

SALES TAX PROPOSAL #41
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Sales Tax Exemption; Magazine Subscriptions

Summary of Proposal for Consideration

It is proposed that the sales tax exemption on the sale of any publication, other than newspapers, through regular subscription under Arkansas Code § 26-52-401(14) be repealed, if federal law allows states to directly require remote sellers to collect and remit sales and use tax, either through a decision from the United States Supreme Court or legislation enacted by the United States Congress. This proposal is conditioned on such a change in federal law because the repeal of the sales tax exemption under Arkansas Code § 26-52-401(14) without the ability for Arkansas to require remote sellers to collect and remit sales tax would create an unfair burden on Arkansas-based companies and may result in an unfair tax advantage for companies that are not based in Arkansas.

Fiscal Analysis

According to the Department of Finance and Administration's "Sales and Use Tax Revenue Impact of Exemptions" presentation to the Task Force on March 19, 2018, repeal of the sales tax exemption for sales of any publication, other than newspapers, through regular subscription may result in a per year increase of approximately one million five hundred and fifty-six thousand dollars (\$1,556,000) in general revenues based on FY11.