Support the Nonprofits Serving You and Your Constituents: Improve House Bill 354

House Bill 354, as passed by the full House, exempts nonprofits from collecting and remitting sales tax on admissions. This is good for the sector and nonprofits’ ability to accomplish their missions.

Two remaining issues put nonprofits at risk, which means the communities they serve and your constituents are at risk.

Problem #1:

- House Bill 354 requires nonprofits to collect and remit sales tax on items sold in excess of $10,000.
  - This arbitrary amount is impossible for charities to implement.
  - This language means Kentucky is taxing our citizen’s donations to charity.
  - This language will result in fewer donations to charities.
  - Many nonprofits partner with the commonwealth to provide services government is mandated to provide – at less than full costs, which is why fundraising is so vital.
  - The work of nonprofits often prevents many Kentuckians from needing to utilize government programs. This provision limits a vital tool nonprofits use to raise needed funds to serve our communities.

Solution #1:

- Amend House Bill 354 to exempt entirely items sold for fundraising purposes by:
  - On page 68, line 8, in subparagraph 5, after the word “institutions” add “or to items sold for fundraising purposes by such institutions”
  - On page 68, delete lines 9-11, subparagraph 6 in its entirety

Problem #2:

- House Bill 354 does not contain an emergency clause. Nonprofits need relief now.

Solution #2:

- Add an emergency clause.
As required by federal law, net income from 501(c)(3) organizations must be reinvested back into the organization's programs and services.