



## Legislation Text

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**File #:** 24-171, **Version:** 2

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Ordinance No. 24-30 amending multiple Sections of Article 7 (Sales and Use Tax) and Section 105 (Applicability of City Sales and Use Tax Ordinance) of Article 10 (Motion Picture Theater Admissions Tax) both of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as Amended, pertaining to Sales Related to a School

**Presenter:**

Charae McDaniel, Chief Financial Officer

**Summary:**

The City Ordinance currently requires both public and non-public schools to obtain a city sales tax license and collect city sales tax on retail sales, including all fundraising activities.

The sales tax exemption being considered would add a new section in the Sales Tax Code to create an exemption for retail sales made by schools, parent or teacher organizations, booster clubs, and student classes or clubs, provided that all proceeds from these sales are intended for the benefit of a school or school-approved student organization. This exemption would apply to both public and non-public schools, kindergarten through twelfth grade.

**Background:**

Fundraising for students and schools remains essential for providing enriching educational experiences, supporting extracurricular activities, and enhancing the overall learning environment. Navigating regulatory requirements to include sales tax regulations related to fundraising activities can be daunting for schools and student organizations. Fundraising activities are often organized by volunteers and the administrative burden associated with fundraising can be overwhelming. The exemption recognizes the fundraising nature of these sales and ensures that proceeds are directed toward educational purposes.

The proposed change to the City Code would grant a sales tax exemption for various fundraising activities, including but not limited to gift wrap sales, bake sale goods sales, silent auction donation items, and booster club concession stand food items sold by the school or school-related organizations.

A sales tax exemption for fundraising activities will help schools stretch their limited resources and allow our schools to focus on delivering essential support and programs that benefit the students in our community.

**Previous Council Action:**

N/A

**Financial Implications:**

The annual fiscal impact is approximately \$30,000. In 2023 there were 186 tax returns filed by schools located in Colorado Springs. The average tax remitted per return was \$156.

**City Council Appointed Board/Commission/Committee Recommendation:**

This item was discussed with City Council Budget Committee on March 26, 2024.

**Stakeholder Process:**

N/A

**Alternatives:**

N/A

**Proposed Motion:**

Move to approve Ordinance No. 24-30 amending multiple Sections of Article 7 (Sales and Use Tax) and Section 105 (Applicability of City Sales and Use Tax Ordinance) of Article 10 (Motion Picture Theater Admissions Tax) both of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as Amended, pertaining to Sales Related to a School

An ordinance approving a sales tax exemption for kindergarten through twelfth grades schools on retail sales made by schools, parent or teacher organizations, booster clubs, and student classes or clubs, provided that all proceeds from these sales are intended for the benefit of a school or school-approved student organization