



Arkansas House Newsletter

December 1, 2023

Committee Reviews Tax Incentives



This week, the House Agriculture, Forestry and Economic Development Committee approved two interim studies regarding tax incentives.

The first interim study proposal approved directs the committee to study the sales and use tax exemptions for farm machinery and equipment and the potential use of sales and use tax exemption cards.

The committee was informed there is a disparity between how Arkansas and some of the states that surround Arkansas administer sales and use tax exemptions for farming, which can lead to greater burdens on Arkansas farmers than those experienced by farmers in surrounding states.

The committee will determine if there is a potential need for legislation for the 2025 Regular Session to address the issue.

The second interim study approved regarding tax incentives directs the committee to study the development of a strategy to incentivize the long-term development of film and television productions in the state.

The Motion Picture Incentive Act of 1997, the Digital Product and Motion Picture Industry Development Act of 2009, and subsequent amendments in 2021 and 2023 have created a system of rebates and tax credits intended to support the production of a film and digital content industry in Arkansas.

A study conducted by the Arkansas Economic Development Institute found that for every \$1 million in tax incentive payments, total spending by the motion picture production industry equaled \$4.60 million. The study also found that \$1 million in tax incentive payments had a direct impact on value-added (state GDP) of \$2.71 million, with indirect and induced effects adding an additional \$1.35 million, for a total impact of \$4.06 million.

The committee will now study increased and additional film incentives for the long-term development of the film and television industry in the state and state funding strategies to create a thriving film and television industry in the state.

We've posted the interim study proposals on our website at www.arkansashouse.org.