

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

A Bill

HOUSE BILL 1665

4
5 By: Representative Wardlaw
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For An Act To Be Entitled

8
9 AN ACT TO AMEND THE LAW CONCERNING THE INSURANCE
10 PREMIUM TAX; TO REPEAL THE CREDIT ALLOWED AGAINST THE
11 INSURANCE PREMIUM TAX BASED ON THE SALARY AND WAGES
12 OF THE EMPLOYEES OF THE INSURER; AND FOR OTHER
13 PURPOSES.
14

Subtitle

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17 TO AMEND THE LAW CONCERNING THE
18 INSURANCE PREMIUM TAX; AND TO REPEAL THE
19 CREDIT ALLOWED AGAINST THE INSURANCE
20 PREMIUM TAX BASED ON THE SALARY AND
21 WAGES OF THE EMPLOYEES OF THE INSURER.
22

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

25 SECTION 1. Arkansas Code § 26-57-604 is amended to read as follows:
26 26-57-604. Remittance of tax.

27 ~~(a)(1)(A) Coincident with the filing of the tax report, each~~
28 ~~authorized life or accident and health insurer, including licensed health~~
29 ~~maintenance organizations, may apply for a credit for the noncommissioned~~
30 ~~salaries and wages of the insurer's Arkansas employees that are paid in~~
31 ~~connection with its insurance operations.~~

32 ~~(B)(i) The credit may be applied as an offset against the~~
33 ~~premium tax imposed in § 26-57-603(d) on life and accident and health~~
34 ~~insurance.~~

35 ~~(ii) However, the credit shall not be applied as an~~
36 ~~offset against the premium tax on collections resulting from an eligible~~



1 ~~individual insured under the Arkansas Health and Opportunity for Me Act of~~
2 ~~2021, § 23-61-1001 et seq., the Arkansas Health Insurance Marketplace Act, §~~
3 ~~23-61-801 et seq., or individual qualified health insurance plans, including~~
4 ~~without limitation stand-alone dental plans, issued through the health~~
5 ~~insurance marketplace as defined by § 23-61-1003.~~

6 ~~(iii) The credit shall not be applied as an offset~~
7 ~~against the premium tax on collections resulting from an eligible individual~~
8 ~~insured under the Arkansas Medicaid Program as administered by a risk-based~~
9 ~~provider organization.~~

10 ~~(2)(A) The offset shall not reduce the accident and health~~
11 ~~premium tax due by more than the following amounts:~~

12 ~~(i) For tax years beginning before January 1, 2021,~~
13 ~~eighty percent (80%);~~

14 ~~(ii) For the tax year beginning January 1, 2021,~~
15 ~~seventy percent (70%);~~

16 ~~(iii) For the tax year beginning January 1, 2022,~~
17 ~~sixty percent (60%); and~~

18 ~~(iv) For tax years beginning on and after January 1,~~
19 ~~2023, fifty percent (50%).~~

20 ~~(B) Beginning January 1, 2020, an authorized accident or~~
21 ~~health insurer shall not receive a credit under this subsection that exceeds~~
22 ~~an annual total of eighteen million dollars (\$18,000,000).~~

23 ~~(C) The offset shall not reduce the life premium tax due~~
24 ~~by more than seventy percent (70%).~~

25 ~~(D) The taxes shall be reported and paid on a quarterly~~
26 ~~estimated basis as prescribed by the Insurance Commissioner and shall be~~
27 ~~reconciled annually at the time of filing the annual report required in § 26-~~
28 ~~57-603(a)-(c).~~

29 ~~(3) An employee shall be employed for six (6) months for the~~
30 ~~salary or wages to be eligible to qualify for the life or accident and health~~
31 ~~premium tax credit.~~

32 ~~(4)(A)(i) Except as provided in subdivision (a)(4)(B) of this~~
33 ~~section, on or before March 1 of each year, any such authorized life or~~
34 ~~accident and health insurer, including health maintenance organizations,~~
35 ~~desiring to qualify under this provision shall furnish the appropriate data~~
36 ~~and request on forms prescribed by the commissioner.~~

1 ~~(ii) For purposes of calculating the taxes under §§~~
 2 ~~23-63-102 — 23-63-104, an insurer qualifying for a credit under this section~~
 3 ~~shall compute the tax due under §§ 23-63-102 — 23-63-104, if any, by using an~~
 4 ~~Arkansas premium tax rate of two and one half percent (2½%).~~

5 ~~(B)(i) Subdivision (a)(4)(A) of this section shall only~~
 6 ~~apply for tax years beginning prior to January 1, 2000.~~

7 ~~(ii) By March 1 of each year, an authorized life or~~
 8 ~~accident and health insurer, including health maintenance organizations,~~
 9 ~~desiring to qualify under this provision shall furnish the appropriate data~~
 10 ~~and request on forms prescribed by the commissioner.~~

11 ~~(iii) However, for purposes of calculating the taxes~~
 12 ~~under §§ 23-63-102 — 23-63-104, an insurer qualifying for a credit under this~~
 13 ~~section shall compute the tax due under §§ 23-63-102 — 23-63-104, if any, by~~
 14 ~~using an Arkansas premium tax rate of two and one half percent (2½%) without~~
 15 ~~regard to the credit specified in this section.~~

16 ~~(b)(1)~~ Each insurer other than those in § 26-57-603(d) ~~and subsection~~
 17 ~~(a) of this section~~ shall pay to the Treasurer of State through the
 18 ~~commissioner~~ Insurance Commissioner, as a tax imposed for the privilege of
 19 transacting business in this state, a tax at the rate of two and one-half
 20 percent (2½%) upon the net premiums and net considerations on all kinds of
 21 insurance, except as provided in § 26-57-605.

22 (2) The taxes shall be paid on a quarterly estimate basis as
 23 prescribed by the commissioner and shall be reconciled annually at the time
 24 of filing the annual report required in § 26-57-603(a)-(c).

25 ~~(c)(1)(b)(1)~~ ~~In addition to any premium tax credit not related to the~~
 26 ~~same eligible property for which an insurer qualifies under subsection (a) of~~
 27 ~~this section, there~~ There is allowed a premium tax credit for the amount of
 28 the Arkansas historic rehabilitation income tax credit allowed by the
 29 certification of completion issued by the Division of Arkansas Heritage under
 30 the Arkansas Historic Rehabilitation Income Tax Credit Act, § 26-51-2201 et
 31 seq.

32 (2) The premium tax credit under this subsection may be used to
 33 offset the premium tax imposed by §§ 26-57-603 – 26-57-605.

34 (3) The amount of the premium tax credit under this section that
 35 may be claimed by the taxpayer in a tax year shall not exceed the amount of
 36 premium tax due by the taxpayer.

1 (4) Any unused premium tax credit may be carried forward for a
2 maximum of five (5) consecutive taxable years for credit against the premium
3 tax.

4 (5) The commissioner shall promulgate rules to implement this
5 section.

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