

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

SENATE BILL 558

By: Senator T. Garner

For An Act To Be Entitled

AN ACT TO PROVIDE FOR THE SALES TAX TREATMENT OF ADVERTISING REVENUE ON CERTAIN SOCIAL-MEDIA PLATFORMS; TO DIRECT A PORTION OF THE TAX REVENUE TO FUND THE DETECTION AND PROSECUTION OF CYBERCRIMES AGAINST CHILDREN; TO DIRECT A PORTION OF THE TAX REVENUE TO FUND INVESTMENTS IN RURAL BROADBAND; AND FOR OTHER PURPOSES.

Subtitle

TO LEVY A SALES TAX ON ADVERTISING REVENUE ON SOCIAL-MEDIA PLATFORMS; TO DIRECT THE TAX REVENUE TO FUND THE DETECTION AND PROSECUTION OF CYBERCRIMES AGAINST CHILDREN; AND TO FUND THE DEVELOPMENT OF RURAL BROADBAND.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3, is amended to add an additional section to read as follows:

26-52-324. Social-media advertising.

(a) As used in this section:

(1) "Arkansas account holder" means an account holder who either:

(A) Established the account holder's social-media account from an internet protocol address located in Arkansas; or

(B) Indicates a current residence in Arkansas;



(2) "Account holder" means a person who accesses a social media account through a social media platform by using a username and password unique to that person;

(3) "Social-media advertising services" means advertising services that are placed or provided on a social-media platform, including without limitation banner advertising, promoted content, interstitial advertising, and other comparable services;

(4) "Social-media platform" means an internet website or other Internet-based application that:

(A) Allows account holders to create, share, and view user-generated content through an account or profile; and

(B) Primarily serves as a medium for users to interact with content generated by other users of the website or Internet-based application; and

(5) "Social-media provider" means a business entity that:

(A) Maintains or operates a public social-media platform;

(B) Has at least five hundred thousand (500,000) Arkansas account holders;

(C) Has an annual gross revenue from social media advertising services in Arkansas of at least five hundred thousand dollars (\$500,000); and

(D) Derives economic benefit from data individuals in Arkansas share with business.

(b) A tax is levied on social media providers in an amount equal to seven percent (7%) of the social media provider's gross revenue from social media advertising services in Arkansas during a calendar year plus one dollar (\$1.00) for the average number of Arkansas account holders during a calendar year.

(c) The moneys generated from the tax under this section are special revenues and shall be distributed as follows:

(1) Ten percent (10%) shall be deposited into the Division of Arkansas State Police Fund for the Division of Arkansas State Police to use in the investigating and prosecuting of cybercrimes against children; and

(2) Ninety percent (90%) shall be deposited into the Arkansas Acceleration Fund to be used for rural broadband expenses by the Department of Commerce.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the first day of the calendar quarter following the effective date of this act.