



Newsletter From Rep. Kendon Underwood District 16

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Laws Taking Effect January 1st

As the new year approaches, Arkansans will soon see a number of laws passed by the House of Representatives and the General Assembly take effect. While the majority of legislation approved during the 2025 Regular Session became law 90 days after adjournment, many measures included a delayed effective date of January 1, 2026 to give state agencies, businesses, insurers, and consumers time to prepare for the changes.

One of the most significant laws taking effect on January 1 is the elimination of the state sales tax on groceries. By exempting food and food ingredients from the state sales and use tax, lawmakers took a meaningful step to lower the cost of everyday necessities for families across Arkansas. Because groceries are a recurring expense for every household, removing the state tax provides ongoing relief that can make a real difference in monthly budgets, particularly for working families, seniors on fixed incomes, and those most sensitive to rising food prices. Local sales taxes on groceries will remain in place, but the change represents a major reduction in the overall tax burden on essential items.

Several other laws effective January 1 are aimed at strengthening Arkansas' economy and workforce. Changes to the state's incentive structure expand how investment tax credits may be used, create new incentives for businesses that relocate corporate headquarters to Arkansas, and add accountability measures to ensure job and payroll commitments are met. Farmers will also benefit from a new sales tax identification card designed to simplify the process of claiming eligible exemptions, while updates to the state maintained job board will better connect job seekers with available employment opportunities.

A number of new laws also focus on health care coverage. Beginning January 1, health benefit plans will be required to cover services such as childbirth at licensed birthing centers, treatment for acquired brain injuries, breast reconstruction surgeries, breastfeeding and lactation services, genetic testing and certain cancer screenings, lung cancer screenings, and treatment for severe obesity under defined conditions. Arkansans can find a complete list of laws taking effect on January 1 at arkansashouse.org, along with more information on how these changes may impact individuals, families, and businesses statewide.

