



## NFIB Arkansas 2025 SESSION WRAP UP

### 2025 Regular Session Recap

The 95th General Assembly concluded its 2025 Regular Session on April 16 after 94 days of legislative work — five days longer than the 2023 session. Lawmakers filed more than 1,900 bills and resolutions, and more than 800 measures became law. The legislature formally adjourned sine die on May 5.

Throughout the session, NFIB monitored 618 bills affecting Arkansas businesses and engaged extensively with legislators, agency officials, and allied organizations. Our advocacy helped secure pro-growth reforms and defeat harmful proposals, particularly in the areas of tort reform, tax policy, workers' compensation, and workforce development.

### Pro-Business Legislative Victories

During the 2025 legislative session, the Arkansas State Chamber/AIA worked closely with legislators to advance bills that support a stronger economy, reduce burdens on employers, and enhance the state's competitiveness. The following pro-business bills were passed into law.

#### Tort Reform Legislation

##### **HB 1204 / Act 28**

Act 28 reforms how damages are calculated in personal injury lawsuits by allowing juries to consider only the amounts actually paid for medical care—not the often-inflated amounts billed. This aligns Arkansas with 28 other states and curbs excessive litigation.

#### Economic Development Legislation

##### **SB 307 / Act 373**

This act allows utilities to meet Arkansas' rising electricity demand through gradual, annual rate adjustments rather than large hikes after new plant construction. The policy improves Arkansas' competitiveness in recruiting energy-intensive industries and supports regional economic development by ensuring scalable energy infrastructure is available when companies need it.

**SJR 15**

SJR 15 will appear on the November 2026 ballot. It allows for the creation of economic development districts with bonding and incentive authority, empowering local communities to drive growth more effectively.

**SB 218 / Act 440**

This is an amendment to the Arkansas Small Business Innovation Research Matching Grant Program widening the scope of what it is included.

**SB 279 / Act 397**

This act clarifies how wage and hour disputes are investigated. This bill strengthens protections for employers.

**Workforce Development Legislation****SB 560 / Act 740**

This act redirects existing unemployment insurance funds to bolster job training without increasing employer costs. It lowers the unemployment insurance base contribution rate while slightly increasing the administrative assessment rate to grow the Department of Workforce Services Training Trust Fund.

**SB 390 / Act 695**

This act establishes the State Apprenticeship Agency to expand and coordinate apprenticeship programs across the state. This bill was passed in an effort to increase and broaden the educated workforce.

**Tax Legislation****HB 1922 / Act 881**

This is an amendment to the Consolidated Incentive Act of 2003. It creates an income tax credit for relocating corporate headquarters to Arkansas and encourages corporate relocations to the state.

**HB 1935 / Act 882**

This is an amendment to the Consolidated Incentive Act of 2003. It creates a modernization and automation tax credit to encourage investment by existing businesses within the state. It also establishes an incentive program that encourages Arkansas businesses to generate large capital investments within the state, particularly those directed at modernizing and automating existing operations.



## Anti-Business Legislation Successfully Defeated

During the 2025 legislative session, several bills were introduced that threatened to reverse hard-fought economic reforms, weaken Arkansas' workers' compensation system, and impose new mandates on employers. Thanks to strong advocacy efforts, these anti-business proposals were defeated to preserve a pro-growth environment in Arkansas.

### **Workers' Compensation Reform Package**

This coordinated legislative package would have increased workers' compensation costs.

#### **SB 284 & SB 288**

This measure proposed allowing annual changes to primary and specialty physicians, enabling "doctor shopping," disrupting treatment, and raising medical costs.

#### **SB 285**

This bill suggested increasing the maximum weekly indemnity benefit from \$903 to \$2,300, making Arkansas the highest in the nation and adding \$12–\$16 million in annual system costs.

#### **SB 286**

This bill would have linked medical impairment and wage loss, increasing litigation and reducing predictability.

#### **SB 287**

This bill sought to raise attorney fee caps and allow attorneys to claim up to 12.5% of medical bills not directly tied to their services, raising costs and inefficiencies.

These bills were withdrawn or referred to interim study, safeguarding the system's stability and keeping costs manageable for Arkansas employers.

### **Healthcare Legislation**

#### **HB 1930 / SB 626**

These bills would have mandated minimum reimbursement rates for healthcare providers, potentially raising private employer health insurance premiums by up to 30%. NFIB opposed these bills, and their defeat protected employer-sponsored healthcare from substantial cost increases.

### **Workforce, Education, & Public Employee Legislation**

#### **HB 1660**

This bill attempted to block the use of state training funds for private employers, undermining workforce partnerships.

### **Additional Measures Defeated**

#### **HB1193**

This bill required motor vehicle liability insurers to include a lienholder signature on payments made for damages to a vehicle under an insurance policy. This bill would be a burden to any business owning a fleet of vehicles, drastically increasing the ability to have necessary repairs in a timely manner. It also adds additional burdens to body shops making those repairs.

#### **HB1216**

This bill would have added regulatory burden to retail convenience stores in Arkansas, adding oversight to the industry. There would be an added requirement for security measures including: increased staffing, security and digital monitoring. NFIB opposed this due to government overreach and because it would set bad business precedent.

## **Additional Legislative Developments**

Beyond core business issues, the 2025 legislative session was defined by several major policy developments that will have lasting impacts on the state. This is the key legislation—both enacted and failed—that shaped the session and reflected broader reform efforts across education, public safety, and state governance.

### **State Budget Overview**

The legislature passed a \$6.49 billion general revenue budget (3% increase over FY2024), with the largest increase directed toward expanding school vouchers under the LEARNS Act.

### **Revenue Cuts**

#### **HB 1729 / Act 679**

This amendment to the Homestead Exemption Act allows a homestead owned by a limited liability company to qualify for the exemption under certain conditions, creating a \$100 increase in the homestead property tax exemption (approx. \$58 million impact).

#### **HB 1685 / Act 1008**

This act repeals the constitutional grocery tax, diverting 5/8 of the tax to highways and conservation instead.

### **Prison Construction Appropriation**

#### **HB 1125**

A \$750 million proposal to build a 3,000-bed prison was rejected over infrastructure and planning concerns.



## Ballot Measures Referred to Voters

The 2025 General Assembly approved several constitutional amendments and statewide measures for voter consideration on the November ballot. These proposals, if adopted by voters, could impact the business community in the years ahead.

The General Assembly referred three constitutional amendments to the 2026 ballot:

1. **SJR 11** – Codifies the right to bear arms in the state constitution
2. **HJR 1007** – Specifies that only U.S. citizens may vote in Arkansas elections
3. **SJR 15** – Authorizes local economic development districts