

**SUMMARY OF PROPOSAL #38**  
*for consideration by the*  
**ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE**

**TOPIC: Sales Tax Exemption for Admission to County Fairs**

**Summary of Proposal for Consideration**

To repeal the sales tax exemption on admission fees at state, district, county or township fairs and rodeos under Arkansas Code § 26-52-401(15), effective for tax years beginning on or after January 1, 2019.

**Fiscal Analysis**

Repeal of exemption may result in an estimated \$215,527 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 has a sales tax exemption on admission fees at state, district, county or township fairs and rodeos.

ACT 386 of 1941 created the sales tax exemption for admission fees at state, district, county or township fairs.

ACT 213 of 1961 expanded the sales tax exemption to specifically include rodeos, and has not been amended since.

***Potential Legal Issues***

None.

***Other States***

- Iowa: Sales tax exemption for admission fees to state and county fairs, includes rodeos. (IA St. § 423.3)
- Louisiana: Sales tax exemption for admission fees to fairs, festivals and expositions sponsored by nonprofit organizations, including government; awaiting further guidance from Louisiana to determine if exemption includes rodeos. (LA St. § 47:305)
- Mississippi: Sales tax exemption for admission charges to county, state or community fairs. Mississippi provides a reduced sales tax of three percent (3%) for events, including rodeos, held at a publicly owned enclosed coliseum, auditorium, livestock facility, agriculture facility, or other facility constructed, renovated or expanded with funds from a Mississippi state grant program. (MS St. §27-65-22)

- Missouri: Sales tax exemption for admission charges to fairs by any political subdivision, if all the proceeds benefit the political subdivision. Proceeds from admission fees for a rodeo that benefit a political subdivision as part of a fair are exempt from sales tax. However, proceeds from admission fees for a rodeo that benefit a private organization are subject to sales tax. (MO St. §144.030)
- Oklahoma: Sales tax exemption for admission fees to fairs or fair events made at any location other than the premises of the fair in this state that is authorized by the fair authority are subject to sales tax only with respect to any portion of an admission price that is not retained by or distributed to the fair authority, includes rodeos. (OK St. 68 § 1356)
- Tennessee: Sales tax exemption for admission fees to county fairs and participation in fair activities such as rides, shows, or grandstand events. Sales tax exemption on the price of admissions to rodeos that are conducted, produced or provided by a nonprofit civic organization, as long as the rodeo has been held in the same city for thirty (30) years or longer. (TN St. § 67-6-330)
- Texas: Sales tax exemption for admission fees to amusements if exclusively provided by the state, municipality, county, or other political subdivision of the state or United States, includes rodeos. (TX St. § 151.3101)