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 DATE PREPARED: February 22, 2007  
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**LB 32**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(3,000,000)		(3,126,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		<b>(3,000,000)</b>		<b>(3,126,000)</b>

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 32 provides that sales tax shall not be imposed on the gross receipts from the sale of college textbooks to full and part time students in the State of Nebraska. The bill defines the term "college textbook." The bill has an operative date of July 1, 2007.

Based on the number of full and part time students in the State, and the average amount spent on textbooks, the following General Fund impact is estimated:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(3,000,000)
2008-09	(3,126,000)
2009-10	(3,257,000)
2010-11	(3,394,000)

The Department of Revenue notes that, although the term textbook is defined, it will be very difficult to enforce the types of books being sold. The definition could potentially include magazines, CliffsNotes, or any other book that may assist in the class. As such, the retailer may have a difficult time verifying the exemption.

IMPACT ON POLITICAL SUBDIVISIONS: It is estimated that the bill will have the following impact on local option sales tax returned to municipalities:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(685,000)
2008-09	(715,000)
2009-10	(745,000)
2010-11	(775,000)

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/22/07	PHONE	471-2526
COMMENTS					
DEPT. OF REVENUE – No basis upon which to disagree with the agency analysis.					