

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

**DATE:** March 23, 2015

**Authors:** Carlson and others

**Subject:** Expanding the exemption for sales to nonprofit organizations

**Analyst:** Pat Dalton

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Expands the sales tax exemption for sales to nonprofit charitable organizations to include sales to all 501(c) (3) organizations, regardless of whether the item is purchased for use in the performance of their primary mission. Construction materials purchased by contractors and subcontractors, lodging, and prepared food and beverages, and most motor vehicle leases remain taxable. Effective for sales and purchases after June 30, 2015.

Currently the law limits this exemption to organizations operated exclusively for charitable, religious, and educational functions and to purchases used primarily in performance of these allowed functions. A nonprofit organization may also be granted 501(c) (3) status under the internal revenue code for engaging in any of the following purposes as well:

- scientific
- literary
- testing for public safety
- fostering national or international amateur sports competition
- preventing cruelty to children and animals