Revenue Impacts of Tax Commission Decisions

EXECUTIVE APPROPRIATIONS COMMITTEE

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LFA
LEGISLATIVE FISCAL ANALYST

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Tax Commission Decision on Textbook Sales

A series of bills were introduced to remove the sales tax from textbooks sold at university bookstores:

- H.B. 220, 2005 General Session – fiscal note of ($2.8 million)
- H.B. 273, 2006 General Session – fiscal note of ($3.5 million)
- H.B. 196, 2008 General Session – numbered, but no title or substance

In March 2008, the Tax Commission made the determination that textbooks are sales tax exempt because they are "part of the educational mission of a college or university."

During the 2011 General Session, S.B. 69 codified the exemption with a fiscal note of ($106,000), as there was limited change from the status quo.

MAY 2008 LFA Report to EAC

An LFA analysis in 2008 found that these types of implementation decisions by the Tax Commission could increase or decrease annual revenues.

Range of Impact Commission Decisions Have Upon the General/Education Funds			
	Low	High	**Expected**
Fiscal Impact	($4,200,000)	$8,000,000	**$1,900,000**

LFA Report Recommendations

1. The Analyst recommends that the Commission determine fiscal impact of administrative decisions that might have an impact of greater than $1,000,000 and report this to the Office of Legislative Fiscal Analyst and the Governor's Office of Planning and Budget.
2. Analysts, in conjunction with the Commission, should update the likely fiscal impact of final decisions by the start of each legislative session for both one-time and ongoing impacts.
3. If the Commissioners are aware of a decision that may have been a legislative bill, the Analyst recommends that the Commissioners inform Legislative leadership of the decision.

S.B. 1001, 2015 First Special Session

The Tax Commission's recent interpretation of the statute of limitations for refunds was the impetus for S.B. 1001.

The passage of S.B. 1001 would likely lead to a decrease in revenue.

EAC Action

Previous discussion in EAC allowed for informal communication from the Tax Commission to LFA during revenue forecasting meetings.

This process has not occurred on a routine basis.

Would EAC prefer a specific requirement to ensure this communication occurs regularly?