

Subject Sales tax imposed on advertising services

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Overview

This bill imposes sales tax on certain advertising services for both digital and nondigital advertisements. The tax would also be imposed on services ancillary to producing the advertisements.

Lastly, this bill reduces the state sales tax rate from 6.5 percent to 6.375 percent.

Effective for sales and purchases made after September 30, 2026.

Summary

Section	Description
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| 1 | <p>Sale and purchase.</p> <p>Includes “advertising services” in the list of services subject to sales tax.</p> <p>Effective for sales and purchases made after September 30, 2026.</p> |
| 2 | <p>Advertising services.</p> <p>Creates a definition of “advertising services” that are subject to sales tax. Under this definition, advertising services include services rendered in the production of both digital and nondigital advertisements. These services include:</p> <ul style="list-style-type: none">▪ production of out-of-home advertisements such as billboards, street furniture advertisements, transit advertising, in-store displays, point-of-sale advertising, signage at live events, naming rights, and fixed signage advertising;▪ design services including layout, graphic design, mechanical preparation, production supervision, and advertisement placement;▪ advising clients on best methods of advertising; and▪ online referrals, search engine marketing, web campaign planning, acquisition of advertisement space, and monitoring of web traffic. |

Section	Description
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The following services are excluded from the definition of “advertising services,” and thus not subject to tax:

- services performed in creation of advertisements for newspapers, magazines, radio, and television;
- web hosting and domain registration; and
- services performed in creation of advertisements for direct mail.

Effective for sales and purchases made after September 30, 2026.

3 Generally (sales tax rate).

Reduces the state sales tax rate from 6.5 percent to 6.375 percent.

Effective for sales and purchases made after September 30, 2026.



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