

There has been a question raised with regard to whether or not it is permissible for someone to display items “for sale” on GVR properties beyond what is already addressed in the current CPM.

Specifically, the initiation of this discussion was due to a complaint that a GVR member was displaying pickleball paddles at the pickleball courts. This display allows existing and new GVR members the opportunity to try out various paddles prior to deciding to purchase a particular make/model. Normally, the requested paddle is ordered by the GVR member and the paddle is picked up elsewhere. In this case, no money is exchanged on GVR property.

The current CPM appears to address the display and sale of “craft” pieces in Section VIII GVR Programs and Clubs, Subsection 3 Hobby Shops and Studio Clubs, (C)(2) Members Use of Hobby Shops and (D)(1) Merchandise/Product Sales.

“C. Members’ Use of Hobby Shops

2. It is the intent of GVR that dedicated club spaces not be overly unfairly utilized by members mass producing items for resale. While a tax number constitutes commercial intent, not all members making items for sale create a burden on a dedicated space’s facilities. If, in the eyes of fellow club members, a member with a tax number is overburdening the facility (storage space, access to equipment, etc.), the club’s Board must take appropriate steps to resolve the issue. If the club’s Board fails to act in an appropriate or timely manner, GVR’s Club Liaison will resolve the dispute.

D. Merchandise/Product Sales

1. GVR recognizes that finished craft pieces are sold through display cases in Hobby Shops. Because of the organization’s non-profit private club status, sales may only be made to GVR members or their guests with appropriate GVR identification.”

Another part of the current CPM, Section VIII, Subsection (2) GVR Clubs, (C)(3) states:

“3. When a club holds an Arts and Crafts Fair, festival, or any large event open to the general public, commercial vendors must list GVR as an Additional Insured when completing the application for the Special Events Liability insurance policy.”

And under Section VIII, Subsection 2E. Sales Tax, it states:

- “1. Because of GVR’s 501(c) 4 non-profit status, Hobby Shops must collect sales tax on items sold from their studios, including supplies purchased by club members.
2. If a club intends to routinely sell items or be a retail market, a Business License must be obtained and sales tax must be applied to all transactions. Clubs who do not obtain a Business License may not display “for sale” items in GVR display cases.
3. Clubs that engage in retail sales are required to comply with all state and federal regulations, including the filing of required tax documents.
4. Clubs may display “for donation” items in a GVR window or display case. Clubs may not set a firm donation amount, but may post a “suggested donation” sign.
- 5. When a club displays items with only a contact name and telephone number, sales must be conducted off GVR property. A club member’s transaction outside GVR facilities is a personal tax liability of the member and not the responsibility of the Club or GVR Corporation.**
6. Sales tax is not applicable to services (such as glazing or firing), but the payment for the service must be reported as income on the club’s year-end financial report to both state and federal agencies.
7. If a club purchases a product(s) from a vendor for resale to its members, the club will need to obtain a Business License from Pima County. Once that is completed and the club places an order for a product(s) from a vendor, they will file a 5000A (Arizona Resale Certificate) with that vendor and will not pay any state sales tax for the products. When the club sells that product(s) to its members, the club member will be charged the appropriate sales tax at that time. The club must then register with the Arizona Department of Revenue and the monthly or quarterly reports are filed appropriately.
- 8. It is the responsibility of each individual artist to secure an Arizona Transaction Privilege Tax License if they plan on selling their items.”**

The CPM currently speaks to the display and sales of items made in Clubs and Hobby Shops only. It is silent on the display (being on GVR premises) and sale, off premises, of products such as sports equipment where GVR members are directly benefitted by the display on GVR property.

Therefore, I submit to the Board Affairs Committee the following for your review and discussion:

PROPOSE: A new item under Section VIII – Programs and Clubs, Subsection 1, GVR Programs, Paragraph F:

A member may temporarily display items for sale on GVR property at or near a particular facility, with written permission of GVR administration, which directly benefits those GVR members and guests using that facility in their ability to participate in the associated/related GVR activity.

NOTE: this does not permit any person to set-up a display in any GVR facility which has no bearing on a specific activity. i.e. a person cannot set up a table to sell their jewelry at a tennis court, pickleball court etc.

Additionally, I would request a review of Section VIII, Subsection 2(E) Sales Tax, #8 states: It is the responsibility of each individual artist to secure an Arizona Transaction Privilege Tax License if they plan on selling their items.
I propose for consideration: REPLACE "ARTIST" WITH SELLER?

This website may help BAC's discussion:
<https://azdor.gov/transaction-privilege-tax/retail-sales-subject-tpt>,
specifically, as it relates to Arizona based sellers without a storefront.

And, <https://azdor.gov/transaction-privilege-tax/retail-sales-subject-tpt/arizona-based-sellers-without-storefront>