

SUMMARY OF PROPOSAL #1
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemption for Sales of Billboard Advertising Services.

Summary of Proposal for Consideration

To repeal the sales tax exemption on billboard advertising services under Arkansas Code § 26-52-401(13), effective for tax years beginning on or after January 1, 2019.

Fiscal Analysis

Repeal of exemption may result in an estimated \$4,259,414 per year increase to General Revenue based upon FY17, as provided by the Department of Finance and Administration's "Sales and Use Tax Revenue Impact of Exemptions" presentation to the Arkansas Tax Reform and Legislative Task Force on March 19, 2018.

Legal Analysis

Background

Arkansas currently has a sales tax exemption on billboard advertising services.

ACT 386 of 1941 created the sales tax exemption on billboard advertising services, and has not been amended since.

Potential Legal Issues

None.

Other States

- Iowa: No exemption.
- Louisiana: Sales tax exemption on sales of all advertising agency services, including advertising services for billboards. (LA St. § 47:302)
- Mississippi: No exemption.
- Missouri: Sales tax exemption on all sales of billboard advertising services. (MO St. §144.034)
- Oklahoma: Sales tax exemption on sales of billboard advertising services for sports and entertainment events. (OK St. 68 § 1357)
- Tennessee: Sales tax exemption on sales of billboard advertising services. (TN St. § 67-6-205)
- Texas: Sales tax exemption on outdoor display advertising, which is defined to include billboards. (TX St. § 151.330)