

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6961**

**BILL NUMBER:** HB 1435

**NOTE PREPARED:** Jan 13, 2013

**BILL AMENDED:**

**SUBJECT:** Higher Education Textbook Grant.

**FIRST AUTHOR:** Rep. Truitt

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides a state grant for the purchase of textbooks by a student who is enrolled in a college or university with a campus located in Indiana.

The bill limits the grant to the lesser of the Sales Tax paid in a textbook transaction or \$35. It requires that the purchase must be made from a qualified vendor. The bill also requires the student to file a grant claim with the Department of State Revenue.

The bill makes a state General Fund appropriation in the amount necessary to provide the grants.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Department of State Revenue (DOR)* - This bill could significantly increase the DOR's administrative expenditures. DOR would be required to create new forms and modify computer software to process the textbook grant applications. About 465,000 full-time and part-time students are currently enrolled at institutions of higher education in Indiana. Because of the potentially high number of textbook grant applications the DOR may have to process this bill could potentially require additional personnel. According to the December 31, 2012, Vacant Position Report, DOR currently has 111 vacant positions.

*Higher Education Textbook Grant* - The bill establishes a grant program for higher education students to reimburse up to \$35 in sales tax paid during the year for college textbooks. Annual grants under the program could potentially range from \$3.6 M to \$10.9 M in FY 2014 and \$3.7 M to \$11.1 M in FY 2015. The grants

would be paid by appropriations from the state General Fund. These estimates assume that all students purchasing textbooks would receive the maximum \$35 grant and that between 25% and 75% of students who purchase textbooks would apply for the grant. The table below shows the bill's estimated impact on the General Fund in FY 2014 and FY 2015.

<b>General Fund Impact</b>	<b>If 25% Receive Grant</b>	<b>If 50% Receive Grant</b>	<b>If 75% Receive Grant</b>
FY 2014	(\$3,621,345)	(\$7,242,690)	(\$10,864,035)
FY 2015	(3,693,771)	(7,387,543)	(11,081,315)

**Background Information** - The bill provides a grant to help offset the cost of textbooks for college students. According to the National Center for Education Statistics (NCES), the average cost of books and supplies for a full-time student in Indiana was \$1,100 in 2010. Indiana had about 320,000 full-time students and 145,000 part-time students enrolled at institutions of higher education in 2010 according to the NCES. The estimates in the table above are based on the assumption that 89% of those students will purchase textbooks.

The grant is the lesser of the Sales Tax paid for college textbooks or \$35. The average Sales Tax paid by a full-time student is approximately \$76, and the average Sales Tax paid by a part-time student is about \$38. Therefore, the estimates above assume that each student who purchases a textbook will receive the maximum \$35 grant.

The bill requires that a grant may only be claimed if the student purchases textbooks from a qualified vendor that receives an authorized course textbook list from the institution or receives communication from the course professor indicating the textbooks that are necessary or recommended. This analysis assumes that all textbook purchases are from a qualified vendor. To the extent that students purchase textbooks from other sources, the estimated revenue impact could be lower.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** The College Board, <https://bigfuture.collegeboard.org/>. National Center for Education Statistics, Integrated Postsecondary Education Data System. Book Industry Study Group, *Student Attitudes Toward Content in Higher Education*, February 21, 2012. Vacant Position Report, December 31, 2012.

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