

SUMMARY OF PROPOSAL #36
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemption on Sales of Tickets by Public Schools

Summary of Proposal for Consideration

To repeal the sales tax exemption on the sale of tickets for admissions to athletic events and interscholastic activities at public and private elementary and secondary schools under Arkansas Code § 26-52-412, effective for tax years beginning on or after January 1, 2019.

Fiscal Analysis

Repeal of the exemption may result in an estimated \$744,561 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 Relief Legislative Task Force on March 19, 2018.

Legal Analysis

Background

Arkansas currently has a sales tax exemption on the sale of tickets for admissions to athletic events and interscholastic activities at public and private elementary and secondary schools.

ACT 516 of 1973 created the sales tax exemption on the sale of tickets for admissions to athletic events and interscholastic activities at public and private elementary and secondary schools, and has not been amended since.

Potential Legal Issues

None.

Other States

- Iowa: Sales tax exemption on the sale of tickets or admissions to amusements, fairs, or athletic events conducted by elementary and secondary educational institutions. (IA St. § 423.3)
- Louisiana: Sales tax exemption on the sale of tickets for admission to all athletic or entertainment events by elementary and secondary schools. (LA St. § 47:301)
- Mississippi: Sales tax exemption on the sale of any admissions charged at any athletic games or contests between high schools or between grammar schools. (MS. St. § 27-65-22)
- Missouri: Sales tax exemption on all sales made to or by public elementary and secondary schools in their educational functions and activities are exempt from tax. School districts are also exempt from all sales by or to the district. (MO St. § 144.030).

- Oklahoma: Sales tax exemption on all sales by schools, including private, public schools, includes admission tickets and concessions at athletic events and activities. (OK St. 68 § 1356)
- Tennessee: Sales tax exemption on admissions, dues or fees imposed by events or activities held for or sponsored by public or private schools, kindergarten through grade twelve. (TN St. § 67-6-330)
- Texas: Sales tax exemption on amusement services, including ticket sales, if the event is exclusively provided by a school district or an educational organization. (TX St. § 151.3101)