

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 940 (First Edition)

SHORT TITLE: Make E-Textbooks Available to Students

SPONSOR(S): Representative Miller

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES	-	-	-	-	-
EXPENDITURES	***See Assumptions & Methodology***				
POSITIONS:	N/A				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: State Public School Fund, Department of Public Instruction, Local Education Agencies (LEAs)					
EFFECTIVE DATE: July 1, 2003.					

BILL SUMMARY: The bill would require that all State textbook contracts “include a clause requiring publishers to provide an electronic version of the textbook with any printed textbook they sell to the State Board of Education.”

ASSUMPTIONS AND METHODOLOGY: According to staff at the Department of Public Instruction (DPI), adding a requirement that the State Board of Education (State Board) contract for electronic as well as print copies of textbooks will almost certainly increase the contract price by an as yet indeterminate amount. This new requirement will increase two elements of the current price of a textbook: 1) copyright costs faced by publishers and (2) risk premiums demanded by publishers.

Many publishers do not have copyright authorization to sell electronic versions of textbooks. In order to obtain these rights for a given title, publishers will likely have to pay an additional fee to the author or copyright holder. Publishers will pass at least a portion of this increased cost on to the State Board. In addition, publishers will then likely demand an additional fee from the State Board to account for the increased risk of copyright infringement created by distribution of electronic versions of textbooks. In fiscal year 2001-02, the State expended approximately \$77 million on textbooks. This amount will

almost certainly increase in future years given the new requirement. A precise estimate of the amount by which these expenditures will increase is not available.

SOURCES OF DATA: Department of Public Instruction

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