

S.F. No. 366 – Sales for school fundraising

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Date: February 7, 2021

Under current sales tax law, the first \$20,000 of fundraising sales made by nonprofit organizations that exist solely for the purpose of providing educational or social activities for people 18 and under are exempt from sales tax. As it pertains to school fundraising, the exemption does *not* apply if the sales are derived from admission charges or from activities for which the proceeds: 1) must be deposited with the school district treasurer; or 2) must be recorded in the same manner as other revenues or expenditures of the school district.

In 2019, a statutory change unrelated to sales taxes required that all revenues and expenditures for school extracurricular activities must be recorded in the same manner as other revenues and expenditures of the district. As a result, because the sales tax law described above specifically excluded funds deposited with the school district from the exemption, the exemption was no longer available to school fundraising sales for extracurricular activities.

This bill modifies the school fundraising sales tax exemption to clarify that the exemption is available even if sales are derived from admission charges or activities for which the money must be recorded in the same manner as other revenues or expenditures of the school district, provided that: 1) the sales are made for fundraising purposes of a student organization organized for sports, educational, or other extracurricular activities; and 2) the revenue raised for these activities is reserved by the school district and the district spends revenue raised for a particular activity only for that same activity.

Effective for sales and purchases made after the date of final enactment.