

MUNICIPAL NOTES

**TO: OFFICERS, EXECUTIVE COMMITTEE, ADVISORY COUNCILS,
MAYORS, CITY ADMINISTRATORS, CITY MANAGERS, CITY CLERKS,
RECORDERS, TREASURERS AND FINANCE DIRECTORS**

FROM: MARK R. HAYES, EXECUTIVE DIRECTOR

DATE: SEPTEMBER 8, 2025

SUBJECT: 2026 BUDGET INFORMATION

The new League governing bodies, which were elected at the Convention or appointed by President and Greenwood Mayor Doug Kinslow, met, and considered several items that will affect your budget preparations for 2026.

League Service Charge. The Executive Committee retained the current service charge formula for 2026. The base charge is \$40 plus 35¢ per capita with 7¢ per capita credits, determined on October 1st, for participation in each of the following programs:

- Municipal Legal Defense Program
- Municipal Health Benefit Program
- Municipal League Workers' Compensation Program
- Municipal Vehicle Program
- Municipal Property Program

Please visit www.arml.org for more information about the League and its programs and services. Also included in the League service charge is membership in the National League of Cities for all our members.

Municipal Legal Defense Program. The Board of Trustees for the Municipal Legal Defense Program approved 2026 charging rates that will range from \$1.45 to \$7.35 per capita depending upon your municipality's loss experience. *(2025 rates ranged from \$1.35 to \$7.00 per capita.)* Rating reserves remain at a \$300,000 reserve for active catastrophic cases and a \$50,000 reserve for active pro se cases. Participation in this Program can save your city or town money and potential legal liability. The program for CDL drivers will continue to be provided under the MLDP. Information about the MLDP is accessible online at [Municipal Law – Arkansas Municipal League](#).

Municipal Health Benefit Program. The Board of Trustees made some minor changes which will be effective January 1st. The 2026 Bylaws will be accessible online at [Municipal Health – Arkansas Municipal League](#). The Board will review rates in October. If you are not currently participating in Municipal Health and would like to receive a proposal for comparative purposes, please advise.

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Municipal League Workers' Compensation Program. The Board of Trustees adopted the minimum Arkansas Workers' Compensation Commission (AWC) 2025 rates for all codes for 2026 with the application of state mandated experience modifications (NCCI) except where the AWC rates for 2026 were higher (applying only to 4511, 7420 & 7502.) The deadline to submit 2026 estimated payroll is October 10, 2025. If estimated payroll is reported by September 30, 2025, the Board approved a 1.5% discount for early reporting. The Board also approved a 2% front-end discount for participating members who pay their premium in full by February 2, 2026. Please note that the deadline to submit premium is March 31, 2026. Information about Municipal Workers Comp is accessible online at [Municipal Workers Comp – Arkansas Municipal League.](#)

Municipal Vehicle Program. The Board of Trustees for the Municipal Vehicle Program did not make any changes to the Program Bylaws that were amended September 1, 2022. The Board retained the current rates for 2026 and the surcharge application for high-risk groups. The Bylaws and Program Summary will be accessible online at [Municipal Vehicle & Property – Arkansas Municipal League.](#)

Municipal Property Program. The Board of Trustees for the Municipal Property Program did not make any changes to the Program Bylaws that were amended September 1, 2022. The Board approved maintaining the per occurrence deductible, but rates will increase effective December 1, 2025 based on your municipality's ISO rating due to increased renewal costs from our outside reinsurance carrier. Rates will increase from .0031 to .0033 for ISO rates 1-3. Rates will increase from .0034 to .0036 for ISO rates 4-6. Rates increase from .0035 to .0037 for ISO rates 7-9. Rates will increase from .0036 to .0038 for ISO rate 10 (and LSM members.) A graduated surcharge will apply for high-risk groups with cumulative loss ratios greater than 100% and a 5-year loss ratio greater than 100% to greater than 300%. The optional deductible buy-downs for entities in Class 1 and Class 2 will remain the same. The flood deductibles will continue to be \$500,000 for ALL flood zones. We encourage our MPP members to consider the National Flood Insurance Program (NFIP) to cover this deductible. NFIP can provide flood coverage up to \$500,000 with multiple deductible options. MPP would cover losses of over \$500,000. The Bylaws and MPP Program Summary will be accessible online at [Municipal Vehicle & Property – Arkansas Municipal League.](#)

Turnback Estimates. Estimates for general turnback are as follows. The street turnback estimate includes proceeds from the highway ½ cent sales tax and the wholesale fuel tax.

	2025	2026
Street Turnback	- \$82.00 per capita	\$82.00 per capita
General Turnback	- <u>\$14.50</u> per capita	<u>\$14.50</u> per capita
Total Turnback	- \$96.50 per capita	\$96.50 per capita

APERS. For those municipalities participating in the Arkansas Public Employees Retirement System (APERS), the employer contribution will remain at 15.32% through June 2026 and the employee rate will increase from 6.0% to 6.25% effective July 1, 2026.

We hope this information will be of assistance to you as you prepare your 2026 budget.