

INTERIM STUDY PROPOSAL 2021-081

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

**A Bill**

SENATE BILL 558

4 By: Senator T. Garner

5  
6 Filed with: Arkansas Legislative Council  
7 pursuant to A.C.A. §10-3-217.

**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.  
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**Subtitle**

17 TO LEVY A SALES TAX ON ADVERTISING  
18 REVENUE ON SOCIAL-MEDIA PLATFORMS; TO  
19 DIRECT THE TAX REVENUE TO FUND THE  
20 DETECTION AND PROSECUTION OF CYBERCRIMES  
21 AGAINST CHILDREN; AND TO FUND THE  
22 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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