



**Testimony on Behalf of the National Association of College Stores
By Richard Hershman
Before the
House Ways and Means Committee**

HB 337 - Exempt College Textbook Purchases From Sales Tax

December 12, 2017

Chairman Schaffer, Ranking Member Rogers, and members of the House Ways and Means Committee, on behalf of the National Association of College Stores (NACS), I thank you for the opportunity to provide written testimony today in support of HB 337 exempting college textbook purchases from state sales taxes.

My name is Richard Hershman and I am the Vice President of Government Relations for NACS.

NACS is headquartered in Oberlin, Ohio with additional offices in Cleveland and Cincinnati. Our members are primarily college and university owned and other non-profit college and K12 stores, as well as companies that colleges and universities may partner with to operate or support college stores. The 160 Ohio based staff conduct extensive research into course material use and affordability, establish best practices, partner with innovative companies and non-profits, and operates several buying and discount consortiums available to Ohio's 189 college and K-12 stores and their institutions they serve. Through these partnerships we have saved Ohio's colleges and universities and K-12 schools millions of dollars through lower prices for goods and services including course materials and shipping costs.

NACS strongly supports HB 337 which will provide all college students in Ohio an exemption from sales tax for academically required textbooks.

With many students struggling to pay their education costs, sales tax on textbooks is an unnecessary added tax burden on students' learning. HB 337 will provide much needed relief to students and create a more level and fair playing field for Ohio's college and university stores to compete with out-of-state vendors.

Nationally, 27 states exempt college students' physical copy textbook purchases and rentals from taxes in one form or another. While Ohio collects sales taxes on academically required course materials, its neighbors in Pennsylvania, West Virginia and New York do not. Ohio is also one of the few states that also tax digital course materials. While Ohio's college stores collect sales tax on print and digital textbooks, the majority of online textbook sellers do not collect Ohio sales tax.

According to data from *Student Watch: Student Attitudes & Perceptions Linking Course Materials to the Connected Student*, the survey found a significant majority of students regularly comparison shop for required course materials. Students have become very price sensitive in their shopping habits, and applying sales tax makes a difference on which vendors students purchase from. More than 1,000 college stores have embraced this reality by increasing transparency and choice through offering price comparison shopping from internet competitors on their own websites and mobile applications.

A sales tax exemption will allow Ohio's college stores in the state to more fairly compete with online textbook vendors and encourage students to shop locally rather than out of state. Students will not only directly benefit from the immediate savings, but also from the additional local revenue and economic activity within the community. This revenue may be reinvested in lowering textbook costs through greater discounting, increasing student aid for books and services like free textbook library reserves, and providing greater job opportunities for students while attending college.

I would also like to make two observations related to calculating a fiscal note for exemptions. Over the years we have expressed a number of concerns with the fiscal note estimates in Ohio and in other states with similar proposals. First, estimates tend to overstate the percentage of transactions currently being subjected to sales tax. Even with Amazon now collecting sales taxes in the state, the company still does not collect for remote sellers who lack a physical nexus in the marketplaces that make up a large percentage of textbook sales on the site. Also student to student sales are common form of distribution of used books.

Second, the market for course materials continues to significantly evolve in how course materials are delivered to students both in format and distribution models. Student spending has significantly declined over the last 10 years on course materials and the average student in the 2016-2017 school year spent \$579 for the year on required course materials, down from \$701 in the 2007-2008 school year. There is also a notable shift here in Ohio towards offering and using more digital textbooks through tuition and fees not subjected to sales tax and open educational resources, which are available free online and sometimes with a low-cost print option for purchase. These non-taxable sales and declining spending are often not factored into the fiscal note and suggest declining revenue to the state over time.

In conclusion, we believe that the cost of a college textbook exemption is minimal when compared to the immediate and upfront cost savings for Ohio's students and the local economy. It is time to give all Ohio students a break whether they choose to acquire print or digital within Ohio or from out of state.

The NACS supports efforts to enhance affordable and equitable access to quality course materials, and will continue to work as an ally for student interests. Thank you for this opportunity to testify on this important issue and we are happy to answer any questions the committee has as it continues to study this issue.