

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S4/1/25

A Bill

SENATE BILL 560

By: Senator J. English
By: Representative Tosh

For An Act To Be Entitled

AN ACT TO DECREASE THE BASE CONTRIBUTION RATE; TO INCREASE THE ADMINISTRATIVE ASSESSMENT RATE; TO INCREASE FUNDING FOR THE SKILLED WORKFORCE IN THIS STATE; TO AMEND THE DIVISION OF WORKFORCE SERVICES TRAINING TRUST FUND; AND FOR OTHER PURPOSES.

Subtitle

TO DECREASE THE BASE CONTRIBUTION RATE; TO INCREASE THE ADMINISTRATIVE ASSESSMENT RATE; TO INCREASE FUNDING FOR THE SKILLED WORKFORCE IN THIS STATE; AND TO AMEND THE DIVISION OF WORKFORCE SERVICES TRAINING TRUST FUND.

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

SECTION 1. Arkansas Code § 11-10-704(c), concerning contribution rates of each employer, is amended to read as follows:

(c)(1) The director shall determine the contribution rates of each employer according to the requirements of this section and § 11-10-705.

(2)(A) For any calendar year beginning on or after January 1, 2024, each employer's rate shall be one and nine-tenths percent (1.9%) except as otherwise provided in this subchapter.

(B)(i)(a) An employer's rate shall not be less than one and nine-tenths percent (1.9%) unless and until there have been three (3) years immediately preceding the computation date throughout which an individual in the employer's employ could have received benefits, if



eligible.

(b) Provided, however, an employer who, at the time of establishing an account, is in business in another state or states and who is not currently doing business in Arkansas may elect to receive a beginning contribution rate of one and nine-tenths percent (1.9%) or a contribution rate based on the rate schedule in § 11-10-705(b)(1), whichever is lower, but in no event less than one percent (1%), provided:

(1) The employer has been in operation in the other state or states for at least three (3) years immediately preceding the date of becoming a liable employer in Arkansas, throughout which an individual in the employer's employ could have received benefits, if eligible;

(2) The employer must provide the authenticated account history from information accumulated from operations in the other state or states to compute a current Arkansas rate; and

(3) The employer's business operations established in Arkansas are of the same nature as conducted in the other state or states, as defined by the North American Industry Classification System.

(ii)(a) The election authorized in subdivision (c)(2)(B)(i) of this section must be made in writing within thirty (30) days after receiving notice of Arkansas liability.

(b) A one-and-nine-tenths-percent rate will be assigned unless a timely election has been made.

(iii)(a) If the election is timely made, the employer's account will receive the rate elected for the remainder of that rate year.

(b) The rate assigned for the next and subsequent years will be determined by the condition of the account on the computation date.

(C) However, any employer having no covered employment under this chapter for any calendar year shall have a rate equal to his or her most recently determined contribution rate until the employer has one (1) full year of benefit risk experience immediately preceding the computation date.

(3)(A) For any calendar year beginning on or after January 1,

2026, each employer's rate shall be one and eighth-tenths percent (1.8%) except as otherwise provided in this subchapter.

(B)(i)(a) An employer's rate shall not be less than one and eighth-tenths percent (1.8%) unless and until there have been three (3) years immediately preceding the computation date throughout which an individual in the employer's employ could have received benefits, if eligible.

(b) Provided, however, an employer who, at the time of establishing an account, is in business in another state or states and who is not currently doing business in Arkansas may elect to receive a beginning contribution rate of one and eighth-tenths percent (1.8%) or a contribution rate based on the rate schedule in § 11-10-705(b)(1), whichever is lower, but in no event less than one percent (1%), provided:

(1) The employer has been in operation in the other state or states for at least three (3) years immediately preceding the date of becoming a liable employer in Arkansas, throughout which an individual in the employer's employ could have received benefits, if eligible;

(2) The employer must provide the authenticated account history from information accumulated from operations in the other state or states to compute a current Arkansas rate; and

(3) The employer's business operations established in Arkansas are of the same nature as conducted in the other state or states, as defined by the North American Industry Classification System.

(ii)(a) The election authorized in subdivision (c)(3)(B)(i) of this section must be made in writing within thirty (30) days after receiving notice of Arkansas liability.

(b) A one-and-eighth-tenths-percent (1.8%) rate will be assigned unless a timely election has been made.

(iii)(a) If the election is timely made, the employer's account will receive the rate elected for the remainder of that rate year.

(b) The rate assigned for the next and subsequent years will be determined by the condition of the account on the computation date.

(C) However, an employer having no covered employment under this chapter for any calendar year shall have a rate equal to his or her most recently determined contribution rate until the employer has one (1) full year of benefit risk experience immediately preceding the computation date.

(4)(A) Notwithstanding any other provisions of §§ 11-10-701 – 11-10-715, if the director determines that an employer has willfully submitted false information that is material with respect to the employment or separation from employment of any claimant, employee, or former employee, for the purpose of preventing regular benefit charges to the employer’s account, the employer shall be assessed a penalty equivalent to twice the amount of the claimant’s maximum potential benefit amount.

(B) This penalty shall be charged against the employer’s account for experience rating purposes, regardless of whether or not the employer is a base-period employer and irrespective of the identity or number of the base-period employer.

~~(4)(5)~~ An employer who changes from reimbursement to the contributory method of financing shall be considered a new or newly covered employer and can be entitled to an experience rate only when the new or newly covered employer has met the requirements of this subsection.

~~(5)(6)~~ Each employer’s rate beginning January 1 for each twelve-month period shall be determined on the basis of the employer’s record through June 30 of the previous calendar year.

SECTION 2. Arkansas Code § 11-10-705(b)(1)(B), concerning the reserve ratio schedule table under the Workers’ Compensation Law, is amended to read as follows:

(B) The reserve ratio in the following schedule is determined by dividing the difference in contributions paid and regular benefits charged by the annual taxable payroll:

CONTRIBUTION RATE	RESERVE RATIO
0.1% <u>(0.0%)</u>	9.95% or more
0.3% <u>(0.2%)</u>	9.35% but less than 9.95%
0.5% <u>(0.4%)</u>	8.85% but less than 9.35%
0.8% <u>(0.7%)</u>	8.65% but less than 8.85%

1.2% <u>(1.1%)</u>	8.35% but less than 8.65%
1.6% <u>(1.5%)</u>	7.95% but less than 8.35%
2.0% <u>(1.9%)</u>	7.35% but less than 7.95%
2.4% <u>(2.3%)</u>	6.75% but less than 7.35%
2.8% <u>(2.7%)</u>	5.45% but less than 6.75%
3.2% <u>(3.1%)</u>	2.45% but less than 5.45%
4.0% <u>(3.9%)</u>	1.35% but less than 2.45%
5.0% <u>(4.9%)</u>	Less than 1.35% with a positive reserve balance
6.0% <u>(5.9%)</u>	Less than 0.00%

SECTION 3. Arkansas Code § 11-10-706 is amended to read as follows:

11-10-706. Future rates – Administrative assessment.

(a)(1) Effective July 1, 2023, each employer shall be required to pay an administrative assessment on wages paid by the employer with respect to employment.

(2) This administrative assessment shall not be credited to the separate account of each employer.

(b)(1) For the period July 1, 2023, through June 30, 2024, the administrative assessment shall be twelve and one-half hundredths of one percent (0.125%).

(2) For the period beginning on and after July 1, 2024, the administrative assessment shall be one-tenth of one percent (0.1%).

(3) For the period beginning on and after January 1, 2026, the administrative assessment shall be two-tenths of one percent (0.2%).

(c)(1) Each fiscal year, ~~sixty percent (60%)~~ of the proceeds of the administrative assessment, up to six million dollars (\$6,000,000), shall be deposited and credited to the Division of Workforce Services Unemployment Insurance Administration Fund, there to be used for personal services and operating expenses of the unemployment insurance program necessary for the proper administration of the Division of Workforce Services Law, § 11-10-101 et seq., as determined by the Director of the Division of Workforce Services.

~~(2)(A) After collection of the proceeds of the administrative assessment specified in subdivision (c)(1) of this section, only for the period from July 1, 2023, through June 30, 2024, the remaining proceeds, if any, of the administrative assessment shall be deposited and credited to the~~

~~Division of Workforce Services Unemployment Insurance Administration Fund, there to be used solely for the purpose of modernizing information technology systems and hardware utilized in the administration of the unemployment insurance program.~~

~~(B) The maximum amount to be deposited and credited under subdivision (c)(2)(A) of this section shall not exceed the difference between thirty five million dollars (\$35,000,000) and the amounts deposited and credited in previous state fiscal years to the Division of Workforce Services Unemployment Insurance Administration Fund for the purpose of modernizing information technology systems and hardware utilized in the administration of the unemployment insurance program.~~

~~(3)(2)~~ Each fiscal year, after collection of the proceeds of the administrative assessment specified in ~~subdivisions (c)(1) and (2)~~ subdivision (c)(1) of this section, the remaining proceeds, if any, of the administrative assessment ~~in an amount up to two million five hundred thousand dollars (\$2,500,000)~~ shall be deposited and credited to the Division of Workforce Services Training Trust Fund, there to be used for personal services, operating expenses, construction, grants, and worker training.

~~(4) Each fiscal year, after collection of the proceeds of the administrative assessment specified under subdivisions (c)(1)-(3) of this section, the remaining proceeds, if any, of the administrative assessment shall be deposited and credited to the Unemployment Compensation Fund.~~

~~(5)(3)~~ The director shall report to the Legislative Council on a quarterly basis as to any uses of the Division of Workforce Services Training Trust Fund and the Division of Workforce Services Unemployment Insurance Administration Fund.

SECTION 4. Arkansas Code § 19-5-1131(b)(2), concerning the uses of the Division of Workforce Services Training Trust Fund, is amended to read as follows:

(2) The fund shall be used for personal services, operating expenses, construction, grants, and worker training under rules promulgated by the Director of the Division of Workforce Services.

/s/J. English

APPROVED: 4/17/25