

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3073

DATE: April 12, 2004

Version: As introduced

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Subject: Sales tax exemption for meals donated to nonprofits for fundraising purposes

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This bill provides an explicit sales tax exemption for meals donated to certain nonprofit organizations for fundraising purposes. The qualifying nonprofits include organizations operated exclusively for charitable, religious, or educational purposes, or to senior citizen groups.

Under current law, the non-profit organization does not owe sales tax on food that is provided for free, however the food provider owes use tax on the "extras" such as napkins, take-out containers, disposable silverware, and cups that may accompany the food. The use tax is owed because the food provider paid no tax when purchasing these items due to the "sale for resale" exemption. Exempting donated meals would mean that the food provider would not owe use tax on these ancillary items.