

State of Arkansas  
95th General Assembly  
Regular Session, 2025

## A Bill

HOUSE BILL 1636

By: Representative Ray  
By: Senator J. Petty

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



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

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

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

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

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

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

19                         (a) The amount determined under subdivision  
20 (a)(1)(B)(i) of this section is at least twenty-five million dollars  
21 (\$25,000,000); and

22                         (b) The tax levied under this subdivision  
23 (a)(1) has:

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

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

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

31                         (a) The amount determined under subdivision  
32 (a)(1)(B)(i) of this section is at least thirty-four million dollars  
33 (\$34,000,000); and

34                         (b) The tax levied under this subdivision  
35 (a)(1) has:

36                                 (1) Already been reduced under

subdivisions (a)(1)(B)(ii) and (iii) of this section; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 under this subdivision (a)(2) shall be sixteen cents (16¢).

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

5 (a) The amount determined under subdivision  
6 (a)(2)(B)(i) of this section is at least twenty-five million dollars  
7 (\$25,000,000); and

8 (b) The tax levied under this subdivision  
9 (a)(2) has:

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

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

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

17 (a) The amount determined under subdivision  
18 (a)(2)(B)(i) of this section is at least thirty-four million dollars  
19 (\$34,000,000); and

20 (b) The tax levied under this subdivision  
21 (a)(2) has:

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

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

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

29 (a) The amount determined under subdivision  
30 (a)(2)(B)(i) of this section is at least forty-three million dollars  
31 (\$43,000,000); and

32 (b) The tax levied under this subdivision  
33 (a)(2) has:

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

36 (2) Not already been reduced under this

1 section during the current fiscal year.

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

5 (a) The amount determined under subdivision  
 6 (a)(2)(B)(i) of this section is at least fifty-two million dollars  
 7 (\$52,000,000); and

8 (b) The tax levied under this subdivision  
 9 (a)(2) has:

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

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

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

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

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

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

31 (a) The amount determined under subdivision  
 32 (a)(3)(B)(i) of this section is at least twenty-five million dollars  
 33 (\$25,000,000); and

34 (b) The tax levied under this subdivision  
 35 (a)(3) has:

36 (1) Already been reduced under

1 subdivision (a)(3)(B)(ii) of this section; and

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

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

7 (a) The amount determined under subdivision  
8 (a)(3)(B)(i) of this section is at least thirty-four million dollars  
9 (\$34,000,000); and

10 (b) The tax levied under this subdivision  
11 (a)(3) has:

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

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

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

19 (a) The amount determined under subdivision  
20 (a)(3)(B)(i) of this section is at least forty-three million dollars  
21 (\$43,000,000); and

22 (b) The tax levied under this subdivision  
23 (a)(3) has:

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

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

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

31 (a) The amount determined under subdivision  
32 (a)(3)(B)(i) of this section is at least fifty-two million dollars  
33 (\$52,000,000); and

34 (b) The tax levied under this subdivision  
35 (a)(3) has:

36 (1) Already been reduced under

1 subdivisions (a)(3)(B)(ii)-(v) of this section; and

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

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

7  
8 SECTION 3. DO NOT CODIFY. Repeal – Removal from Arkansas Code.

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

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

14 (2) Secretary of the Department of Finance and Administration  
15 shall notify the Director of the Bureau of Legislative Research and the  
16 Arkansas Code Revision Commission; and

17 (3) Upon notification from the secretary under this section, the  
18 commission may remove the Arkansas Soft Drink Tax Act, Arkansas Code § 26-57-  
19 901 et seq., from the Arkansas Code.