

GUIDELINES FOR FUND RAISING

Faculty and Student-Sponsored Fundraisers (Student Activity Fund):

Each organization is limited to two (2) fundraisers per year, in accordance with Senate Bill 862, or sales tax must be collected. All fundraisers must be approved by the campus principal and then the Deputy Superintendent in Eduphoria at least 2 weeks prior to the start date of the fundraiser. The person completing the form is responsible for ensuring the requested fundraiser does not conflict with another organizations fundraiser items.

Once the fundraiser is completed, the sponsor is responsible for completing the Fundraiser Summary form which is found in Eduphoria. The Total Collections of the fundraiser should be equal to the deposit(s) made into the Activity Fund. If the sponsor fails to complete this form, their next fundraiser request will automatically be denied.

The purpose for the raising and expending of funds by student groups is for the direct benefit of the students. Fundraising activities should contribute to the educational experience of the pupils and should not conflict with the instructional program.

Money that is raised by student groups and organizations will be held by the HISD as trustee. The faculty sponsor of the student club or group is responsible for maintaining adequate financial records as evidence of proper custodianship of money received by and disbursed from club accounts. All monies collected from fund-raisers, dues, or any other purpose such as uniform fees, must be turned in daily, or whenever the aggregate amount exceeds \$50.00 to the Campus Administrative Assistant.

No money may be spent, under any circumstances, without being first deposited. Post-dated checks may not be accepted. Please see Fundraiser-Money collection guidelines on our District Website.

Collection of Sales Tax on Fund Raisers

School districts are responsible for collecting and reporting sales tax to the State Comptroller for items sold as fund raisers that are deemed taxable. Therefore, each fund raiser will have to charge sales tax or have the amount of sales deducted from their gross receipts to cover the amount due to the State Comptroller. There are some exemptions as follows:

Two One-Day Tax Free Sales

Each bona fide chapter within a school district may conduct two one-day tax free sales each calendar year. Bona fide chapters include student groups recognized by the district and organized by electing officers, holding meetings and conducting business. For the purpose of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12 month period January through December.

Example 1) A school may sell taxable items such as t-shirts, hats, uniforms, school supplies or crafts on a designated tax-free sales day. These days should be designated in advance so that purchasers are aware that the sales are not subject to tax.

Example 2) A school group selling yearbooks may accept pre-orders without collecting tax if the day the yearbooks will be delivered to customers is designated as one of the group's tax free fundraisers. Surplus yearbooks sold on other days are taxable. – if two or more groups hold a one-day tax free sale together, the event counts as one tax-free sale for each participating organization.

Concession Stand

Concession stand food sales are exempt from tax when made by a school group, PTA/PTO or other group associated with a public school if the sales are part of the organizations fundraising drive and all net proceeds go to the organization for its exclusive use.

Annual Banquets and Annual Food Fundraiser

School groups can hold a tax free annual banquet or other food sale, provided that the event is not professionally catered; is not held in a restraint, hotel or similar place of business; is not in competition with a retailer to collect tax, and the food is prepared, served and sold by members of the organization.

Nontaxable Items

Nontaxable food items –

Sales tax is not due on nontaxable food items. Examples of such items include cookie dough, pizza kits, cheese spread, meat sticks, jelly, fresh fruit and mixes packaged for preparation at home.

Magazine subscriptions –

Subscriptions to magazines entered as periodicals class mail and sold for six months or more are exempt from sales tax. Single issues and subscriptions for fewer than six months are taxable, however.

Bakery items –

Bakery products (including but not limited to) pies, cakes, cookies, bagels and muffins are exempt unless sold with plates or eating utensils.

Gift Certificates and Passbooks –

Sales of intangibles such as gift certificates and coupon passbooks are not subject to sales tax.

Car Washes –

Amusement services such as admission tickets to dances, carnivals, and other school events –

When imposing sales tax, the school has the option of:

- Adding the tax to the item's selling price: If the selling price of an item is \$5.00, and the tax rate is 8.25%, the school would collect \$5.41 ($\5.00×1.0825) from the buyer for each item sold.
- Absorbing the tax in the item's selling price: If the item sold for \$5.00 including tax, the school would collect \$5.00. The school would retain \$4.62 ($\$5.00/1.0825$) and remit \$0.38 for sales tax.

More information regarding School Fundraisers and Texas Sales Tax can be found here:
http://comptroller.texas.gov/taxinfo/taxpubs/tx94_183.pdf