

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

State of Arkansas
95th General Assembly
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As Engrossed: S2/10/25

A Bill

SENATE BILL 179

By: Senator J. Boyd

By: Representative L. Johnson

For An Act To Be Entitled

AN ACT TO ESTABLISH THE STRENGTHEN ARKANSAS HOMES
ACT; TO CREATE THE STRENGTHEN ARKANSAS HOMES PROGRAM
PREMIUM TAX FUND; AND FOR OTHER PURPOSES.

Subtitle

TO ESTABLISH THE STRENGTHEN ARKANSAS
HOMES ACT; AND TO CREATE THE STRENGTHEN
ARKANSAS HOMES PROGRAM PREMIUM TAX FUND.

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

SECTION 1. Arkansas Code § 19-6-301, concerning special revenues enumerated, is amended to add an additional subdivision to read as follows:

(276) Those insurance premium taxes as specified in § 26-57-610.

SECTION 2. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended to add an additional section to read as follows:

19-6-845. Strengthen Arkansas Homes Program Premium Tax Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "Strengthen Arkansas Homes Program Premium Tax Fund".

(b) The fund shall consist of those special revenues as specified in § 19-6-301(276), there to be used for the Strengthen Arkansas Homes Program as set out in § 23-88-601 et seq.

(c)(1) The fund shall be administered by and disbursed at the direction of the Insurance Commissioner.

(2) Moneys shall not be appropriated from the fund for any



purpose except for the Strengthen Arkansas Homes Program.

(d) All moneys deposited into the fund shall not be subject to a deduction, tax, levy, or other type of assessment.

SECTION 3. Arkansas Code § 23-75-119(a), concerning the premium tax on hospital and medical services corporations, is amended to read as follows:

(a)(1) The officers of every foreign or alien corporation, and the officers of every domestic corporation, transacting business under this chapter shall, at the time of making its annual statement, file with the Insurance Commissioner a sworn statement of its net direct written premiums for the year ending December 31 next preceding from subscribers residing in this state and shall pay into the State Treasury a premium tax of two and one-half percent (2.5%) on its net direct written premiums in compliance with the provisions of § 26-57-601 et seq. as a tax for the privilege of transacting business in this state.

(2) The total premium tax levied under subdivision (a)(1) of this section shall be levied in two (2) parts as follows:

(A) After the distribution of the amount stated under subdivision (a)(1) of this section, twelve million dollars (\$12,000,000), or as much as remains available for a total of twelve million dollars (\$12,000,000), shall be deposited into the Strengthen Arkansas Homes Program Premium Tax Fund to be used for the purposes stated under § 23-88-610; and

(B) The remainder of revenues shall be deposited into the State Treasury as general revenues.

SECTION 4. Arkansas Code § 23-76-131(c), concerning the distribution of the tax revenue generated by the tax on premiums paid to health maintenance organizations, is amended to read as follows:

(c)(1) The premium tax levied under this section shall be levied in two (2) parts as follows:

(A) After the distribution of the amount computed under subdivision (a)(1)(B) of this section, twelve million dollars (\$12,000,000), or as much as remains available for a total of twelve million dollars (\$12,000,000), shall be deposited into the Strengthen Arkansas Homes Program Premium Tax Fund to be used for the purposes stated under § 23-88-610; and

(B) The remainder of revenues shall be deposited into the

State Treasury as general revenues.

(2) The commissioner shall deposit all taxes collected under this section into the State Treasury as general revenues as follows:

(A) After the distribution of the amount stated under subdivision (a)(1)(B) of this section, twelve million dollars (\$12,000,000), or as much as remains available for a total of twelve million dollars (\$12,000,000), shall be deposited into the fund to be used for the purposes stated under § 23-88-610; and

(B) The remainder of revenues shall be deposited into the State Treasury as general revenues.

SECTION 5. Arkansas Code Title 23, Chapter 88, is amended to add an additional subchapter to read as follows:

Subchapter 6 – Strengthen Arkansas Homes Act

23-88-601. Title.

This subchapter shall be known and may be cited as the "Strengthen Arkansas Homes Act".

23-88-602. Definitions.

As used in this subchapter:

(1) "Certificate of compliance" means a certificate of compliance with the most recent version of an applicable FORTIFIED Home construction standard from the Insurance Institute for Business & Home Safety or a successor entity;

(2) "Construct" means to build, equip, install, or otherwise develop insurable property;

(3) "Cost to upgrade a single-family dwelling" means the cost required to upgrade a single-family dwelling to meet or exceed the construction standards required for the dwelling to comply with the most recent version of an applicable FORTIFIED Home construction standards published by the Insurance Institute for Business & Home Safety or a successor entity;

(4)(A) "Insurable dwelling" means a single-family dwelling that is a detached structure and is located on, or affixed to, residential real

estate.

(B) "Insurable dwelling" does not include manufactured homes, mobile homes, or condominiums;

(5) "Non-FORTIFIED dwelling" means a dwelling that does not comply with the most recent version of an applicable FORTIFIED Home construction standards published by the Insurance Institute for Business & Home Safety or a successor entity; and

(6)(A) "Retrofitting" is the process of modifying an existing building or structure after it has been constructed and occupied.

(B) "Retrofitting" includes retrofit.

23-88-603. Strengthen Arkansas Homes Program.

(a) There is established within the State Insurance Department the Strengthen Arkansas Homes Program.

(b) The program is created for the purpose of providing financial grants to real property owners and nonprofit organizations to assist and promote the mitigation of losses to insurable dwellings due to catastrophic wind events, including hail, according to FORTIFIED Home construction standards published by the Insurance Institute for Business & Home Safety or a successor entity.

(c) This subchapter does not create an entitlement for a property owner or obligate the state to fund the inspection, construction, or retrofitting of residential property in this state.

(d) The department may apply for financial grants to construct or retrofit insurable dwellings to resist loss due to a tornado, other catastrophic windstorm events, or hail and deposit the funds into the Strengthen Arkansas Homes Program Premium Tax Fund.

(e)(1) The department may make grants or funding available to a nonprofit entity for a project to construct or retrofit an insurable dwelling to resist loss due to a tornado, other catastrophic windstorm events, or hail if the grant or funding to a nonprofit entity is allowable under grant or funding rules, requirements, guidelines, or criteria.

(2) A nonprofit entity under subdivision (e)(1) of this section shall:

(A) Agree to administer the grants or funding as the program would be required to administer grants or funding; and

(B) Provide documentation to the department in a timely manner as requested by the department.

(f)(1) Loss mitigation projects shall be based upon the securing of required local permits and applicable inspections in keeping with local building codes and the Insurance Institute for Business & Home Safety's FORTIFIED Home construction standards as adopted by rule by the Insurance Commissioner.

(2) A loss mitigation project is subject to random reinspection of all projects under the program.

23-88-604. Eligibility.

(a)(1) The owner of an insurable dwelling is eligible to apply for a grant under the Strengthen Arkansas Homes Program if the owner of an insurable dwelling meets the eligibility requirements as stated by the State Insurance Department for each grant type, either FORTIFIED Roof or FORTIFIED Silver.

(2) The eligibility requirements under subdivision (a)(1) of this section shall include without limitation:

(A) That the residential property owner shall own an insurable dwelling that has been granted a homestead exemption;

(B) That the owner of the insurable dwelling shall claim his or her primary residence in a county where grants are being approved;

(C) That an insurable dwelling to be constructed or retrofitted shall be an owner-occupied single-family primary residence;

(D)(i) That the insurable dwelling shall be in good repair unless damaged by a tornado, other catastrophic windstorm events, or hail, and the insurable dwelling owner is eligible to receive a grant under the Strengthen Arkansas Homes Act.

(ii) The home repair shall not be part of an insurance claim;

(E)(i) That an evaluator certified by the Insurance Institute for Business & Home Safety shall:

(a) Prequalify the insurable dwelling as suitable for construction or retrofitting under the Strengthen Arkansas Homes Program; and

(b) Identify improvements required to achieve

an Insurance Institute for Business & Home Safety FORTIFIED Roof, FORTIFIED Silver, or successor designation, or a similar standard approved by rule by the Insurance Commissioner.

(ii) An insurable dwelling owner shall:

(a) Select the evaluator under subdivision (a)(2)(E)(i) of this section from a list provided by the department under the Strengthen Arkansas Homes Program; and

(b) Pay the evaluator's fee out-of-pocket; and

(F) That the insurable dwelling owner shall:

(i) Obtain bids from at least three (3) contractors certified by the Insurance Institute for Business & Home Safety and approved under the Strengthen Arkansas Homes Program unless three (3) contractors certified by the Insurance Institute for Business & Home Safety are not available to provide bids in a geographic area where grants are offered, then a bid equivalent to the number of available contractors certified by the Insurance Institute for Business & Home Safety is acceptable;

(ii) Construct or retrofit the insurable dwelling to the Insurance Institute for Business & Home Safety FORTIFIED Roof or FORTIFIED Silver designation, or successor designation, or a similar standard approved by rule by the commissioner, which shall include a hail supplement;

(iii)(a) Provide proof of an in-force policy providing wind insurance on the insurable dwelling.

(b) If the insurable dwelling owner does not have wind insurance at the time of the grant application, he or she shall provide proof of wind insurance coverage within thirty (30) days from the time the insurable dwelling receives certification from the Insurance Institute for Business & Home Safety; and

(iv)(a) If the insurable dwelling is in a Special Flood Hazard Area, provide proof of an in-force flood insurance policy.

(b) The flood insurance policy under subdivision (a)(2)(F)(iv)(a) of this section may be from the National Flood Insurance Program or a private carrier.

(b) An applicant for a Strengthen Arkansas Homes Program grant under this subchapter shall file an application with the department in the form and manner prescribed by the commissioner.

(c) Documents, materials, and other information submitted to the

department by the owner of an insurable dwelling or an insurance company in support of a Strengthen Arkansas Homes Program grant application shall be confidential and not subject to the Freedom of Information Act of 1967, § 25-19-101 et seq.

(d)(1) Documents, materials, and other information submitted to the department by the owner of an insurable dwelling or an insurance company shall not be:

(A) Subject to a public records request under the Freedom of Information Act of 1967, § 25-19-101 et seq.;

(B) Subject to subpoena;

(C) Subject to discovery; or

(D) Admissible in evidence in a private civil action.

(2) Subdivision (d)(1) of this section does not:

(A) Apply to the disclosure of documents, materials, or other information to Arkansas Legislative Audit or to the Legislative Joint Auditing Committee as otherwise authorized by law; or

(B) Preclude the subpoena authority under §§ 10-3-411 and 10-4-421.

(e) The owner of insurable dwelling shall use Strengthen Arkansas Homes Program grant funds to retrofit an insurable dwelling to resist loss due to a tornado, other catastrophic windstorm events, or hail.

(f)(1) A loss mitigation project shall be completed within three (3) months of the date the applicant receives notice of the Strengthen Arkansas Homes Program grant approval.

(2) Failure to complete the project in the time allotted under subdivision (f)(1) of this section may result in forfeiture of the Strengthen Arkansas Homes Program grant.

(g)(1) Strengthen Arkansas Homes Program grant funds shall only be paid once a certificate has been issued for the Insurance Institute for Business & Home Safety FORTIFIED Roof or FORTIFIED Silver designation, or successor designation, as approved by the commissioner.

(2) The Strengthen Arkansas Homes Program grant funds shall be paid by the commissioner, on behalf of the owner of the insurable dwelling, directly to the contractor who performed the loss mitigation work.

(h)(1) The department shall accept Strengthen Arkansas Homes Program grant applications on a first-come, first-served basis.

(2) An application submitted under subdivision (h)(1) of this section shall be given priority if the applicant:

(A) Lives in a location that, based on historical data, has a higher susceptibility to tornadoes, other catastrophic windstorm events, or hail; or

(B) Meets any other criteria the commissioner determines is appropriate to meet the purpose of the Strengthen Arkansas Homes Program.

(i) An entity providing funds to the Strengthen Arkansas Homes Program shall be permitted to establish additional rules and guidelines under which those funds may be used if the rules and guidelines do not violate any state or federal law or department rules.

(j) The department may conduct a random audit of funds, records, and properties to detect fraud or for any other reason.

23-88-605. Contractor requirements.

(a) Under the Strengthen Arkansas Homes Program, the owner of an insurable dwelling shall hire a contractor certified by the Insurance Institute for Business & Home Safety who can perform work that satisfies the standards under this subchapter and the rules adopted by the Insurance Commissioner.

(b) The State Insurance Department shall not endorse or otherwise provide preferential treatment to a contractor.

(c)(1) The owner of an insurable dwelling is responsible for an amount owed to a contractor that exceeds awarded program grant funds.

(2) The amount owed to a contractor that exceeds the awarded program grant funds shall be disclosed to the owner, reflected on the bid sheet, and approved by the owner before work begins.

(3) A contractor shall not bill the owner for additional expenses after retrofit work is completed.

(d) To be eligible to work on a project funded by the program as a contractor, a contractor shall:

(1) Meet the program requirements under subsection (e) of this section; and

(2) Maintain a current copy of all applicable certificates, licenses, and proof of insurance coverages with the program office.

(e) The program requirements for a contractor to participate in the

program include without limitation:

(1) That the contractor holds a valid and active contractor's license or registration in Arkansas and is free from all disciplinary action by the applicable licensing board;

(2) That the contractor is registered to do business in Arkansas with the Secretary of State;

(3) That the contractor has an in-force general liability policy with at least five hundred thousand dollars (\$500,000) in liability coverage;

(4) That the contractor has workers' compensation and employer's liability insurance as required by Arkansas law;

(5)(A) That the contractor holds an active Insurance Institute for Business & Home Safety FORTIFIED Roof contractor certification or FORTIFIED professional certification.

(B) The contractor is responsible for paying all fees associated with certification and training;

(6) That the contractor has successfully registered as a supplier or payee with the Department of Finance and Administration;

(7) That the contractor shall maintain accurate contact information with the State Insurance Department and notify the State Insurance Department within ten (10) days of any changes in his or her contact information;

(8) That the contractor agrees to follow the program's procedures and rules as promulgated by the commissioner;

(9) That the contractor shall not have a financial interest in a project funded by the program for which the contractor performs work other than receiving payment on behalf of the owner of an insurable dwelling from the program;

(10) That the contractor shall report to the program any potential conflict of interest before work commences; and

(11) That the contractor shall not be the evaluator for a project funded under the program.

23-88-606. Evaluator requirements.

(a) To be eligible to work on a project funded by the Strengthen Arkansas Homes Program as an evaluator, an evaluator shall:

(1) Meet the program requirements under subsection (b) of this

section; and

(2) Maintain a current copy of all applicable certificates, licenses, and proof of insurance coverage with the program office.

(b) The program requirements for a contractor to participate in the program include:

(1)(A) That the evaluator is in good standing with the Insurance Institute for Business & Home Safety and maintains an active Insurance Institute for Business & Home Safety certification as a FORTIFIED Home evaluator, or other certification under a successor entity of the Insurance Institute for Business & Home Safety.

(B) The evaluator shall pay all fees associated with certification and training;

(2) If applicable, that the evaluator is registered to do business in Arkansas with the Secretary of State;

(3) That the evaluator agrees to follow the program's procedures and rules as promulgated by the Insurance Commissioner;

(4) That the evaluator shall maintain accurate contact information with the State Insurance Department and notify the department within ten (10) days of any changes in his or her contact information;

(5) That the evaluator shall not have a financial interest in any project that the evaluator inspects for designation purposes for the program;

(6) That the evaluator shall not be a contractor or supplier of any materials, products, or systems installed in a project the evaluator inspects for designation purposes for the program;

(7) That the evaluator shall not be the sales agent for a project being designated for the program; and

(8) That the evaluator agrees to inform the department of a potential conflict of interest.

23-88-607. Premium discount.

(a) An insurance company that writes property insurance for wind or hail coverage of any property located in this state that has been certified compliant with the most recent version of any applicable FORTIFIED Home construction standards published by the Insurance Institute for Business & Home Safety or a successor entity;

(1) Shall provide a premium discount or rate reduction on the coverage if the discount or reduction is actuarially justified; or

(2) May provide:

(A) A premium discount or rate reduction on the coverage according to any standard discount amounts, targets, or benchmarks established under subsection (e) of this section; and

(B) Any other adjustment on the coverage.

(b) A premium discount, rate reduction, or other adjustment provided under subsection (a) of this section shall be subject to the rate filing and other applicable regulatory requirements, including without limitation § 23-67-201 et seq.

(c) An insurance company that offers a premium discount, rate reduction, or other adjustment under subdivision (a)(1) of this section shall provide the discount, reduction, or adjustment on the coverage of an insurable dwelling located in this state if the insurance company receives a copy of the certificate of compliance for the real property.

(d) An insurance company shall receive a copy of the certificate of compliance in order to provide a premium discount, rate reduction, or other adjustment under subdivision (a)(1) of this section.

(e)(1) The Insurance Commissioner may promulgate rules that establish standard discount amounts, targets, or benchmarks for the coverage of any real property located in this state that has been certified compliant with the most recent version of any applicable FORTIFIED Home construction standards published by the Insurance Institute for Business & Home Safety or a successor entity.

(2) Any standard discount amounts, targets, or benchmarks promulgated by the commissioner shall be:

(A) Optional; and

(B) Primarily for the benefit of insurance companies that are unable to obtain actuarially valid data to provide a premium discount or rate reduction under subdivision (a)(1) of this section due to inadequate resources or experience.

23-88-608. Policy endorsement for roof loss or repairs.

An insurance company writing property insurance for personal risks that provides coverage of a single-family dwelling located in this state that is a

non-FORTIFIED dwelling shall offer an optional rider, endorsement, or supplemental policy provision that provides the insured a right to receive claim payments for the cost to upgrade a single-family dwelling for a claim that:

- (1) Is covered under the insurance policy or contract; and
- (2) Requires replacement of the covered insured dwelling's roof as defined by the insurance policy or contract.

23-88-609. Insurer requirements.

A property insurer subject to §§ 23-88-607 and 23-88-608 shall:

- (1) Make any filings required under §§ 23-88-607 and 23-88-608;
- (2) Comply with any other regulatory requirements required under § 23-67-201 et seq.; and
- (3) Comply with any other laws that are necessary to ensure that:

(A) Any premium discount or rate reduction required under § 23-88-607 is offered on an insurance policy or contract issued or renewed on and after July 1, 2026; and

(B) The optional rider, endorsement, or supplemental policy provision required under § 23-88-608 is offered on an insurance policy or contract issued or renewed on and after July 1, 2026.

23-88-610. Use of insurance premium taxes.

(a) Insurance premium taxes shall be used to fund the Strengthen Arkansas Homes Program as follows:

(1) Ten million dollars (\$10,000,000) to fund the grant program;
and

(2) Two million dollars (\$2,000,000) to defray the administrative costs to implement and administer the program.

(b) Disbursements shall be made on forms prescribed by the Insurance Commissioner.

(c) Any excess or surplus insurance premium taxes that are not expended or allocated for expenditure under this subchapter within each twelve-month period shall be remitted to general revenues.

23-88-611. Rules.

(a) The Insurance Commissioner shall promulgate rules to implement and administer this subchapter.

(b) The rules promulgated under subsection (a) of this section shall include eligibility requirements necessary for the proper administration of this subchapter and eligibility requirements under any instructions or requirements on grants or funds received by the commissioner for the Strengthen Arkansas Homes Program.

SECTION 6. Arkansas Code § 26-57-603(d), concerning insurance premium tax reports, is amended to read as follows:

(d)(1) Each authorized, unauthorized, or formerly authorized domestic, foreign, and alien insurer shall pay to the Treasurer of State through the commissioner, as a tax imposed for the privilege of transacting business in this state, a tax upon the net premiums and net considerations, except as provided in § 26-57-605.

(2)(A) The tax shall be computed thereon at a rate of two and one-half percent (2½%).

(B) For entities subject to § 26-57-604(a), the premium tax levied under this section shall be levied in two (2) parts as follows:

(i) Twelve million dollars (\$12,000,000) shall be deposited into the Strengthen Arkansas Homes Program Premium Tax Fund; and

(ii) The remainder of revenues shall be deposited into the State Treasury as general revenues.

(3) The premiums written shall be reported at such times and in such form and context as prescribed by the commissioner, and the taxes shall be paid on a quarterly estimate basis as prescribed by the commissioner and shall be reconciled annually at the time of filing the annual report required in subsections (a)-(c) of this section.

SECTION 7. Arkansas Code § 26-57-610(b)(3), concerning the disposition of insurance premium tax revenues, is amended to read as follows:

(3)(A) The taxes collected under subdivision (b)(3)(B) of this section and §§ 26-57-604 and 26-57-605 shall be classified as general revenues, and the net amount of taxes collected under §§ 26-57-604 and 26-57-605 shall be credited to the various State Treasury funds participating in general revenues in the respective proportions to each as provided by and to

be used for the respective purposes set forth in the Revenue Stabilization Law, § 19-5-101 et seq.; and

(B) The revenues from the part of the premium tax identified in § 26-57-603(d)(2)(B)(i) shall be deposited in the Strengthen Arkansas Homes Program Premium Tax Fund.

SECTION 8. EFFECTIVE DATE. This act is effective on and after January 1, 2026.

/s/J. Boyd