

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas As Engrossed: H3/11/25 H3/12/25

2 95th General Assembly

# A Bill

3 Regular Session, 2025

HOUSE BILL 1636

4

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

10 By: Senators J. Petty, M. McKee

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## For An Act To Be Entitled

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AN ACT TO AMEND THE LAW CONCERNING TAXES ON SOFT

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DRINKS; TO REQUIRE THE DEPARTMENT OF FINANCE AND

15

ADMINISTRATION TO *ESTIMATE* THE AMOUNT OF SALES TAX

16

REVENUES DERIVED FROM THE SALE OF SOFT DRINKS; TO

17

AMEND THE ARKANSAS SOFT DRINK TAX ACT, AS AFFIRMED BY

18

REFERRED ACT 1 OF 1994; TO PHASE OUT THE SOFT DRINK

19

TAX; TO PROVIDE RESTRICTIONS ON THE REDUCTION OF THE

20

SOFT DRINK TAX; AND FOR OTHER PURPOSES.

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## Subtitle

24

TO AMEND THE ARKANSAS SOFT DRINK TAX

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ACT, AS AFFIRMED BY REFERRED ACT 1 OF

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1994; AND TO PHASE OUT THE SOFT DRINK

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TAX BASED ON SALES TAX COLLECTIONS FROM

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SALES OF SOFT DRINKS.

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

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32 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 1, is

33 amended to add an additional section to read as follows:

34 26-52-112. Report on revenues derived from sale of soft drinks.

35 Within ninety (90) calendar days of the end of each fiscal year, the

36 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.  
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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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