

**Subject** Sales tax exemption for fundraising sales made by certain student organizations

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## Summary

Exempts from sales tax the sales made by school-associated student groups even when the money is recorded as part of school district revenues provided that:

- the sales are for fund-raising purposes of an elementary or secondary student organization for the purposes of funding extracurricular activities such as sports, arts, etc.; and
- the school district reserves the revenue raised for extracurricular activities and the money raised for a specific activity is spent on that activity.

Effective the day after final enactment.

## Background

Prior to the 2019 legislative session, each student group or club could raise up to \$20,000 annually to help fund their specific extracurricular activity under the existing exemption for “fund-raising sales by or for nonprofit groups.” These groups generally kept and spent their own funds.

The 2019 omnibus education bill began requiring these funds to be deposited with the school district in order to meet generally accepted accounting principles. However, the sales tax statute specifically excluded funds deposited with the school district from the nonprofit sales tax exemption. The result was that these student groups lost their sales tax exemption. This bill restores that exemption.