as added by this Act.

SECTION 3. Provides that the change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those taxes.

SECTION 4. Effective date: September 1, 2015.