

SUMMARY OF PROPOSAL #39
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemption for Parking Space Charges or Fees by State Institutions

Summary of Proposal for Consideration

To repeal the sales tax exemption for parking space charges and fees levied by state institutions under Arkansas Code § 25-17-307(a)(2)(B), effective for tax years beginning on or after January 1, 2019.

Fiscal Analysis

Repeal of the exemption may result in an estimated \$101,539 per year increase to General Revenue based upon FY11, 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 exempts from sales tax the charges and fees levied by state institutions for parking spaces.

ACT 2162 of 2005 exempted the charges and fees for assigning parking and designating parking areas and their uses by state institutions from sales tax, and has not been amended since.

Potential Legal Issues

None.

Other States

- Iowa: Sales tax is collected for parking fees, except for the following entities: Iowa private nonprofit educational institutions, the federal government, Iowa governmental subdivisions, Iowa government agencies, certain nonprofit care facilities, nonprofit museums, and nonprofit legal aid organizations. (IA St. § 423.3)
- Louisiana: Only provides sales tax exemption on parking fees at events sponsored by domestic, civic, educational, historical, charitable, fraternal, or religious organizations, which are nonprofit, when the entire proceeds, except for the necessary expenses connected therewith, are used for educational, charitable, religious, or historical restoration purposes including the furtherance of the organization's purpose. (LA St. § 47:305)
- Mississippi: No exemption.
- Missouri: No exemption.

- Oklahoma: Exempts charges for parking privileges sold, leased or used by institutions of the Oklahoma System of Higher Education. (OK St. 68 § 1356)
- Tennessee: Exempts sales of parking privileges sold by colleges, universities, technical institutes, or technology centers to students, and parking in state and local government facilities or on the street where the fees are collected by state or local government parking meters. (TN St. § 67-6-329)
- Texas: No exemption.