

SALES TAX PROPOSAL #17
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemptions; Named Nonprofits

Summary of Proposal for Consideration

This proposal would sunset all sales tax exemptions for named nonprofit entities and create a new general sales tax exemption for nonprofit entities, effective for tax years beginning January 1, 2019. The purposes of this proposal are to eliminate any potential constitutional issues relating to special legislation for sales tax exemptions provided to specific nonprofit entities and to promote a more fair and equitable sales tax exemption for all nonprofit entities in Arkansas.

Under this proposal the sales tax exemptions for the following named nonprofit entities would sunset on December 31, 2020:

- Arkansas Entertainers Hall of Fame Board under Arkansas Code § 13-9-104;
- Boys' and Girls' Clubs of America and any local councils under Arkansas Code § 26-52-401(8);
- Poets Roundtable of Arkansas under Arkansas Code § 26-52-401(9);
- 4-H Clubs and FFA Clubs located in Arkansas, the Arkansas 4-H Foundation, the Arkansas Future Farmers of America Foundation, and the Arkansas Future Farmers of America Association under Arkansas Code § 26-52-401(10);
- Arkansas Veterans' Home under Arkansas Code § 26-52-401(25);
- Habitat for Humanity under Arkansas Code § 26-52-401(31);
- The Salvation Army under Arkansas Code § 26-52-401(33);
- Heifer Project International, Inc. under Arkansas Code § 26-52-401(34);
- Arkansas Symphony Orchestra Society under Arkansas Code § 26-52-401(37);
- Arkansas Black Hall of Fame Foundation under Arkansas Code § 26-52-401(39);
- Fort Smith Clearing House under Arkansas Code § 26-52-424; and
- Arkansas Search Dog Association, Inc. under Arkansas Code § 26-52-443.

This proposal would also create a sales tax exemption for sales to a nonprofit entity if the purchases are used by the nonprofit entity exclusively for charitable purposes or are used exclusively and directly by the nonprofit entity in furtherance of the mission of the nonprofit entity, effective tax years beginning January 1, 2019.

Fiscal Analysis

[AWAITING FISCAL ANALYSIS FROM THE DEPARTMENT OF FINANCE AND ADMINISTRATION]