

Illinois Department of Revenue  
1500 South Ninth Street  
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY84-24

TO: Illinois Elementary and Secondary Schools

SUBJECT: Sales by Teacher-Sponsored Student Organizations

Effective January 1, 1984, sales by teacher-sponsored student organizations affiliated with an elementary or secondary school located in Illinois are exempt from retailers' occupation tax (sales tax) as a result of Public Act 83-327 (House Bill 9).

"A teacher-sponsored student organization affiliated with an elementary or secondary school" means an organization affiliated with an elementary or secondary school" means an organization which is approved by the local Board of Education and whose fund-raising activities generally contribute to the educational experience of students. Such organizations would include student councils, student clubs, choral and band groups, and other approved organizations formed for specific purposes. This particular exemption does not extend to sales by the school itself, a school bookstore, a faculty lounge, PTA, or any other entity which does not meet the requirements described above.

Purchases by qualified groups for resale must be made in accordance with regulations of the State Board of Education. That is, purchases must be paid for, on order of the president or secretary of a qualified organization, with checks signed by the student activity fund treasurer and counter-signed by the faculty advisor.

Teacher sponsored student organizations of private elementary or secondary schools not under the jurisdiction of the State Board Education must comply with the disbursement procedures set by the school when expending funds.

In order for student organizations of private to be allowed to purchase items for resale without paying tax to their suppliers, the school district or treasurer appointed by the local Board of Education may apply to the Department of Revenue for a reseller's certificate to be issued in the name of the school district or the student activity fund. Suppliers selling to teacher-sponsored student organizations for resale must obtain a Certificate of Resale from the student activity fund treasurer or school district and ensure that payment is made from the student activity fund.

Student organizations selling tangible personal property obtained under a Certificate of Resale need not file sales tax returns with respect to such sales. Also, there is no limitation on the amount of nor frequency of such sales.

Purchases by teacher-sponsored student organizations of items FOR USE OR CONSUMPTION by the organization or activity are subject to sales tax. Only items which are resold may be acquired without payment of tax. For example, if a qualified organization buys modeling clay for a purpose other than resale, it must pay sales tax on its purchase of the clay.

If qualified organizations make purchases which are not in accordance with the rules of the State Board of Education (or the particular private school) and the Department with respect to resale certificates, such purchases will be considered purchases for use and will be subject to tax.

Should you have any further questions, you may call us at (217) 782-7897 or, in Cook County, at (312) 641-2150.

J. Thomas Johnson  
Director of Revenue

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