

# Fundraising Ideas – Sales Taxes & PAC Issues

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We have received numerous questions regarding fundraising and how our PAC status affects what we can do to raise money. There are many ways to fill our coffers that are legal and conform to PAC requirements as well. Fundraising methods have not changed, but reporting on the fundraising has become more challenging with our PAC status.

Because we're PACs, we do have to keep track of every dollar we receive, but there are fairly simple ways to do that using either sales receipts or something similar to a sign-in sheet, where contributors can record their name, address, occupation, and date & amount of contribution. For PAC purposes, all funds we receive are considered contributions, whether they are for dues, luncheons, items purchased from the club, or a major fundraising event. **Even though we must report the funds as contributions, they may also be considered as taxable sales and sales tax must be reported and paid to the State of Texas.**

**Tracking contributions** and **reporting** them on a timely basis are of utmost importance.

PAC-related requirements are:

- We cannot accept, under ANY circumstances, cash, checks, or contributions in kind from corporations.
- We can accept cash, but must know the source of ALL cash received. You'll probably find that limiting your receipts to checks whenever possible will simplify your record keeping.
- We must know and report the date and amount of each contribution and the name, address, and occupation of EVERY person or entity that gives us cash, checks, or contributions in kind.

Be sure that your fundraising solicitations have a disclaimer that states something to the effect, "Political advertising paid by Hometown Republican Women PAC" and also a statement such as, "Contributions are not deductible for Federal Income Tax purposes."

We have always been responsible for collecting and paying sales tax on any sales made by our local units. This includes sales of donated items, logo items, and live or silent auctions. Contact your local State Comptroller's branch office for more information on collecting and paying Texas Sales and Use tax or call **Cynthia England at 281-389-6536.**

**Moneymaking projects** can range from a simple bake sale to a \$1,000 per plate dinner. Whatever you've done legally in the past is still legal now that you're a PAC. **Please note that sales of baked good are specifically excluded from sales taxes but the sale of a meal is subject to sales taxes.**

Bear in mind that raffles have never been permissible for Republican Women's groups. Whether they are called "opportunity tickets" or door prizes to non-events, they are not and never have been legal. Only charitable organizations such as churches are allowed to conduct raffles, and there are very strict regulations for this type of fundraising.

Listed below are some fundraising ideas that will be published in the new Leadership Handbook.

- 1. Elephant Boutiques:** Members donate (report all donations of items for sale as an in-kind donation on your PAC report) handmade items or purchase gifts, such as jewelry, to be sold. The "gift shop" can be set up at meetings, state conventions and workshops. **Sales of gift type items are always subject to sales taxes.**

2. **Kitchen Corner:** This is a glorified bake sale, featuring fancy baked goods, candles, and other food specialties (report all donations of items for sale as an in-kind donation on your PAC report). Sales can be held almost anytime, but they produce the best results before holidays, in a good location and attractively displayed. Pricing is important - don't price too low.  
**Only the baked goods and items classified as food are excluded from sales taxes, all other kitchen items sold are subject to sales taxes.**
3. **County Fair:** Republicans usually have a booth where literature is on display for free distribution. Your unit could sell handmade items (report all donations of items for sale as an in-kind donation on your PAC report) such as tote bags, crocheted elephants and ceramic pieces. Your unit might offer to sell items made by senior citizens or handicapped persons, thus performing a desirable community service by providing income for these individuals while raising funds for your unit. Be sure to keep a good supply of voter registration cards and membership sign ups for newcomers. **The sale of the handmade items, even if made by senior citizens or the disable will be subject to sales taxes.**
4. **White Elephant Sale:** The white elephant sale or auction is enjoyable and easy to manage. Members and other contributors are asked to donate merchandise (report all donations of items for sale as an in-kind donation on your PAC report) worth about \$1 or \$2 attractively packaged in bright gift-wrap. When auctioned off, most items go for about \$4 or \$5. What makes a white elephant sale fun is the "surprise" that comes with each purchase. **The sale or auction of these donated items will still be subject to sales taxes.**
5. **Thrift Sales (Rummage or Garage Sales):** Handicrafts, baked goods, used home furnishings and even donated designer clothes are among the items that may be offered (report all donations of items for sale as an in-kind donation on your PAC report). The key to a successful sale is simple - membership participation, planning, publicity, and a good location. Garage sales frequently bring in several hundred dollars in an afternoon. **Because Republican Women's clubs are political organizations, we are required to charge sales taxes on the sales of all items not excluded from sales taxes in the Texas Tax Code.**
6. **Patchwork Sales:** You may combine plain squares with colored printed squares to make a patch work banner, scarf, pillow top, napkins, carry-all bag, "picture", apron, etc. The plain squares of material may have an elected official's signature or autograph on them (which should be signed with a waterproof ink pen). (Report all donations of items for sale as an in-kind donation on your PAC report) Decide what the items you wish to make will be, and how many in order to determine how many signatures you will need. In purchasing the materials, you must be sure that the cloth can be written on with ink that will not spread or smear into the fabric. Cut the number of fabric squares you will need. Send one or more to each official whose signature you want, along with a waterproof pen and a cover letter explaining the reason for your request. Also include a self-addressed, stamped envelope for return to you. When all are returned, gather those who sew and proceed to make the items. Items will then be auctioned at a party, luncheon, or meeting. **The auction is a sale and these type items would be subject to sales taxes.**
7. **Buttons and Bumper Stickers:** These items can be purchased and sold for Republican candidates. Standard Republican pins, bumper stickers and jewelry also fit this description. A club can probably make arrangements with manufacturers or wholesalers for GOP memorabilia. **NOTE: Limit these items to state and local candidates and remember to charge sales taxes on each sale.**
8. **Silent Auction:** In this enjoyable game, members contribute attractive gifts (report all donations of items for sale as an in-kind donation on your PAC report). Items are not wrapped and are placed in a convenient area for viewing. A slip of paper and pencil are placed in front of each item. Prospective buyers write their name and bid on the paper. At the conclusion, the highest bidder purchases each article. Be sure to report the fair market value of the donated silent auction items as contributions-in-kind. **NOTE: silent auctions are subject to state sales taxes.**
9. **Live Auctions:** Held in conjunction with a special event such as a dinner or picnic. Invite a special guest to be your auctioneer. Remember contributed items must be accounted for as contribution in kind. **NOTE: live auctions are subject to state sales taxes.**
10. **Sustaining Members or Patrons:** Almost every organization has patrons; i.e., members who contribute an amount above the charge for regular dues. The amount is usually a minimum of \$10.00

above regular dues, but you may have patrons who contribute from \$25.00 to \$100.00 over regular dues. The soliciting is done by direct contact or direct mailings. If by mail, the letter should indicate clearly the purpose and what, if anything, the contributor will receive in return. "Who" sends or signs the request is important – try to have someone known and well respected. Of course, your organization in itself will attract contributions. **Another type of donation and is not subject to sales taxes.**

- 11. Boosters:** On official letterhead, a one-page letter is hand addressed to Republican sympathizers, with a personal postscript and a colored card enclosed, describing your activities during the previous year and asking for a small donation. The closing paragraph typically reads: "We are asking you for \$5.00 ...or more if you would like. We are asking you to become a Booster of our organization. When you send us a donation of \$5.00 or more, we will send you a card, which reads, "I am a Booster of \_\_\_\_\_ Republican Women". **Recognition of a donor and is not subject to sales taxes.**
- 12. Plant Fair:** Houseplants being very popular, the opportunity to raise money with houseplants should not be overlooked. Plant sales may be combined with other activities. (Report all donations of items for sale as an in-kind donation on your PAC report) **The sales of plants are subject to sales taxes.**
- 13. Walkathon:** Participants get sponsors, who contribute an amount for each mile the participant walks. Special recognition can also be given to those who secure the highest contributions and complete the walk. There are checkpoints along the route, where the participants' cards are initialed and first aid stations are available. People of all ages enjoy participating, especially the young. Those on the walk can wear campaign pins, banners, etc. Candidates can also add to the publicity by participating or attending a get-together party at the end of the walk. A "bike-a-thon" works on the same basis. **Another type of donation and is not subject to sales taxes.**
- 14. Special Event Dinners:** Dinners with a special theme such Lincoln Day, Presidents Day, or just a fundraiser. Have a "named speaker". Plan to have different categories for ticket sales, from Underwriter, Host, Sponsor, to normal ticket price. Your top categories could entail some of the following; having a special reception, pictures taken individually with the "named speaker", reserved seating, their names and categories listed on the invitation, etc. **The rules on these events vary based on the specific structure of each event.**
- 15. Special theme events:** Barbecues, picnics, potluck meals, chili cook-offs, or boxed meals provided by members and auctioned off. These events can be planned around Holidays as well from 4th of July to Memorial Day. **The rules on these events vary based on the specific structure of each event.**
- 16. Coffees or High Teas.** You can serve different brands of coffee or teas. **This would be treated the same as a meal and would be subject to sales taxes.**
- 17. Home, Garden or Historical Site Tours:** Your organization sponsors the tour or rents a bus and sells tickets for either members or non-member participation. **Another type of donation and is not subject to sales taxes.**
- 18. Special Projects:** Preparation of a special collection of recipes placed into cookbook format. Collect favorite recipes from members or elected officials. **The sale of cookbooks is subject to sales taxes.**
- 19. Advertisement in your newsletter.** Sell advertisement space in your newsletter. Local officials or candidates would be excellent prospects as well as local merchants who are not corporations. **Another type of donation and is not subject to sales taxes.**
- 20. Associate Members:** Recruit Associate members. Your unit does not need to pay NFRW or TFRW dues for any associate member. Their participation adds to your attendance and their volunteer hours may be counted and credited toward your units' total time. Their dues are pure profit. **Another type of donation and is not subject to sales taxes.**

Be sure that prospective purchasers of your goods and services clearly understand that they are making POLITICAL CONTRIBUTIONS. This is obvious if the fundraising is done at regular unit meetings or special events. It is also easier to track contributors in the controlled environment of unit activities. In venues open to the public, it must be clear that funds raised support your unit and its political activities.