Department of Finance and Administration

Legislative Impact Statement

Bill: HB1523

Bill Subtitle: TO PROVIDE A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES BY NONPROFIT YOUTH ORGANIZATIONS.

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Basic Change :

Sponsors: Reps. K. Moore and Eaves and Sen. Dismang

HB1523 expands the sales tax exemption for sales at concession stands operated by a nonprofit youth athletic organization to also exempt sales at concession stands operated by other types of nonprofit youth organizations. A non-athletic youth organization, such as a band booster club, would not be required to collect and remit sales tax on sales at concession stands. HB1523 amends the sales tax exemption for "youth athletic organizations" under § 26-52-401(40) to remove the word "athletic" to expand the exemption to all nonprofit youth organizations.

To qualify for the exemption, anyone operating the concession stand must be a member of the organization or volunteer working on behalf of the organization and all proceeds must go back into the nonprofit youth organization.

HB1523 is effective on the first day of the calendar quarter following the effective date of the act. For purposes of the revenue impact below, an effective date of October 1, 2023 is assumed.

Revenue Impact :

FY2024

Total Approximate State Sales and Use Tax Loss \$ - 35,500

(Estimated Effective Date 10/1/23 --- 8 months reduced tax collection)

| General Revenue - 4.5% | \$ - 23,815 |
|--------------------------------------|-------------|
| Property Tax Relief5% | \$ - 2,646 |
| Conservation Fund125% | \$ - 662 |
| Educational Adequacy Fund875% | \$ - 4,631 |
| Highway Fund5% | \$ - 2,731 |
| Educational Excellence Trust Fund - | \$ - 0.00 |
| Educational Adequacy (GR Transfer) - | \$ - 0.00 |
| State Central Services - | \$ - 688 |
| Constitutional Officers - | \$ - 328 |

Total Approximate Local City and County Sales and Use Tax Loss

\$ - 11,833

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FY2025

| Total Approximate State Sales and Use Tax Loss | \$ - 53,000 | |
|--|--------------------|-------------|
| General Revenue - 4.5% | | \$ - 31,890 |
| Property Tax Relief5% | | \$ - 3,951 |
| Conservation Fund125% | | \$ - 988 |
| Educational Adequacy Fund875% | | \$ - 6,913 |
| Highway Fund5% | | \$ - 4,077 |
| Educational Excellence Trust Fund - | | \$ - 3,951 |
| Educational Adequacy (GR Transfer) - | | \$ - 298 |
| State Central Services - | | \$ - 1,027 |
| Constitutional Officers - | | \$ - 489 |
| Total Approximate Local City and | | |
| County Sales and Use Tax Loss | \$ - 17,667 | |

Taxpayer Impact :

A nonprofit youth organization would no longer be responsible for collecting sales and use tax on their sales of tangible personal property at a concession stand.

Resources Required :

None.

Time Required:

Adequate time is provided for implementation.

Procedural Changes:

Updates to the sales and use tax rules will need to be promulgated.

Other Comments:

None.

Legal Analysis:

None.

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