

2 State of Arkansas
3 93rd General Assembly
4 Regular Session, 2021

A Bill

SENATE BILL 558

5
6 By: Senator T. Garner

7 Filed with: Arkansas Legislative Council
8 pursuant to A.C.A. §10-3-217.

9 For An Act To Be Entitled

10 AN ACT TO PROVIDE FOR THE SALES TAX TREATMENT OF
11 ADVERTISING REVENUE ON CERTAIN SOCIAL-MEDIA
12 PLATFORMS; TO DIRECT A PORTION OF THE TAX REVENUE TO
13 FUND THE DETECTION AND PROSECUTION OF CYBERCRIMES
14 AGAINST CHILDREN; TO DIRECT A PORTION OF THE TAX
15 REVENUE TO FUND INVESTMENTS IN RURAL BROADBAND; AND
16 FOR OTHER PURPOSES.

17 18 19 Subtitle

20 TO LEVY A SALES TAX ON ADVERTISING
21 REVENUE ON SOCIAL-MEDIA PLATFORMS; TO
22 DIRECT THE TAX REVENUE TO FUND THE
23 DETECTION AND PROSECUTION OF CYBERCRIMES
24 AGAINST CHILDREN; AND TO FUND THE
25 DEVELOPMENT OF RURAL BROADBAND.

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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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30 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3, is
31 amended to add an additional section to read as follows:

32 26-52-324. Social-media advertising.

33 (a) As used in this section:

34 (1) "Arkansas account holder" means an account holder who
35 either:

1 (A) Established the account holder's social-media account
2 from an internet protocol address located in Arkansas; or

3 (B) Indicates a current residence in Arkansas;

4 (2) "Account holder" means a person who accesses a social media
5 account through a social media platform by using a username and password
6 unique to that person;

7 (3) "Social-media advertising services" means advertising
8 services that are placed or provided on a social-media platform, including
9 without limitation banner advertising, promoted content, interstitial
10 advertising, and other comparable services;

11 (4) "Social-media platform" means an internet website or other
12 Internet-based application that:

13 (A) Allows account holders to create, share, and view
14 user-generated content through an account or profile; and

15 (B) Primarily serves as a medium for users to interact
16 with content generated by other users of the website or Internet-based
17 application; and

18 (5) "Social-media provider" means a business entity that:

19 (A) Maintains or operates a public social-media platform;

20 (B) Has at least five hundred thousand (500,000) Arkansas
21 account holders;

22 (C) Has an annual gross revenue from social media
23 advertising services in Arkansas of at least five hundred thousand dollars
24 (\$500,000); and

25 (D) Derives economic benefit from data individuals in
26 Arkansas share with business.

27 (b) A tax is levied on social media providers in an amount equal to
28 seven percent (7%) of the social media provider's gross revenue from social
29 media advertising services in Arkansas during a calendar year plus one dollar
30 (\$1.00) for the average number of Arkansas account holders during a calendar
31 year.

32 (c) The moneys generated from the tax under this section are special
33 revenues and shall be distributed as follows:

34 (1) Ten percent (10%) shall be deposited into the Division of
35 Arkansas State Police Fund for the Division of Arkansas State Police to use
36 in the investigating and prosecuting of cybercrimes against children; and

1 (2) Ninety percent (90%) shall be deposited into the Arkansas
2 Acceleration Fund to be used for rural broadband expenses by the Department
3 of Commerce.

4 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the
5 first day of the calendar quarter following the effective date of this act.

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8 Referred requested by the Arkansas Senate

9 Prepared by: MBM/KFW

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