

By: Senator(s) Boyd

To: Finance

SENATE BILL NO. 3123

1 AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR CERTAIN SMALL
2 EMPLOYERS OFFERING THEIR EMPLOYEES AN INDIVIDUAL COVERAGE HEALTH
3 REIMBURSEMENT ARRANGEMENT (ICHRA) IN LIEU OF A TRADITIONAL
4 EMPLOYER-PROVIDED HEALTH INSURANCE PLAN; TO PROVIDE THE AMOUNT OF
5 THE CREDIT; TO PROVIDE A REPORTING REQUIREMENT TO THE DEPARTMENT
6 OF REVENUE; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 **SECTION 1.** As used in this section:

9 (a) "Covered employee" means an employee for whom a
10 qualified employer provides a contribution to an ICHRA.

11 (b) "ICHRA" means an individual coverage health
12 reimbursement arrangement (ICHRA), as described in Section 9831(d)
13 of the Internal Revenue Code.

14 (c) "Qualified employer" means an employer that:

15 (i) Has fewer than fifty (50) employees;

16 (ii) Is subject to tax liability under this
17 chapter; and

18 (iii) Offers an ICHRA in lieu of a traditional
19 employer-provided health insurance plan.



20 (2) (a) For the first taxable year in which a qualified
21 employer provides an ICHRA, the employer may claim a credit of up
22 to Four Hundred Dollars (\$400.00) per covered employee, if the
23 employer's contribution to the ICHRA equals or exceeds either:

24 (i) The level of benefits provided in the prior
25 benefit year; or

26 (ii) The amount contributed per covered individual
27 to the employer's previous health insurance plan during the prior
28 benefit year.

29 (b) For the second taxable year in which a qualified
30 employer provides an ICHRA, the employer may claim a credit of up
31 to Two Hundred Dollars (\$200.00) per covered employee.

32 (3) An employer that claims a credit under this section must
33 report to the department every three (3) years after claiming the
34 credit. The report must include:

35 (a) Whether the employer continued to offer the ICHRA
36 or reverted to a traditional employer-sponsored plan; and

37 (b) Details regarding the level of benefits provided
38 under the ICHRA.

39 (4) (a) The total aggregate amount of credits claimed under
40 this section shall not exceed Ten Million Dollars (\$10,000,000.00)
41 in any calendar year. The department shall approve claims in the
42 chronological order of filing until the cap is reached.

43 (b) A credit under this section may not exceed the
44 employer's tax liability under this chapter for the tax year.



45 Excess credits may be carried forward up to ten (10) years but may
46 not be carried back or refunded.

47 (5) A qualified employer must claim the credit on its annual
48 state tax return in the manner prescribed by the department. The
49 employer shall provide all necessary documentation to verify
50 eligibility for the credit.

51 (6) The department shall adopt rules necessary to implement
52 and administer this section.

53 **SECTION 2.** Section 1 of this act shall be codified in
54 Chapter 7, Title 27, Mississippi Code of 1972.

55 **SECTION 3.** This act shall take effect and be in force from
56 and after January 1, 2025.

