

1 State of Arkansas  
2 90th General Assembly  
3 Third Extraordinary Session, 2016  
4

Call Item 2

# A Bill

HOUSE BILL 1009

5 By: Representatives Davis, Eaves, Brown, Della Rosa, J. Mayberry, Ballinger, Bell, Cozart, Dotson,  
6 Eads, Eubanks, Henderson, House, Lemons, Speaks, Sullivan  
7 By: Senator Hester  
8

## For An Act To Be Entitled

9  
10 AN ACT TO CREATE THE ARKANSAS HIGHWAY IMPROVEMENT  
11 PLAN OF 2016; TO DECLARE AN EMERGENCY; AND FOR OTHER  
12 PURPOSES.  
13  
14

## Subtitle

15  
16 TO CREATE THE ARKANSAS HIGHWAY  
17 IMPROVEMENT PLAN OF 2016; AND TO DECLARE  
18 AN EMERGENCY.  
19  
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as  
24 the "Arkansas Highway Improvement Plan of 2016".  
25

26 SECTION 2. Arkansas Code § 10-3-309(b)(2)(B), concerning the  
27 definition of "state agency", is amended to read as follows:

28 (B) "State agency" does not include the following unless  
29 the Legislative Council adopts rules under subsection (h) of this section  
30 ~~including that include~~ one (1) or more of the following in the definition of  
31 "state agency":

32 (i) The Arkansas State Game and Fish Commission, if  
33 the rule is not promulgated under authority of a statute enacted by the  
34 General Assembly;

35 (ii) ~~The~~ Except as provided in §§ 10-3-3102 and 27-  
36 65-107(a)(18)(A), the State Highway Commission and the Arkansas State Highway



1 and Transportation Department, if the rule is not promulgated under authority  
 2 of a statute enacted by the General Assembly; and

3 (iii) An institution of higher education.  
 4

5 SECTION 3. Arkansas Code Title 10, Chapter 3, is amended to add an  
 6 additional subchapter to read as follows:

7 Subchapter 31 – Highway Commission Review and Advisory Subcommittee of  
 8 the Legislative Council

9 10-3-3101. Creation.

10 (a) The Highway Commission Review and Advisory Subcommittee of the  
 11 Legislative Council is created.

12 (b)(1) The Highway Commission Review and Advisory Subcommittee of the  
 13 Legislative Council shall consist of twenty (20) members with at least four  
 14 (4) or more members of the General Assembly from each congressional district  
 15 of the state.

16 (2) The Legislative Council may through a suspension of its  
 17 rules, alter the membership of the Highway Commission Review and Advisory  
 18 Subcommittee of the Legislative Council.

19  
 20 10-3-3102. Duties.

21 (a) The Highway Commission Review and Advisory Subcommittee of the  
 22 Legislative Council shall review:

23 (1)(A) Proposed rules of the State Highway Commission required  
 24 under § 27-65-107(a)(18)(A).

25 (B)(i) Subdivision (a)(1)(A) of this section is limited to  
 26 rule review only.

27 (ii) Rules promulgated by the State Highway  
 28 Commission are not subject to approval by the Highway Commission Review and  
 29 Advisory Subcommittee of the Legislative Council, the Legislative Council, or  
 30 the Administrative Rules and Regulations Subcommittee of the Legislative  
 31 Council under this section or § 10-3-309; and

32 (2) Other State Highway Commission matters the Highway  
 33 Commission Review and Advisory Subcommittee of the Legislative Council  
 34 considers necessary to perform its duties under this section.

35 (b) The Highway Commission Review and Advisory Subcommittee of the  
 36 Legislative Council shall perform such other duties as may be assigned to it

1 by the Legislative Council.

2  
 3 (c) As a subcommittee of the Legislative Council, actions of the  
 4 Highway Commission Review and Advisory Subcommittee shall be reported to the  
 5 Legislative Council for final consideration and adoption.

6  
 7 SECTION 4. Arkansas Code § 19-3-521(a)(2)(B), concerning the  
 8 Securities Reserve Fund, is amended to read as follows:

9 (B) However, moneys in the Securities Reserve Fund in  
 10 excess of one hundred thousand dollars (\$100,000) shall be available at all  
 11 times to the Chief Fiscal Officer of the State ~~for transfer to the Budget~~  
 12 ~~Stabilization Trust Fund~~ as authorized by § 19-5-905, there to be used as  
 13 provided by law.

14  
 15 SECTION 5. Arkansas Code Title 19, Chapter 5, Subchapter 2 is amended  
 16 to add a new section to read as follows:

17 19-5-207. Certain sales and use taxes not subject to deduction,  
 18 transfer, or distribution.

19 The sales and use taxes levied under Arkansas Constitution, Amendment  
 20 91, § 3, are not subject to deduction, transfer, or distribution to the  
 21 Constitutional Officers Fund or the State Central Services Fund under §§ 19-  
 22 5-202, 19-5-203, and 19-5-205.

23  
 24 SECTION 6. Arkansas Code § 19-5-406 is amended to read as follows:

25 19-5-406. Transfer of remaining revenue.

26 After making the maximum annual allocation, as provided for in § 19-5-  
 27 402; ~~, all remaining general revenues available for distribution during each~~  
 28 ~~fiscal year shall be transferred on the last day of business in each calendar~~  
 29 ~~month to the General Revenue Allotment Reserve Fund, there to be used for the~~  
 30 ~~respective purposes as provided by law.~~

31 (1) Seventy-five percent (75%) of the remaining general revenues  
 32 available for distribution during each fiscal year shall be transferred on  
 33 the last day of business in each calendar month to the General Revenue  
 34 Allotment Reserve Fund, there to be used for the respective purposes as  
 35 provided by law; and

36 (2) Twenty-five percent (25%) of the remaining general revenues

1 available for distribution during each fiscal year shall be transferred on  
 2 the last day of business in each calendar month to the Arkansas Highway  
 3 Transfer Fund.

4  
 5 SECTION 7. Arkansas Code § 19-5-501(a)(2), concerning the Budget  
 6 Stabilization Trust Fund, is amended to read as follows:

7 (2) The Budget Stabilization Trust Fund shall consist of funds  
 8 made available and transferred to it from the Securities Reserve Fund as set  
 9 out in § 19-5-905 ~~and this section~~, the fund balance and other assets  
 10 remaining in the State Budget Revolving Fund on June 30, 1987, and any other  
 11 funds made available by law. ~~The Treasurer of State, after complying with §~~  
 12 ~~27-70-204 for distributing interest income earned from investment of average~~  
 13 ~~daily balances of the State Highway and Transportation Department Fund; § 15-~~  
 14 ~~41-110 for distributing interest earned from investment of average daily~~  
 15 ~~balances of the Game Protection Fund; and any other laws enacted by the~~  
 16 ~~General Assembly for disposition of interest income earned from investment of~~  
 17 ~~average daily State Treasury balances, shall credit to the Budget~~  
 18 ~~Stabilization Trust Fund fifty percent (50%) of the interest income received~~  
 19 ~~and credited to the Securities Reserve Fund and credit to the General~~  
 20 ~~Improvement Fund fifty percent (50%) of the interest income received and~~  
 21 ~~credited to the Securities Reserve Fund as certified by the Chief Fiscal~~  
 22 ~~Officer of the State.~~

23  
 24 SECTION 8. Arkansas Code § 19-5-905 is amended to read as follows:  
 25 19-5-905. Securities Reserve Fund.

26 (a) There is established on the books of the Treasurer of State, the  
 27 Auditor of State, and the Chief Fiscal Officer of the State a trust fund to  
 28 be known as the "Securities Reserve Fund". ~~This fund~~ The Securities Reserve  
 29 Fund shall consist of moneys derived from savings effected in the retirement  
 30 in advance of maturity of nonhighway direct general obligation bonds of the  
 31 state, of discounts received in the purchase of securities, and of premiums  
 32 and interest derived from the sale of securities held in the Securities  
 33 Account by the Treasurer of State as custodian. ~~It shall be used for~~ The  
 34 Securities Reserve Fund shall be used as follows:

35 (1) ~~Paying~~ To pay premiums and the purchase and absorbing of  
 36 discounts in the sale of securities held in the Securities Account, not to

1 exceed five hundred thousand dollars (\$500,000) in any one (1) fiscal year;

2           (2) ~~Guaranteeing~~ To guarantee bonds in an aggregate principal  
3 amount not to exceed five million dollars (\$5,000,000) outstanding at any  
4 time, with no bond bearing interest at a rate exceeding eight percent (8%)  
5 per annum, of the Museum and Cultural Commission Fund authorized, and in the  
6 manner prescribed in the Arkansas Museum and Cultural Center Act, by § 13-5-  
7 301 et seq., not to exceed five hundred thousand dollars (\$500,000) in any  
8 one (1) fiscal year;

9           (3) ~~Guaranteeing~~ To guarantee bonds of any other park or  
10 recreation facility approved by the Governor and the Department of Parks and  
11 Tourism, not to exceed five hundred thousand dollars (\$500,000) in the  
12 aggregate, after seeking advice of the Legislative Council and the  
13 Legislative Joint Auditing Committee;

14           (4) ~~Guaranteeing~~ To guarantee industrial development bonds as  
15 authorized by §§ 15-4-702 – 15-4-710;

16           (5) ~~Absorbing~~ To absorb losses incurred in the investing of  
17 securities held in the Securities Account in the State Treasury and in bank  
18 depositories. The balance of ~~this fund~~ the Securities Reserve Fund shall  
19 always be available for this purpose; ~~and~~

20           (6) ~~Guaranteeing~~ To guarantee to students to attend truck  
21 driving school at the Arkansas Commercial Driver Training Institute at  
22 Arkansas State University-Newport, in an aggregate principal amount not to  
23 exceed four hundred thousand dollars (\$400,000) outstanding at any one (1)  
24 time-;

25           (7) To distribute:

26                   (A) Interest income earned on investment of average daily  
27 balances of the following:

28                           (i) The State Highway and Transportation Department  
29 Fund, as authorized by § 27-70-204;

30                           (ii) The Game Protection Fund, as authorized by §  
31 15-41-110;

32                           (iii) The funds deposited into the State Treasury by  
33 state agencies, boards, and commissions that were previously held as cash  
34 funds in a bank depository or investment depository, as authorized by § 19-3-  
35 518(d); and

36                           (iv) State and Local Fiscal Assistance Act of 1972,

1 31 U.S.C. § 6701 et seq., as authorized by § 19-3-521(c);

2 (B) Interest income earned from investment of average  
 3 daily State Treasury balances by any other laws enacted by the General  
 4 Assembly;

5 (8) After the distributions enumerated in subdivision (a)(7) of  
 6 this section, for a one-time transfer by the Chief Fiscal Officer of the  
 7 State, one million five hundred thousand dollars (\$1,500,000) to the Arkansas  
 8 Highway Transfer Fund, to be transferred only in Fiscal Year 2017;

9 (9) After the distributions enumerated in subdivisions (a)(7)  
 10 and (8) of this section, for a transfer by the Chief Fiscal Officer of the  
 11 State of five million dollars (\$5,000,000) each fiscal year to the Budget  
 12 Stabilization Trust Fund;

13 (10) After the transfer to the Budget Stabilization Trust Fund  
 14 enumerated in subdivision (a)(9) of this section, for a transfer by the Chief  
 15 Fiscal Officer of the State of twenty million dollars (\$20,000,000) beginning  
 16 in Fiscal Year 2018 and each fiscal year thereafter to the Arkansas Highway  
 17 Transfer Fund;

18 (11) For a transfer by the Chief Fiscal Officer on the last  
 19 business day of the fiscal year to the Budget Stabilization Trust Fund to  
 20 reimburse the Budget Stabilization Trust Fund for any current fiscal year  
 21 transfers that have been made to the following:

22 (A) The Department of Correction Farm Fund under § 19-5-  
 23 501(b)(1);

24 (B) The State Military Department Fund under § 19-5-  
 25 501(b)(3);

26 (C) The Disaster Assistance Fund under § 19-5-1006;

27 (D) The Miscellaneous Revolving Fund under § 19-5-1009;

28 (E) The State Central Services Fund under § 19-5-501(d);

29 and

30 (F) The State Board of Election Commissioners, as  
 31 authorized by law; and

32 (12) After all distributions and transfers under this section,  
 33 less one hundred thousand dollars (\$100,000) under § 19-3-521(a)(2), for a  
 34 transfer by the Chief Fiscal Officer of the State on the last business day of  
 35 the fiscal year of the fund balance to the Long Term Reserve Fund.

36 ~~(b) Moneys in this fund in excess of one hundred thousand dollars~~

1 ~~(\$100,000) shall, at all times, be available to the Chief Fiscal Officer of~~  
 2 ~~the State for transfer to the Budget Stabilization Trust Fund, there to be~~  
 3 ~~used as provided by law.~~

4 ~~(e)(b) In the event any loss~~ If any loss is shall be sustained in  
 5 relation to securities at any time held in the Securities Account or in any  
 6 bank depository and ~~in the event if~~ the credit balance in the Securities  
 7 Reserve Fund ~~shall be~~ is insufficient to absorb ~~such the~~ loss, the Chief  
 8 Fiscal Officer of the State shall cause a transfer of moneys to be made from  
 9 the Budget Stabilization Trust Fund to the Securities Reserve Fund in such  
 10 amount as shall, when added to the credit balance in the Securities Reserve  
 11 Fund, equal the amount of ~~such the~~ loss. It is the intent of the General  
 12 Assembly that no loss shall be sustained by any account the funds of which  
 13 were used in making such investments and deposits.

14  
 15 SECTION 9. Arkansas Code § 19-5-1103(b), concerning the Property Tax  
 16 Relief Trust Fund, is amended to read as follows:

17 (b) The fund shall consist of such revenues as generated by §§ 26-52-  
 18 302(c), 26-52-317(c)(1)(B), 26-52-319(a)(2)(B), 26-53-107(c), 26-53-  
 19 145(c)(1)(B), 26-53-148(a)(2)(B), ~~26-56-201(g)(1)(G)~~, and 26-56-224(c)(2) and  
 20 shall be used for such purposes as set out in § 26-26-310.

21  
 22 SECTION 10. Arkansas Code § 19-5-1227(b)(3), concerning the  
 23 Educational Adequacy Fund, is amended to read as follows:

24 (3) The revenues generated by §§ 26-52-302(d), 26-52-316, 26-52-  
 25 317(c)(1)(C), 26-52-319(a)(2)(C), 26-53-107(d), 26-53-145(c)(1)(C), 26-53-  
 26 148(a)(2)(C), ~~26-56-201(g)(1)(B)~~, 26-56-224(c)(3), and 26-57-  
 27 1002(d)(1)(A)(ii); and

28  
 29 SECTION 11. Arkansas Code § 19-6-201(68), concerning the enumeration  
 30 of general revenues, is repealed.

31 ~~(68) The first four million dollars (\$4,000,000) of the eight and~~  
 32 ~~one half cent (8½¢) tax on distillate special fuels levied each fiscal year~~  
 33 ~~under § 26-56-201(a)(1)(A)(i);~~

34  
 35 SECTION 12. Arkansas Code § 19-6-301(3)(A), concerning the enumeration  
 36 of special revenues, is amended to read as follows:

1 (A) Eight and one-half cent (8.5¢) tax on distillate  
2 special motor fuels levied by § 26-56-201(a)(1)(A)(i), ~~after the deduction of~~  
3 ~~the first four million dollars (\$4,000,000) each fiscal year under § 26-56-~~  
4 ~~201(g)(1)~~ and the one cent (1¢) tax on distillate special motor fuels levied  
5 by § 26-56-201(a)(1)(A)(ii);

6  
7 SECTION 13. Arkansas Code Title 19, Chapter 6, Subchapter 8, is  
8 amended to add an additional section to read as follows:

9 19-6-832. Arkansas Highway Transfer Fund.

10 (a) There is created on the books of the Treasurer of the State, the  
11 Auditor of State, and the Chief Fiscal Officer of the State a special revenue  
12 fund to be known as the "Arkansas Highway Transfer Fund".

13 (b) The Arkansas Highway Transfer Fund shall be used to provide  
14 additional funding to the Arkansas State Highway and Transportation  
15 Department for use in constructing and maintaining the highways of this  
16 state.

17 (c) In the event revenues to the department are insufficient to fully  
18 address the highway construction and maintenance needs of the state, the  
19 department may provide a written document to the Governor outlining the  
20 reasons that additional funding is needed and requesting that the Governor  
21 provide a recommendation to the Legislative Council or the Joint Budget  
22 Committee for review and approval of the transfer of funds in the Arkansas  
23 Highway Transfer Fund to the State Highway and Transportation Department  
24 Fund.

25 (d) Upon review and approval of the Legislative Council or the Joint  
26 Budget Committee, the Chief Fiscal Officer of the State may transfer funds  
27 from the Arkansas Highway Transfer Fund to the State Highway and  
28 Transportation Department Fund as deemed necessary to provide additional  
29 funding to address the highway construction and maintenance needs of the  
30 state.

31 (e) The requirement of approval by the Legislative Council or Joint  
32 Budget Committee is not a severable part of this section. If the requirement  
33 of approval by the Legislative Council or Joint Budget Committee is ruled  
34 unconstitutional by a court of competent jurisdiction, this entire section is  
35 void.

36



1 SECTION 14. The introductory language of Arkansas Code § 19-6-484,  
 2 concerning the Conservation Tax Fund, is amended to read as follows:

3 The Conservation Tax Fund shall consist of those ~~general revenues as~~  
 4 ~~specified in § 26-56-201(g)(1)(D) and those~~ special revenues as specified in  
 5 § 19-6-301(193) there to be distributed to the fund accounts as set out  
 6 below, which are created by this section unless specifically created in other  
 7 provisions of the Arkansas Code, and under the following procedures:

8  
 9 SECTION 15. Arkansas Code § 19-6-486 is amended to read as follows:

10 19-6-486. ~~Arkansas Rainy Day Fund.~~ Long Term Reserve Fund.

11 (a) There is created on the books of the Treasurer of State, the  
 12 Auditor of State, and the Chief Fiscal Officer of the State a special revenue  
 13 fund to be known as the ~~“Arkansas Rainy Day Fund”~~ “Long Term Reserve Fund”.

14 (b) The fund shall consist of such funds as may be provided by the  
 15 General Assembly.

16 (c) The fund shall be used to distribute moneys to one (1) or more  
 17 funds or fund accounts in the Revenue Stabilization Law of Arkansas, § 19-5-  
 18 101 et seq.

19 (d)(1) After determining the estimated amount of general revenue that  
 20 will be available for allocation to the state agencies under the Revenue  
 21 Stabilization Law, § 19-5-101 et seq., and after making the determination  
 22 required by § 19-5-1227(c) and prior to making any transfers deemed necessary  
 23 by the Chief Fiscal Officer of the State in § 19-5-1227(d), the Chief Fiscal  
 24 Officer of the State may transfer funds from the ~~Arkansas Rainy Day Fund~~ Long  
 25 Term Reserve Fund in the event a “revenue shortfall” exists to meet the  
 26 state’s financial obligation to provide an adequate educational system for  
 27 the state and to provide for the effective operation of state government. In  
 28 the event the Chief Fiscal Officer of the State determines that a “revenue  
 29 shortfall” exists as defined as a circumstance when the official forecast of  
 30 gross general revenue certified by the Chief Fiscal Officer of the State is  
 31 projected to increase less than three percent (3%) over and above the gross  
 32 general revenue collections of the previous fiscal year due to changes in  
 33 economic conditions, he or she may then transfer funds from the ~~Arkansas~~  
 34 ~~Rainy Day Fund~~ Long Term Reserve Fund, as approved by the Legislative Council  
 35 or Joint Budget Committee, to various funds and fund accounts, as deemed  
 36 necessary, in the Revenue Stabilization Law for the purpose of meeting

1 unanticipated shortfalls in state general revenue.

2 (2) Or the Chief Fiscal Officer of the State may transfer funds  
3 from the ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund to the Economic  
4 Development Superprojects Project Fund for projects authorized under Arkansas  
5 Constitution, Amendment 82, as approved by the Governor and the Legislative  
6 Council or Joint Budget Committee.

7 (3) Determining the maximum amount of appropriation and general  
8 revenue funding for a state agency each fiscal year is the prerogative of the  
9 General Assembly. This is usually accomplished by delineating such maximums  
10 in the appropriation acts for a state agency and the general revenue  
11 allocations authorized for each fund and fund account by amendment to the  
12 Revenue Stabilization Law. Further, the General Assembly has determined that  
13 creating the ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund and establishing  
14 the procedures for the transfer of funds to various fund and fund accounts in  
15 the Revenue Stabilization Law or to the Economic Development Superprojects  
16 Project Fund, or both, provides for the efficient and effective operation of  
17 state government if a revenue shortfall is determined to exist. Therefore, it  
18 is both necessary and appropriate that the General Assembly maintain  
19 oversight by requiring prior approval of the Legislative Council or Joint  
20 Budget Committee as provided by this section. The requirement of approval by  
21 the Legislative Council or Joint Budget Committee is not a severable part of  
22 this section. If the requirement of approval by the Legislative Council or  
23 Joint Budget Committee is ruled unconstitutional by a court of competent  
24 jurisdiction, this entire section is void.

25 (e)(1) Upon recommendation by the Chief Fiscal Officer of the State,  
26 the Governor may determine that circumstances exist that meet the  
27 requirements for the utilization of the ~~Arkansas Rainy Day Fund~~ Long Term  
28 Reserve Fund as set out in this section and the procedures set out herein  
29 shall apply.

30 (2) When the Governor determines there is a need requiring  
31 transfer from the ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund, he or she  
32 shall instruct the Chief Fiscal Officer of the State to prepare and submit  
33 written documentation to the Legislative Council or the Joint Budget  
34 Committee. Such documentation shall include:

35 (A) Sufficient financial data that will enable the  
36 verification of the existence of an emergency and the amount necessary to

1 address the need for ~~rainy day funds~~ long term reserve funds;

2 (B) A proposed distribution of moneys from the ~~Arkansas~~  
3 ~~Rainy Day Fund~~ Long Term Reserve Fund to one or more funds or fund accounts  
4 in the Revenue Stabilization Law, or to the Economic Development  
5 Superprojects Project Fund, or both; and

6 (C) A statement certifying that no other funds are  
7 available that could be transferred in lieu of the funds in the ~~Arkansas~~  
8 ~~Rainy Day Fund~~ Long Term Reserve Fund.

9 (3) Such documentation shall be submitted to the Legislative  
10 Council or Joint Budget Committee for approval prior to the implementation of  
11 the proposed distribution. The Chief Fiscal Officer of the State, after  
12 having sought and received prior approval of the Legislative Council or Joint  
13 Budget Committee, shall cause the required transfers to be made on his or her  
14 books and on the books of the Treasurer of State and the Auditor of State  
15 from the ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund to the appropriate  
16 funds and fund accounts in the Revenue Stabilization Law or to the Economic  
17 Development Superprojects Project Fund, or both. In no event shall the  
18 amounts transferred in any fiscal year to the funds and fund accounts in the  
19 Revenue Stabilization Law by this section cause the general revenues to  
20 exceed the maximum allocations authorized in the Revenue Stabilization Law.

21 (4) Determining the maximum amount of appropriation and general  
22 revenue funding for a state agency each fiscal year is the prerogative of the  
23 General Assembly. This is usually accomplished by delineating such maximums  
24 in the appropriation acts for a state agency and the general revenue  
25 allocations authorized for each fund and fund account by amendment to the  
26 Revenue Stabilization Law. Further, the General Assembly has determined that  
27 creating the ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund and establishing  
28 the procedures for the transfer of funds to various funds and fund accounts  
29 in the Revenue Stabilization Law or to the Economic Development Superprojects  
30 Project Fund, or both, provides for the efficient and effective operation of  
31 state government if a revenue shortfall is determined to exist. Therefore, it  
32 is both necessary and appropriate that the General Assembly maintain  
33 oversight by requiring prior approval of the Legislative Council or Joint  
34 Budget Committee as provided by this section. The requirement of approval by  
35 the Legislative Council or Joint Budget Committee is not a severable part of  
36 this section. If the requirement of approval by the Legislative Council or

1 Joint Budget Committee is ruled unconstitutional by a court of competent  
2 jurisdiction, this entire section is void.

3 (f) During each fiscal year, after the provisions of § 19-5-1004(b)(2)  
4 are complied with, the Chief Fiscal Officer of the State may replenish the  
5 ~~Arkansas Rainy Day Fund~~ Long Term Reserve Fund by transferring no more than  
6 fifty percent (50%) of the balance in the General Revenue Allotment Reserve  
7 Fund or an amount equal to all transfers made under this section during the  
8 fiscal year immediately preceding the fiscal year in which such replenishment  
9 is made under this section, whichever is less, to the ~~Arkansas Rainy Day Fund~~  
10 Long Term Reserve Fund. In no event shall the balance of the ~~Arkansas Rainy~~  
11 ~~Day Fund~~ Long Term Reserve Fund exceed one hundred twenty five million  
12 dollars (\$125,000,000) at any time.

13  
14 SECTION 16. Arkansas Code § 26-56-201(f), concerning the imposition  
15 and distribution of distillate special fuels tax, is amended to read as  
16 follows:

17 (f) ~~Except as provided in subsection (g) of this section, the~~ The  
18 additional taxes collected under this section are special revenues and shall  
19 be distributed as set forth in the Arkansas Highway Revenue Distribution Law,  
20 § 27-70-201 et seq., subject to any requirements for the repayment of bonds  
21 issued under the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,  
22 the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et seq.,  
23 and the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.

24  
25 SECTION 17. Arkansas Code § 26-56-201(g), concerning the imposition  
26 and distribution of distillate special fuels tax, is amended to read as  
27 follows:

28 (g)(1) ~~In order to offset the general revenues lost by the tax~~  
29 ~~exemption contained in § 26-52-436(c) and (d) and § 26-53-144(c) and (d), the~~  
30 ~~Chief Fiscal Officer of the State shall, on or before June 30, 2013, and on~~  
31 ~~or before June 30 of each fiscal year thereafter, deposit the first four~~  
32 ~~million dollars (\$4,000,000) of the taxes collected under subdivision~~  
33 ~~(a)(1)(A)(i) of this section as general revenues, to be distributed as~~  
34 ~~follows:~~

35 (A) ~~Seventy five percent (75%) to be deposited into the~~  
36 ~~General Revenue Fund Account of the State Apportionment Fund;~~

1                   ~~(B) Fourteen and six tenths percent (14.6%) to be~~  
 2 ~~deposited into the Educational Adequacy Fund;~~

3                   ~~(C) Eight and three tenths percent (8.3%) to be deposited~~  
 4 ~~into the Property Tax Relief Trust Fund; and~~

5                   ~~(D) Two and one tenth percent (2.1%) to be deposited into~~  
 6 ~~the Conservation Tax Fund.~~

7                   ~~(2) The balance of the taxes collected under subdivision~~  
 8 ~~(a)(1)(A)(i) of this section shall be deposited as special revenues and~~  
 9 ~~distributed in the manner required by law.~~

10                   ~~(3) The classification and distribution of taxes under~~  
 11 ~~subdivision (g)(1) of this section is subject to any requirements for the~~  
 12 ~~repayment of bonds issued under the~~  
 13 ~~Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., and the Arkansas~~  
 14 ~~Interstate Highway Financing Act of 2007, § 27-64-401 et seq.~~

15                   ~~(4) The taxes collected under subdivision (a)(1)(A)(ii) of this~~  
 16 ~~section shall be distributed as provided in § 26-56-221.~~

17  
 18                   SECTION 18. Arkansas Code § 27-70-206(1) concerning distribution of  
 19 highway revenue to state funds, is amended to read as follows:

20                   (1) First, except as provided by § 19-5-207, three percent (3%)  
 21 of the amount thereof to the Constitutional Officers Fund and the State  
 22 Central Services Fund, there to be used for the purposes specified for ~~the~~  
 23 each fund by the Revenue Stabilization Law, § 19-5-101 et seq.;

24  
 25                   SECTION 19. Arkansas Code § 27-65-107(a), concerning the powers and  
 26 duties of the State Highway Commission, is amended to add additional  
 27 subdivisions to read as follows:

28                   (18)(A) To propose and submit rules regarding the:

29                                   (i) Criteria for distribution of funds and the  
 30 distribution of funds from the:

31   (a) State Highway and Transportation  
 32 Department Fund; and

33   (b) Road and Bridge Repair, Maintenance, and  
 34 Grants Fund; and

35   (ii) Spending priority designated for highway  
 36 construction contracts and public road construction projects by the Arkansas

1 State Highway and Transportation Department and the commission, including the  
2 criteria used to establish the spending priority.

3 (B)(i) The commission shall submit the proposed rules  
4 required under subdivision (a)(18)(A) of this section to the Highway  
5 Commission Review and Advisory Subcommittee of the Legislative Council for  
6 review.

7 (ii) Proposed rules required under subdivision  
8 (a)(18)(A) of this section that are under consideration at the time the act  
9 passes do not require review by the Highway Commission Review and Advisory  
10 Subcommittee of the Legislative Council prior to implementation but shall be  
11 submitted to the Highway Commission Review and Advisory Subcommittee of the  
12 Legislative Council by October 1, 2017 as a report.

13 (iii) The proposed rules required under subdivision  
14 (a)(18)(A) of this section are not required to be promulgated under the  
15 Arkansas Administrative Procedure Act, § 25-15-201 et seq., but shall be  
16 published after review by the Highway Commission Review and Advisory  
17 Subcommittee of the Legislative Council; and

18 (19) To provide the Highway Commission Review and Advisory  
19 Subcommittee of the Legislative Council with a report on the progress of each  
20 public road construction project of ten million dollars (\$10,000,000) or more  
21 at least quarterly or as required by the Highway Commission Review and  
22 Advisory Subcommittee of the Legislative Council.

23  
24 SECTION 20. Arkansas Code § 27-65-107, concerning the powers and  
25 duties of the State Highway Commission, is amended to add an additional  
26 subsection to read as follows:

27 (d) As used in this section:

28 (1) "Highway construction contract" means a contract for the  
29 construction, restoration, reconstruction, renovation, or repair of a road,  
30 highway, bridge, overpass, interchange, right-of-way, or turnpike that is  
31 part of the state highway system; and

32 (2) "Public road construction project" means the construction,  
33 restoration, reconstruction, renovation, or repair of a road, highway,  
34 street, bridge, overpass, interchange, or right-of-way in which the  
35 construction, restoration, reconstruction, renovation, or repair is to be  
36 performed or is initiated by the Arkansas State Highway and Transportation

1 Department or the commission.  
2

3 SECTION 21. TEMPORARY LANGUAGE. DO NOT CODIFY.

4 (a) The Chief Fiscal Officer of the State shall make a one-time  
5 transfer on his or her books and those of the Treasurer of State and the  
6 Auditor of State the sum of forty million dollars (\$40,000,000) from the  
7 funds available in the Rainy Day Set-Aside of the 90<sup>th</sup> Session Projects  
8 Account of the General Improvement Fund as authorized by Acts 2015, No. 1147,  
9 § 3(a)(11), to the Arkansas Highway Transfer Fund there to be used only for  
10 the purposes set forth in § 19-6-832.

11 (b) Disbursement of funds authorized by this act shall be limited to  
12 the appropriation for the agency and funds made available by law for the  
13 support of the appropriations. The restrictions of the Arkansas Procurement  
14 Law, § 19-11-201 et seq., the General Accounting and Budgetary Procedures  
15 Law, § 19-4-101 et seq., the Revenue Stabilization Law, § 19-5-101 et seq.,  
16 the Regular Salary Procedures and Restrictions Act, § 21-5-101 et seq., and  
17 other fiscal control laws of this state, where applicable, and regulations  
18 promulgated by the Department of Finance and Administration, as authorized by  
19 law, shall be strictly complied with in disbursement of the funds.

20 (c) It is the intent of the General Assembly that any funds disbursed  
21 under the authority of this act shall be in compliance with the stated  
22 reasons for which this act was adopted, as evidenced by the Agency Requests,  
23 Executive Recommendations, and Legislative Recommendations contained in the  
24 budget manuals prepared by the Department of Finance and Administration,  
25 letters, or summarized oral testimony in the official minutes of the  
26 Legislative Council or Joint Budget Committee which relate to its passage and  
27 adoption.

28  
29 SECTION 22. EFFECTIVE DATE. Sections 9-12, 14, 16 and 17 of this act  
30 are effective on and after July 1, 2017.

31  
32 SECTION 23. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that Arkansas bridges and roads are  
34 in need of repair and proper maintenance; that the repair and proper  
35 maintenance of Arkansas bridges and roads are necessary for the preservation  
36 of the public peace, health, and safety; that increased funding is essential

1 to the repair and proper maintenance of Arkansas bridges and roads; that this  
2 act is designed to provide the necessary funding that is essential to the  
3 repair and proper maintenance of Arkansas bridges and roads, and this act is  
4 necessary because without this increased funding, the repair and proper  
5 maintenance of Arkansas bridges and roads may not be performed. Therefore, an  
6 emergency is declared to exist, and Sections 1-8, 13, 15, 18-21 of this act  
7 being immediately necessary for the preservation of the public peace, health,  
8 and safety shall become effective on July 1, 2016.

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11 **APPROVED: 05/23/2016**  
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