

PROPOSED POLICY RESOLUTION

**AN ACT TO ENDORSE ASSOCIATION ACTION TO SECURE
TAX-FREE TEXTBOOKS**

Short Title: Tax-Free Textbooks Endorsement Act (Public)

Sponsored by: T. Greg Doucette, Student Senate President of N.C. State University

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Referred to: _____

1 **WHEREAS,** the Constitution of the State of North Carolina, Article IX Section 9, reads “[t]he
2 General Assembly shall provide that the benefits of The University of North
3 Carolina [UNC] and other public institutions of higher education, as far as
4 practicable, be extended to the people of the State free of expense”; and,
5

6 **WHEREAS,** despite this commitment, N.C. State tuition rates for full-time resident
7 undergraduates alone have risen from a mere \$948.00 for the 1995-1996 academic
8 year to the current rate of \$3,530.00 for the 2006-2007 academic year, an increase
9 of 272.4%; and,
10

11 **WHEREAS,** above and beyond these tuition expenses, the N.C. State Office of Scholarships
12 and Financial Aid advises undergraduate students to expect to pay \$900 per
13 academic year for course textbooks, and advises graduate students to expect to
14 pay \$800 per academic year; and,
15

16 **WHEREAS,** the financial burden of textbook purchases is amplified by the sales taxes levied
17 on them by the State of North Carolina, adding to an additional \$67.50 and \$60.00
18 per year for undergraduate and graduate students respectively; and,
19

20 **WHEREAS,** textbook purchases are currently tax exempt in the states of Connecticut,
21 Massachusetts, Minnesota, New Jersey, New York, North Dakota, South Carolina,
22 Tennessee and West Virginia; and,
23

24 **WHEREAS,** legislation making textbook purchases tax exempt has been introduced and in
25 various stages of passage in the legislatures of Georgia, Texas, Virginia and
26 others; and,
27

28 **WHEREAS,** North Carolina, by contrast, merely offers a two-day “tax free holiday” on certain
29 academic items, up to a purchase price limit of \$100.00 for textbooks, and held
30 the first weekend in August when many students are unable to purchase their
31 books for upcoming semesters; and,
32

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33 **WHEREAS,** in addition, many textbooks cost more than \$100.00, thereby making them
34 ineligible to receive the tax-free benefits provided; and,
35

36 **WHEREAS,** this disparity places North Carolina institutions of higher education at a
37 competitive disadvantage relative to universities in other states, making it
38 comparatively more difficult to lure top students and placing an additional burden
39 on North Carolina taxpayers funding a child's education; and,
40

41 **WHEREAS,** the UNC President's Advisory Committee on Efficiency and Effectiveness
42 (PACE), in its final report issued November 1, 2006, identified regulatory/tax
43 relief as a potential option to reduce out-of-pocket expenses to students; and,
44

45 **WHEREAS,** options suggested included amending North Carolina General Statutes (N.C.G.S.)
46 §105-164.13 to exempt textbooks from sales taxes entirely, or amending N.C.G.S.
47 §105-164.13C to remove the sales tax holiday price cap on textbooks and
48 establish sales tax holidays that more closely correspond with the start of the fall
49 and spring semesters; and,
50

51 **WHEREAS,** despite these suggestions, estimated to save students \$4 million annually for a
52 complete tax exemption or \$1.5 million annually for lifting the sales tax holiday
53 price cap, the PACE report classifies these options only as "medium- to long-term
54 opportunities" that are not part of the University's legislative agenda for the 2007-
55 2008 session of the North Carolina General Assembly; and,
56

57 **WHEREAS,** during the 2007 long session of the N.C. General Assembly, legislation was
58 introduced in the North Carolina House of Representatives¹ by Representative
59 Jennifer Weiss amending the sales tax holiday in the manner recommended by the
60 PACE final report, only to be defeated after a concerted lobbying effort against
61 the legislation by certain interested parties; and,
62

63 **WHEREAS,** a separate bill² was introduced by Senator Harry Brown in the North Carolina
64 Senate exempting textbooks from the sales tax entirely as recommended in the
65 PACE report; and,
66

67 **WHEREAS,** although also ultimately defeated, in light of the Senate Finance Committee public
68 hearing on the legislation, conducted July 25, 2007 and including testimony from
69 the N.C. State University Student Senate, it is apparent a categorical sales tax
70 exemption does not have the organized opposition against it as compared to
71 modifications to the sales tax holiday; and,
72

¹ House Bill 1635, "Sales Tax Holiday Changes." N.C. General Assembly, 2007-2008 session.
<http://www.ncleg.net/gascripts/BillLookup/BillLookup.pl?Session=2007&BillID=H1635>

² Senate Bill 1392, "Sales Tax Relief for Certain Textbooks." N.C. General Assembly, 2007-2008 session.
<http://www.ncleg.net/gascripts/BillLookup/BillLookup.pl?Session=2007&BillID=S1392>

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73 **WHEREAS,** the central obstacle facing the potential adoption of a categorical sales tax
74 exemption is the reconciling of tax revenues lost to the State; and,
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76 **WHEREAS,** an endorsement of the exemption proposal by the UNC General Administration
77 would greatly enhance student efforts in advocating for the exemption's passage;
78 and,
79

80 **WHEREAS,** in an article published in the Daily Tarheel on June 21, 2007, UNC Vice President
81 for Government Relations Andy Willis indicated he was open to the sales tax
82 exemption proposal and "hopefully [we'll] bring it back to the legislature"³; and,
83

84 **WHEREAS,** the General Assembly of the UNC Association of Student Governments supports
85 any efforts to reduce out-of-pocket expenses to students consistent with
86 maintaining a high-quality educational environment, and believes tax-free
87 textbooks should be a high priority legislative item; now, therefore be it
88

89 **RESOLVED,** that the General Assembly of the UNC Association of Student Governments
90 strongly endorses the suggestions noted in the final report of the UNC President's
91 Advisory Committee on Efficiency and Effectiveness regarding the establishment
92 of a sales tax exemption for textbooks; and be it further,
93

94 **RESOLVED,** the General Assembly calls upon the Association President to secure the support
95 of the UNC General Administration in advocating for a sales tax exemption for
96 textbooks; and be it further,
97

98 **RESOLVED,** the Council of Student Body Presidents is hereby charged with taking all
99 reasonable and prudent measures to secure the re-introduction of language
100 comparable to Senate Bill 1392 during the 2008 short session of the N.C. General
101 Assembly.

³ Johnson, Eric. "Exemption bill hits barrier." The Daily Tarheel, 21 June 2007.