

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4
5 By: Senator T. Garner
6

A Bill

SENATE BILL 558

For An Act To Be Entitled

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

Subtitle

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18 TO LEVY A SALES TAX ON ADVERTISING
19 REVENUE ON SOCIAL-MEDIA PLATFORMS; TO
20 DIRECT THE TAX REVENUE TO FUND THE
21 DETECTION AND PROSECUTION OF CYBERCRIMES
22 AGAINST CHILDREN; AND TO FUND THE
23 DEVELOPMENT OF RURAL BROADBAND.
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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28 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3, is
29 amended to add an additional section to read as follows:

30 26-52-324. Social-media advertising.

31 (a) As used in this section:

32 (1) "Arkansas account holder" means an account holder who
33 either:

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

36 (B) Indicates a current residence in Arkansas;



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

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

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

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

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

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

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

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

19 (C) Has an annual gross revenue from social media
20 advertising services in Arkansas of at least five hundred thousand dollars
21 (\$500,000); and

22 (D) Derives economic benefit from data individuals in
23 Arkansas share with business.

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

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

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

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

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

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