

I have been helping schools with fundraising projects for over 30 years here in Kansas. I have always thought about petitioning this topic and am finally getting around to it! Our tax laws for school fundraising projects vary greatly. Ask any school bookkeeper and they have to keep a list of groups that are exempt from sales tax and groups that are not. Groups that are: PTO and PTA groups in elementary schools, but if a principal or staff member would like to run a fundraiser it is not exempt. In middle and high schools, some vocational groups such as DECA, FCCLA, and FFA are exempt, while students in any of the arts, sports, or class fundraisers are not. It hasn't really made much sense to me why some groups are granted exemptions and others are not.

The other thing that really needs looked at is how much they are taxed. Right now, tax is based on the retail amount collected on an item. If a student sells a \$20 box of cookie dough, the sales tax is based on \$20. For ease of math, let's say the combined tax rate is 10%, so the tax on that item is \$2. The profit standard in the industry is 40% profit on a frozen food item, so 40% of \$20 is \$8 that a student should have earned. But they have to subtract the \$2 in sales tax from their profits, so a student earns \$6 on a \$20 item. In reality instead of 40% going to their band fees or uniforms, they are only keeping 30% and the rest is going to the state. I know you must be thinking "why not just sell it for \$22 to cover the tax?" My answer would be why would it be cheaper to purchase from a student who is raising money for a trip to an FFA convention in KC vs a student who would like to take a choir trip and perform in KC? What about dollar candy bars? Are we going to charge \$1.10 for that?

As far as I know, Kansas is just one of a handful of states that require sales tax on school fundraising items. I do not believe any of our surrounding states require this. If amended, it would sure help students with their school accounts, as well as free up school staff from this burden. Thanks, guys, for listening, and for your considerations. Please contact me with any questions or comments.

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