

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1636

5 By: Representative Ray
6 By: Senator J. Petty
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING TAXES ON SOFT
10 DRINKS; TO REQUIRE THE DEPARTMENT OF FINANCE AND
11 ADMINISTRATION TO CERTIFY THE AMOUNT OF SALES TAX
12 REVENUES DERIVED FROM THE SALE OF SOFT DRINKS; TO
13 AMEND THE ARKANSAS SOFT DRINK TAX ACT, AS AFFIRMED BY
14 REFERRED ACT 1 OF 1994; TO PHASE OUT THE SOFT DRINK
15 TAX; TO PROVIDE RESTRICTIONS ON THE REDUCTION OF THE
16 SOFT DRINK TAX; AND FOR OTHER PURPOSES.

Subtitle

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19 TO AMEND THE ARKANSAS SOFT DRINK TAX
20 ACT, AS AFFIRMED BY REFERRED ACT 1 OF
21 1994; AND TO PHASE OUT THE SOFT DRINK
22 TAX BASED ON SALES TAX COLLECTIONS FROM
23 SALES OF SOFT DRINKS.
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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28 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 1, is
29 amended to add an additional section to read as follows:

30 26-52-112. Report on revenues derived from sale of soft drinks.

31 Within ninety (90) calendar days of the end of each fiscal year, the
32 Department of Finance and Administration shall certify the amount of revenue
33 derived from the gross receipts tax levied by this chapter and the
34 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §
35 26-53-101 et seq., on soft drinks during the fiscal year.
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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

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

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

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

7 (a) The amount determined under subdivision
8 (a)(1)(B)(i) of this section is at least forty-three million dollars
9 (\$43,000,000); and

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

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

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

16 (vi) 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 zero cents (0¢):

19 (a) The amount determined under subdivision
20 (a)(1)(B)(i) of this section is at least fifty-two million dollars
21 (\$52,000,000); and

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

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

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

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

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

34 (ii) Beginning July 1 of the year following the
35 first year that the amount determined under subdivision (a)(2)(B)(i) of this
36 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.

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 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.

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