

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: H3/17/25 H3/31/25

A Bill

HOUSE BILL 1698

By: Representative Torres

By: Senator J. Petty

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE INCOME TAX TREATMENT OF EMPLOYER CONTRIBUTIONS *FOR AN EMPLOYEE'S MEMBERSHIP IN A HEALTHCARE SHARING MINISTRY OR OTHER MEDICAL COST-SHARING PROGRAM; TO EXCLUDE EMPLOYER CONTRIBUTIONS FOR AN EMPLOYEE'S MEMBERSHIP IN A HEALTHCARE SHARING MINISTRY OR OTHER MEDICAL COST-SHARING PROGRAM FROM INCOME TAX; TO ALLOW AN INCOME TAX DEDUCTION FOR AN EMPLOYER'S CONTRIBUTION FOR AN EMPLOYEE'S MEMBERSHIP IN A HEALTHCARE SHARING MINISTRY OR OTHER MEDICAL COST-SHARING PROGRAM; AND FOR OTHER PURPOSES.*

Subtitle

TO AMEND THE LAW CONCERNING THE INCOME TAX TREATMENT OF EMPLOYER CONTRIBUTIONS FOR AN EMPLOYEE'S MEMBERSHIP IN A HEALTHCARE SHARING MINISTRY OR OTHER MEDICAL COST-SHARING PROGRAM.

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

SECTION 1. Arkansas Code § 26-51-404(b), concerning exclusions from "gross income" under the Income Tax Act of 1929, is amended to add an additional subdivision to read as follows:

(36)(A) Contributions by an employer for an employee's membership in a healthcare sharing ministry as defined in § 23-60-104 or other medical cost-sharing program.



(B) A self-employed person may claim the exclusion provided under subdivision (b)(36)(A) of this section for contributions for his or her own membership in a healthcare sharing ministry as defined in § 23-60-104 or other medical cost-sharing program.

(C) As used in this subdivision (b)(36), "medical cost-sharing program" means a healthcare funding arrangement in which members contribute money to help cover each other's medical expenses.

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 4, is amended to add an additional section to read as follows:

26-51-462. Deduction – Employer contributions for employee's membership in healthcare sharing ministry or other medical cost-sharing program.

(a) In computing net income for the purposes of this chapter, there is allowed as a deduction in addition to all other deductions allowed by law for an employer's contribution for an employee's membership in a health care sharing ministry as defined in § 23-60-104 or other medical cost-sharing program.

(b) A self-employed person may claim the deduction provided under this section for contributions for his or her own membership in a healthcare sharing ministry as defined in § 23-60-104 or other medical cost-sharing program.

(c) As used in this section, "medical cost-sharing program" means a healthcare funding arrangement in which members contribute money to help cover each other's medical expenses.

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective for tax years beginning on or after January 1, 2026.

/s/Torres