MISSISSIPPI LEGISLATURE REGULAR SESSION 2026

By: Representative Lamar To: Ways and Means

HOUSE BILL NO. 343

AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR CERTAIN EMPLOYERS THAT OFFER AN INDIVIDUAL COVERAGE HEALTH REIMBURSEMENT ARRANGEMENT IN LIEU OF A TRADITIONAL EMPLOYER-PROVIDED HEALTH INSURANCE PLAN; TO PROVIDE THE AMOUNT OF THE TAX CREDIT; TO PROVIDE THE REPORTING REQUIREMENTS WITH THE DEPARTMENT OF REVENUE; AND FOR RELATED PURPOSES.

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

SECTION 1. (1) For purposes of this section, the following words and phrases shall have the meanings as provided in this subsection unless the context clearly indicates otherwise:

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

(b) "Department" means the Department of Revenue.

(c) "ICHRA" means an Individual Coverage Health Reimbursement Arrangement (ICHRA) as described in Section 9831(d) of the Internal Revenue Code

(d) "Qualified employer" means an employer that:

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

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

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

(2) (a) For the first taxable year in which a qualified employer offers an ICHRA, the employer may claim a credit of up to Four Hundred Dollars ($400.00) per covered employee against the taxes imposed by this chapter, if the employer's contribution to the ICHRA equals or exceeds either:

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

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

(b) For the second taxable year in which a qualified employer continues to offer an ICHRA, the employer may claim a tax credit of up to Two Hundred Dollars ($200.00) per covered employee against the taxes imposed by this chapter.

(3) A qualified employer that claims a credit under this section must report to the department every three (3) years after claiming the credit. The report shall include:

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

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

(4) (a) The total amount of tax credits approved under this section shall not exceed Ten Million Dollars ($10,000,000.00) in any fiscal year.

(b) The department shall approve claims for credits in the chronological order of filing until the limit on the amount of credits that may be approved in a fiscal year is reached.

(c) A tax credit under this section may not exceed the employer's tax liability under this chapter for the taxable year. Excess credits may be carried forward for ten (10) years from the close of the taxable year in which the credits were earned.

(5) (a) A qualified employer must claim the credit on their annual state tax return in the manner prescribed by the department.

(b) The employer shall provide all necessary documentation to verify eligibility for the credit.

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

SECTION 2. Section 1 of this act shall be codified as a new section in Chapter 7, Title 27, Mississippi Code of 1972.

SECTION 3. Nothing in this act shall affect or defeat any claim, assessment, appeal, suit, right or cause of action for taxes due or accrued under the income tax laws before the date on which this act becomes effective, whether such claims, assessments, appeals, suits or actions have been begun before the date on which this act becomes effective or are begun thereafter;

and the provisions of the income tax laws are expressly continued in full force, effect and operation for the purpose of the assessment, collection and enrollment of liens for any taxes due or accrued and the execution of any warrant under such laws before the date on which this act becomes effective, and for the imposition of any penalties, forfeitures or claims for failure to comply with such laws.

SECTION 4. This act shall take effect and be in force from and after January 1, 2026.

ST: Income tax; authorize credit for certain employers providing individual coverage health reimbursement arrangement (ICHRA) to employees.