

*June 26, 1992*

## RESOLUTION ON THE TAXATION OF PUBLISHERS' BOOK INVENTORIES

WHEREAS, the U.S. Supreme Court determined in the Thor Power Co. v. Commissioners 439 U.S. 522 (1979) that corporations be taxed on their inventories; and

WHEREAS, the U.S. Internal Revenue Service indicated in ruling 80-60 that publishers be subject to the same Supreme Court decision on taxation regarding inventories of books; and

WHEREAS, books and other publications have intrinsic intellectual and cultural value which benefit the good of society; and

WHEREAS, the process of book publishing and distribution has far more complexity and a need for longer availability than the production of machinery parts as decided in the Thor case; and

WHEREAS, fiscal constraints necessitate American Libraries to selectively purchase needed books at the time of publication; and that changes in curriculum, programs, or user needs require frequent retrospective purchasing; and

WHEREAS, a 1985 study by Mary E. Low (1) and an analysis in 1989 by Dora Biblarz (2) showed that due to the Thor ruling: scholarly, professional, and reference books can go out-of-print before libraries can purchase them; that libraries often cannot obtain replacements for worn out, stolen, or classic books; that libraries are forced to purchase out-of-print books from foreign publishers that enjoy more favorable tax environments; and

WHEREAS, the 1991 White House Conference recommended that "Congress should repeal the inventory tax on books" (GOV 02); now, therefore, be it

**RESOLVED**, that the American Library Association (ALA) urge Congress to reverse the Thor ruling; and be it further

**RESOLVED**, that the Association for Library Collections & Technical Services (ALCTS) continue to monitor the situation and keep the library profession advised upon additional research findings and Congressional action.

*Approved by the ALCTS Board of Directors  
29 June 1992*

*Approved by the ALCTS Legislation Committee  
28 June 1992*

*Submitted by:  
Jean W. Farrington  
ALCTS Councilor*

*Robert P. Holley  
Councilor at Large*

*Policy 51.4.2*

REVIEWED FOR CONFORMANCE WITH  
GUIDELINES  
by Council Resolutions Committee

*V.B.*  
30 June 1992

COUNCIL DOCUMENT # 154  
Assigned by Council Resolutions Committee  
Member Initials V.B.