

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S2/27/25

A Bill

SENATE BILL 289

By: Senator J. Dotson

For An Act To Be Entitled

AN ACT TO CUT THE STATEWIDE SALES TAX RATE BY ONE-EIGHTH PERCENT TO REDUCE THE SURPLUS FUNDS COLLECTED FROM ARKANSAS TAXPAYERS; TO AMEND THE SALES AND USE TAX RATE; AND FOR OTHER PURPOSES.

Subtitle

TO CUT THE STATEWIDE SALES TAX RATE BY ONE-EIGHTH PERCENT TO REDUCE THE SURPLUS FUNDS COLLECTED FROM ARKANSAS TAXPAYERS.

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

SECTION 1. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) Arkansas has the third highest combined state and local sales tax rate in the nation;

(2) One (1) of the reasons Arkansas has a high sales tax rate is because the state levies more sales tax than is required to fund the Property Tax Relief Trust Fund, which has a growing balance; and

(3) It is necessary to provide relief from sales tax for all Arkansans.

SECTION 2. Arkansas Code § 26-52-302(c)(1), concerning the additional sales tax levied to fund property tax relief, is amended to read as follows:

(c)(1) Except for food and food ingredients that are taxed under § 26-52-317 and except for used motor vehicles, trailers, and semitrailers that are taxed under § 26-52-324, there is levied an additional excise tax of ~~one-~~



~~half of one percent (0.5%)~~ three hundred seventy-five thousandths percent (0.375%) upon all taxable sales of property, specified digital products, digital codes, and services subject to the tax levied by this chapter.

SECTION 3. Arkansas Code § 26-53-107(c)(1), concerning the additional use tax levied to fund property tax relief, is amended to read as follows:

(c)(1) There is levied an additional excise tax of ~~one half of one percent (0.5%)~~ three hundred seventy-five thousandths percent (0.375%) upon all tangible personal property, specified digital products, digital codes, and taxable services subject to the tax levied by this subchapter except for food and food ingredients that are taxed under § 26-53-145 and except for used motor vehicles, trailers, and semitrailers that are taxed under § 26-53-150.

SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective on the first day of the calendar quarter following the effective date of this act.

/s/J. Dotson