

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025

A Bill

SENATE BILL 560

4
5 By: Senator J. English
6
7

For An Act To Be Entitled

8
9 AN ACT TO DECREASE THE BASE CONTRIBUTION RATE; TO
10 INCREASE THE ADMINISTRATIVE ASSESSMENT RATE; TO
11 INCREASE FUNDING FOR THE SKILLED WORKFORCE IN THIS
12 STATE; TO AMEND THE DIVISION OF WORKFORCE SERVICES
13 TRAINING TRUST FUND; AND FOR OTHER PURPOSES.
14

Subtitle

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16
17 TO DECREASE THE BASE CONTRIBUTION RATE;
18 TO INCREASE THE ADMINISTRATIVE
19 ASSESSMENT RATE; TO INCREASE FUNDING FOR
20 THE SKILLED WORKFORCE IN THIS STATE; AND
21 TO AMEND THE DIVISION OF WORKFORCE
22 SERVICES TRAINING TRUST FUND.
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

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

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

30 (2)(A) For any calendar year beginning on or after January 1,
31 2024, each employer's rate shall be one and nine-tenths percent (1.9%) except
32 as otherwise provided in this subchapter.

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



1 eligible.

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

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

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

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

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

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

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

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

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

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

1 2026, each employer's rate shall be one and eighth-tenths percent (1.8%)
2 except as otherwise provided in this subchapter.

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

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

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

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

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

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

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

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

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

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

6 (4)(A) Notwithstanding any other provisions of §§ 11-10-701 –
 7 11-10-715, if the director determines that an employer has willfully
 8 submitted false information that is material with respect to the employment
 9 or separation from employment of any claimant, employee, or former employee,
 10 for the purpose of preventing regular benefit charges to the employer’s
 11 account, the employer shall be assessed a penalty equivalent to twice the
 12 amount of the claimant’s maximum potential benefit amount.

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

17 ~~(4)(5)~~ An employer who changes from reimbursement to the
 18 contributory method of financing shall be considered a new or newly covered
 19 employer and can be entitled to an experience rate only when the new or newly
 20 covered employer has met the requirements of this subsection.

21 ~~(5)(6)~~ Each employer’s rate beginning January 1 for each twelve-
 22 month period shall be determined on the basis of the employer’s record
 23 through June 30 of the previous calendar year.

24
 25 SECTION 2. Arkansas Code § 11-10-705(b)(1)(B), concerning the reserve
 26 ratio schedule table under the Workers’ Compensation Law, is amended to read
 27 as follows:

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

31 CONTRIBUTION	RESERVE RATIO
32 RATE	
33 0.1% <u>(0.0%)</u>	9.95% or more
34 0.3% <u>(0.2%)</u>	9.35% but less than 9.95%
35 0.5% <u>(0.4%)</u>	8.85% but less than 9.35%
36 0.8% <u>(0.7%)</u>	8.65% but less than 8.85%

1	1.2% (1.1%)	8.35% but less than 8.65%
2	1.6% (1.5%)	7.95% but less than 8.35%
3	2.0% (1.9%)	7.35% but less than 7.95%
4	2.4% (2.3%)	6.75% but less than 7.35%
5	2.8% (2.7%)	5.45% but less than 6.75%
6	3.2% (3.1%)	2.45% but less than 5.45%
7	4.0% (3.9%)	1.35% but less than 2.45%
8	5.0% (4.9%)	Less than 1.35% with a positive
9		reserve balance
10	6.0% (5.9%)	Less than 0.00%

11
 12 SECTION 3. Arkansas Code § 11-10-706 is amended to read as follows:
 13 11-10-706. Future rates – Administrative assessment.

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

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

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

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

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

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

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

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

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

12 ~~(3)(2)~~ Each fiscal year, after collection of the proceeds of the
 13 administrative assessment specified in ~~subdivisions (c)(1) and (2)~~
 14 subdivision (c)(1) of this section, the remaining proceeds, if any, of the
 15 administrative assessment ~~in an amount up to two million five hundred~~
 16 ~~thousand dollars (\$2,500,000)~~ shall be deposited and credited to the Division
 17 of Workforce Services Training Trust Fund, there to be used for personal
 18 services, operating expenses, construction, grants, and worker training.

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

23 ~~(5)(3)~~ The director shall report to the Legislative Council on a
 24 quarterly basis as to any uses of the Division of Workforce Services Training
 25 Trust Fund and the Division of Workforce Services Unemployment Insurance
 26 Administration Fund.

27
 28 SECTION 4. Arkansas Code § 19-5-1131(b)(2), concerning the uses of the
 29 Division of Workforce Services Training Trust Fund, is amended to read as
 30 follows:

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

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