

SUMMARY OF PROPOSAL #37
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemption on Sales of Tickets by Colleges and Universities

Summary of Proposal for Consideration

To repeal the sales tax exemption on the sale of tickets for admission to athletic events at public or private universities and colleges in Arkansas 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 \$1,884,505 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 admission to athletic events at public or private universities and colleges in Arkansas.

ACT 516 of 1973 entitled each university and college in Arkansas a refund for all sales taxes collected and remitted to Arkansas on tickets for admission to athletic events.

ACT 124 of 1995 repealed the refund provisions, and enacted a sales tax exemption on tickets for admission to athletic events at a university of college in Arkansas, and has not been amended since.

Potential Legal Issues

None.

Other States

- Iowa: No exemption.
- Louisiana: Temporary application of sales tax admissions to amusement events, athletic entertainment events, and recreational events of colleges and universities from April 2016 until June 30 2018. Currently has a sales tax exemption on sales of admissions to athletic events at colleges and universities. (LA St. § 47:301)
- Mississippi: Sales tax exemption for any admissions to university or community college conference, state, regional or national playoffs or championships. (MS. St. § 27-65-22)
- Missouri: Sales tax exemption on the sale of tickets to any collegiate athletic championship event that is held in a facility owned or operated by a governmental authority or commission, a quasi- governmental agency, a state university or

college or by the state or any political subdivision thereof, including a municipality, and that is played on a neutral site and may reasonably be played at a site located outside the state of Missouri. (MO St. § 144.030.2).

- Oklahoma: Sales tax exemption on the amount of proceeds received from the sale of admission tickets which is separately stated on the ticket of admission for the repayment of money borrowed by any accredited state-supported college or university or any public trust of which a county in this state is the beneficiary, for the purpose of constructing or enlarging any facility to be used for the staging of an athletic event, a theatrical production, or any other form of entertainment, edification or cultural cultivation to which entry is gained with a paid admission ticket. Such facilities include, but are not limited to, athletic fields, athletic stadiums, field houses, amphitheaters and theaters. To be eligible for this sales tax exemption, the amount separately stated on the admission ticket shall be a surcharge which is imposed, collected and used for the sole purpose of servicing or aiding in the servicing of debt incurred by the college or university to effect the capital improvements hereinbefore described. (OK St. 68 § 1356)
- Tennessee: No exemption.
- Texas: Exempts sales taxes on amusement services, including athletic tickets, sold by an educational, religious, law enforcement association, or charitable organization, including sales of tickets for admission to athletic events at public or private universities and colleges. (TX St. § 151.3101)