

State of Arkansas

As Engrossed: H3/11/25

95th General Assembly

A Bill

Regular Session, 2025

HOUSE BILL 1636

By: Representatives Ray, Hawk, J. Moore, Achor, Andrews, Beaty Jr., Bentley, S. Berry, Breaux, Brooks, A. Brown, K. Brown, M. Brown, N. Burkes, John Carr, C. Cooper, Cozart, Crawford, Duffield, Eaton, Furman, Gramlich, Hollowell, Ladyman, Long, Lundstrum, McAlindon, McCollum, B. McKenzie, McNair, S. Meeks, Nazarenko, R. Scott Richardson, Richmond, Rose, Rye, Tosh, Underwood, Unger, Vaught, Wing, Womack

By: Senators J. Petty, M. McKee

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING TAXES ON SOFT DRINKS; TO REQUIRE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO *ESTIMATE* THE AMOUNT OF SALES TAX REVENUES DERIVED FROM THE SALE OF SOFT DRINKS; TO AMEND THE ARKANSAS SOFT DRINK TAX ACT, AS AFFIRMED BY REFERRED ACT 1 OF 1994; TO PHASE OUT THE SOFT DRINK TAX; TO PROVIDE RESTRICTIONS ON THE REDUCTION OF THE SOFT DRINK TAX; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS SOFT DRINK TAX ACT, AS AFFIRMED BY REFERRED ACT 1 OF 1994; AND TO PHASE OUT THE SOFT DRINK TAX BASED ON SALES TAX COLLECTIONS FROM SALES OF SOFT DRINKS.

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

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

26-52-112. Report on revenues derived from sale of soft drinks.
Within ninety (90) calendar days of the end of each fiscal year, the Department of Finance and Administration shall estimate the amount of revenue



1 derived from the gross receipts tax levied by this chapter and the
2 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §
3 26-53-101 et seq., on soft drinks during the fiscal year.

4
5 SECTION 2. Arkansas Code § 26-57-904(a), concerning the tax rate under
6 the Arkansas Soft Drink Tax Act, is amended to read as follows:

7 (a) There is hereby levied and there shall be collected a tax upon
8 every distributor, manufacturer, or wholesale dealer, to be calculated as
9 follows:

10 (1)(A) One dollar and twenty-six cents (\$1.26) per gallon for
11 each gallon of soft drink syrup or simple syrup sold or offered for sale in
12 the State of Arkansas.

13 (B)(i) By December 1 of each year, the Chief Fiscal
14 Officer of the State shall determine the amount estimated under § 26-52-112
15 for the fiscal year ending June 30 of that year.

16 (ii) Beginning July 1 of the year following the
17 first year that the amount determined under subdivision (a)(1)(B)(i) of this
18 section is at least sixteen million dollars (\$16,000,000), the tax levied
19 under this subdivision (a)(1) shall be ninety-six cents (96¢).

20 (iii) Beginning July 1 of the year following the
21 first year that the following conditions are met, the tax levied under this
22 subdivision (a)(1) shall be seventy-two cents (72¢):

23 (a) The amount determined under subdivision
24 (a)(1)(B)(i) of this section is at least twenty-five million dollars
25 (\$25,000,000); and

26 (b) The tax levied under this subdivision
27 (a)(1) has:

28 (1) Already been reduced under
29 subdivision (a)(1)(B)(ii) of this section; and

30 (2) Not already been reduced under this
31 section during the current fiscal year.

32 (iv) Beginning July 1 of the year following the
33 first year that the following conditions are met, the tax levied under this
34 subdivision (a)(1) shall be forty-eight cents (48¢):

35 (a) The amount determined under subdivision
36 (a)(1)(B)(i) of this section is at least thirty-four million dollars

1 (\$34,000,000); and

2 (b) The tax levied under this subdivision

3 (a)(1) has:

4 (1) Already been reduced under
5 subdivisions (a)(1)(B)(ii) and (iii) of this section; and

6 (2) Not already been reduced under this
7 section during the current fiscal year.

8 (v) Beginning July 1 of the year following the first
9 year that the following conditions are met, the tax levied under this
10 subdivision (a)(1) shall be twenty-four cents (24¢):

11 (a) The amount determined under subdivision
12 (a)(1)(B)(i) of this section is at least forty-three million dollars
13 (\$43,000,000); and

14 (b) The tax levied under this subdivision

15 (a)(1) has:

16 (1) Already been reduced under
17 subdivisions (a)(1)(B)(ii)-(iv) of this section; and

18 (2) Not already been reduced under this
19 section during the current fiscal year.

20 (vi) Beginning July 1 of the year following the
21 first year that the following conditions are met, the tax levied under this
22 subdivision (a)(1) shall be zero cents (0¢):

23 (a) The amount determined under subdivision
24 (a)(1)(B)(i) of this section is at least fifty-two million dollars
25 (\$52,000,000); and

26 (b) The tax levied under this subdivision

27 (a)(1) has:

28 (1) Already been reduced under
29 subdivisions (a)(1)(B)(ii)-(v) of this section; and

30 (2) Not already been reduced under this
31 section during the current fiscal year;

32 (2)(A) Twenty and six-tenths cents (20.6¢) per gallon for each
33 gallon of bottled soft drinks sold or offered for sale in the State of
34 Arkansas.

35 (B)(i) By December 1 of each year, the Chief Fiscal
36 Officer of the State shall determine the amount estimated under § 26-52-112

1 for the fiscal year ending June 30 of that year.

2 (ii) Beginning July 1 of the year following the
3 first year that the amount determined under subdivision (a)(2)(B)(i) of this
4 section is at least sixteen million dollars (\$16,000,000), the tax levied
5 under this subdivision (a)(2) shall be sixteen cents (16¢).

6 (iii) Beginning July 1 of the year following the
7 first year that the following conditions are met, the tax levied under this
8 subdivision (a)(2) shall be twelve cents (12¢):

9 (a) The amount determined under subdivision
10 (a)(2)(B)(i) of this section is at least twenty-five million dollars
11 (\$25,000,000); and

12 (b) The tax levied under this subdivision
13 (a)(2) has:

14 (1) Already been reduced under
15 subdivision (a)(2)(B)(ii) of this section; and

16 (2) Not already been reduced under this
17 section during the current fiscal year.

18 (iv) Beginning July 1 of the year following the
19 first year that the following conditions are met, the tax levied under this
20 subdivision (a)(2) shall be eight cents (8¢):

21 (a) The amount determined under subdivision
22 (a)(2)(B)(i) of this section is at least thirty-four million dollars
23 (\$34,000,000); and

24 (b) The tax levied under this subdivision
25 (a)(2) has:

26 (1) Already been reduced under
27 subdivisions (a)(2)(B)(ii) and (iii) of this section; and

28 (2) Not already been reduced under this
29 section during the current fiscal year.

30 (v) Beginning July 1 of the year following the first
31 year that the following conditions are met, the tax levied under this
32 subdivision (a)(2) shall be four cents (4¢):

33 (a) The amount determined under subdivision
34 (a)(2)(B)(i) of this section is at least forty-three million dollars
35 (\$43,000,000); and

36 (b) The tax levied under this subdivision

1 (a)(2) has:

2 (1) Already been reduced under
3 subdivisions (a)(2)(B)(ii)-(iv) of this section; and

4 (2) Not already been reduced under this
5 section during the current fiscal year.

6 (vi) Beginning July 1 of the year following the
7 first year that the following conditions are met, the tax levied under this
8 subdivision (a)(2) shall be zero cents (0¢):

9 (a) The amount determined under subdivision
10 (a)(2)(B)(i) of this section is at least fifty-two million dollars
11 (\$52,000,000); and

12 (b) The tax levied under this subdivision
13 (a)(2) has:

14 (1) Already been reduced under
15 subdivisions (a)(2)(B)(ii)-(v) of this section; and

16 (2) Not already been reduced under this
17 section during the current fiscal year; and

18 (3)(A) When a package or container of powder or other base
19 product, other than a syrup or simple syrup, is sold or offered for sale in
20 Arkansas, and the powder is for the purpose of producing a liquid soft drink,
21 then the tax on the sale of each package or container shall be equal to
22 twenty and six-tenths cents (20.6¢) for each gallon of soft drink which may
23 be produced from each package or container by following the manufacturer's
24 directions.

25 (B)(i) By December 1 of each year, the Chief Fiscal
26 Officer of the State shall determine the amount estimated under § 26-52-112
27 for the fiscal year ending June 30 of that year.

28 (ii) Beginning July 1 of the year following the
29 first year that the amount determined under subdivision (a)(3)(B)(i) of this
30 section is at least sixteen million dollars (\$16,000,000), the tax levied
31 under this subdivision (a)(3) shall be sixteen cents (16¢).

32 (iii) Beginning July 1 of the year following the
33 first year that the following conditions are met, the tax levied under this
34 subdivision (a)(3) shall be twelve cents (12¢):

35 (a) The amount determined under subdivision
36 (a)(3)(B)(i) of this section is at least twenty-five million dollars

1 (\$25,000,000); and

2 (b) The tax levied under this subdivision

3 (a)(3) has:

4 (1) Already been reduced under
5 subdivision (a)(3)(B)(ii) of this section; and

6 (2) Not already been reduced under this
7 section during the current fiscal year.

8 (iv) Beginning July 1 of the year following the
9 first year that the following conditions are met, the tax levied under this
10 subdivision (a)(3) shall be eight cents (8¢):

11 (a) The amount determined under subdivision
12 (a)(3)(B)(i) of this section is at least thirty-four million dollars
13 (\$34,000,000); and

14 (b) The tax levied under this subdivision

15 (a)(3) has:

16 (1) Already been reduced under
17 subdivisions (a)(3)(B)(ii) and (iii) of this section; and

18 (2) Not already been reduced under this
19 section during the current fiscal year.

20 (v) Beginning July 1 of the year following the first
21 year that the following conditions are met, the tax levied under this
22 subdivision (a)(3) shall be four cents (4¢):

23 (a) The amount determined under subdivision
24 (a)(3)(B)(i) of this section is at least forty-three million dollars
25 (\$43,000,000); and

26 (b) The tax levied under this subdivision

27 (a)(3) has:

28 (1) Already been reduced under
29 subdivisions (a)(3)(B)(ii)-(iv) of this section; and

30 (2) Not already been reduced under this
31 section during the current fiscal year.

32 (vi) Beginning July 1 of the year following the
33 first year that the following conditions are met, the tax levied under this
34 subdivision (a)(3) shall be zero cents (0¢):

35 (a) The amount determined under subdivision
36 (a)(3)(B)(i) of this section is at least fifty-two million dollars

1 (\$52,000,000); and

2 (b) The tax levied under this subdivision

3 (a)(3) has:

4 (1) Already been reduced under
5 subdivisions (a)(3)(B)(ii)-(v) of this section; and

6 (2) Not already been reduced under this
7 section during the current fiscal year.

8 (C) This tax applies when the sale of the powder or other
9 base is sold to a retailer for sale to the ultimate consumer after the liquid
10 soft drink is produced by the retailer.

11
12 SECTION 3. DO NOT CODIFY. Repeal – Removal from Arkansas Code.

13 When all taxes levied under the Arkansas Soft Drink Tax Act, Arkansas
14 Code § 26-57-901 et seq., have been reduced to a rate of zero cents (0¢),
15 the:

16 (1) Arkansas Soft Drink Tax Act, Arkansas Code § 26-57-901 et
17 seq. is repealed;

18 (2) Secretary of the Department of Finance and Administration
19 shall notify the Director of the Bureau of Legislative Research and the
20 Arkansas Code Revision Commission; and

21 (3) Upon notification from the secretary under this section, the
22 commission may remove the Arkansas Soft Drink Tax Act, Arkansas Code § 26-57-
23 901 et seq., from the Arkansas Code.

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25 */s/Ray*
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