

State of Arkansas

As Engrossed: S4/1/25

95th General Assembly

A Bill

Regular Session, 2025

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



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:

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	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~~

~~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