



For Immediate Release

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State Association Urges Nonprofits to Get Up to Speed on New Law Requiring Charities to Charge Sales Tax

LEXINGTON, Ky. – Kentucky Nonprofit Network (KNN), the Commonwealth’s association of nonprofits, is providing resources and hosting a webinar on June 28 to help nonprofits learn how to comply with a new Kentucky law effective July 1 that requires organizations to collect sales tax from supporters of special events and some programs. At the same time, KNN will be pursuing a legislative solution with the General Assembly to minimize the damage to nonprofits that rely on special events fundraising and other programs for much-needed revenue to accomplish their missions.

While nonprofits were already required to collect sales tax on admissions to museums, concerts, art exhibits and the like, House Bill 487 combined with a recent Kentucky Supreme Court decision expands the sales tax to fundraising special events, recreational programming and summer camps. The result is a tax on the individuals supporting the thousands of charities across Kentucky and an administrative burden and much confusion among Kentucky’s nonprofits. The Kentucky Department of Revenue is working with KNN to provide guidance on the complicated issues before the law goes into effect on July 1. KNN’s webinar on June 28 at 10am Eastern time will provide the most current information available, as well as share planned next steps to seek the support of the Kentucky General Assembly for a solution.

“The timing simply could not be worse for Kentucky’s nonprofits. These organizations are critical to the kind of quality of life in Kentucky that bring jobs to our Commonwealth and they are well aware that Kentucky needs revenue. Nonprofits are on the front lines of seeing an increased demand for many services and are working to juggle these demands with fewer dollars,” said Danielle Clore, executive director and CEO of KNN. “Taxing the individuals seeking to support the vital work of nonprofits through attending fundraising special events and choosing enrichment and quality childcare for their children through nonprofit after-school programs and summer camps – especially as nonprofits face a potential decrease in charitable giving due to changes in federal tax incentives for donations, is not a viable solution to Kentucky’s revenue problem,” she added.

While KNN will seek the support of a legislative solution when the Kentucky General Assembly reconvenes, Clore notes, “some damage has already been done as nonprofits are being diverted from their missions to scramble – spending limited resources of time and money to address the perfect storm created by this new law and the recent Kentucky Supreme Court ruling.”

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With a narrow window for impacted nonprofits to comply and many organizations in the peak of their summer programming and fundraising special events, KNN encourages nonprofits to register for their webinar to learn about the impact to their operations. Nonprofit are also urged to submit their questions as soon as possible to emailus@kynonprofits.org so they can be shared with the Kentucky Department of Revenue to receive as much clarification as possible for the June 28 webinar. Tax expert Erica Horn, Associate Director of Tax Services with Dean Dorton, will lead the webinar. Nonprofits seeking to register for the webinar and connect with KNN on efforts to address the issue when the General Assembly reconvenes should visit kynonprofits.org.

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Kentucky Nonprofit Network is the state association of nonprofit organizations working to strengthen and advance Kentucky's nonprofit community, which employs one in eleven Kentuckians. Celebrating sixteen years as the voice of the sector, KNN provides nonprofit organizations with a unified public policy voice, professional development opportunities and resources, and member benefits. For more information, visit <http://www.kynonprofits.org>.

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