Senate Bill 2369 – Introduction by Senator Cleary

Chairman Weber and members of the Senate Finance and Taxation Committee, thank you for the opportunity to present Senate Bill 2369. This bill addresses a discrepancy in the tax code regarding nonprofit fundraising events held in publicly owned venues.

## Ensuring Consistent Tax Treatment

Under current law, nonprofits are exempt from sales tax on revenue raised at events held in private venues. However, if the same event takes place in a publicly owned facility, any revenue exceeding $10,000 is subject to state sales tax. Senate Bill 2369 removes this inconsistency by applying the same tax treatment regardless of venue ownership if the nonprofit is paying market rate for use of the facility.

## Considerations for Nonprofits

Public venues, such as event centers and educational institutions, often charge rental rates comparable to private venues. The current tax policy creates a financial distinction between otherwise similar choices for no real clear reason.

For example, when a nonprofit rents a public venue at market rates, a portion of the funds raised becomes taxable, whereas the same event in a private venue is fully exempt. This difference arbitrarily impacts the overall financial impact of fundraising efforts.

## Policy Implications

Senate Bill 2369 provides consistent tax treatment for nonprofit events, aligning the tax code with the principle that taxation should not be based on venue ownership when similar rental conditions apply. Standardizing this policy would remove an additional tax for nonprofits while maintaining existing regulations on venue rentals.

I appreciate the committee's consideration of this proposal and am happy to answer any questions.

Sean Cleary
State Senator for District 35