

**SUMMARY  
OF ACTION ON  
LEGISLATION  
ENACTED**

**BY THE  
FIRST EXTRAORDINARY SESSION  
of the  
83rd GENERAL ASSEMBLY  
OF THE STATE OF ARKANSAS**

**2002**

**June 10, 2002**

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**June 12, 2002**



**Bureau of Legislative Research**

**June 2002**

# STATE OF ARKANSAS

## EXECUTIVE DEPARTMENT

### PROCLAMATION

AMENDED

TO ALL TO WHOM THESE PRESENTS SHALL COME - GREETINGS:

WHEREAS, an extraordinary occasion has risen making it necessary to convene the 83<sup>rd</sup> General Assembly into extraordinary session; and

WHEREAS, there is an immediate and pressing need to respond to devastating economic conditions that have significantly reduced the available general revenues of the state by approximately 56 million dollars; and

WHEREAS, the various programs and services provided by state agencies funded from the general revenues of the state are in distress and immediate action is required by the Governor and General Assembly to ameliorate these conditions; and

WHEREAS, specific legislation is necessary to transfer various un-obligated funds of the state to the net available general revenues to be distributed under the Revenue Stabilization Law for the fiscal year ending June 30, 2002; and

WHEREAS, specific legislation is necessary to provide for additional funds to be made available to the net available general revenues to be distributed under the Revenue Stabilization Law for the fiscal period ending June 30, 2003;

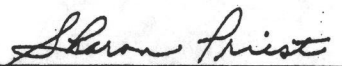
NOW THEREFORE, I, Mike Huckabee, Governor of the State of Arkansas, by virtue of the power and authority vested in me by the Constitution of this State, Article VI, Section 19, do hereby call an Extraordinary Session of the General Assembly to convene at the seat of government in the State Capitol on June 10, 2002, at 12 noon, and I do hereby specify that the General Assembly is convened to consider, and,

1. To appropriate funds to pay the expenses and per diem of this Extraordinary Session of the General Assembly for the Senate, the House of Representatives, and the Office of the Governor.
2. To consider a resolution for the purpose of calling a joint session of the House and Senate on the opening day of the extraordinary session and for the purpose of hearing an address by the Honorable Mike Huckabee, Governor of the State of Arkansas, at that time.
3. To consider a bill to transfer various funds of the state for the fiscal year ending June 30, 2002.
4. To consider a bill for the establishment of a Rainy Day Fund to be used in the event of continued economic distress during the fiscal year ending June 30, 2003.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Arkansas to be affixed at the State Capitol in Little Rock on this 10<sup>th</sup> day of June in the year of our Lord 2002.



  
Mike Huckabee, Governor

  
Sharon Priest, Secretary of State

## **TRANSFER OF FUNDS TO THE GENERAL REVENUE FUND ACCOUNT**

### **Act 1 (SB 1)**

- In order to replace \$56,000,000 of general revenue available for distribution to state agencies during the 2002 fiscal year as a result of the revised general revenue forecast dated June 3, 2002, the act provides for the following transfers to the General Revenue Fund Account of the State Apportionment Fund:
  - \$15,000,000 from the unobligated balances in the 83<sup>rd</sup> Session Projects Account of the General Improvement Fund (\$5,885,147 from previous transfer from Industry and Aerospace Development Fund balance, remainder from excess Estate Tax collections since January 1, 2002)
  - \$11,900,000 from the Merit Adjustment Fund;
  - \$3,000,000 from the Red River Waterways Project Trust Fund;
  - \$3,000,000 from the State Insurance Department Trust Fund;
  - \$8,100,000 from the Budget Stabilization Trust Fund; and
  - \$15,000,000 from the Unclaimed Property Proceeds Trust Fund.
  
- Authorizes the transfer of the unobligated balance of monies remaining in the Merit Adjustment Fund on June 30, 2002, after fully meeting the approximately \$3,100,000 Career Service Recognition payments and obligations of the CLIP Program, to the Red River Waterways Project Trust Fund.

## **ARKANSAS RAINY DAY FUND**

### **Act 2 (SB 2)**

- Creates Arkansas Rainy Day Fund which would contain funds authorized by future legislation and from tobacco settlement proceeds.
- Transfers the 2002 Tobacco Settlement receipts that would have been distributed to the Prevention and Cessation Program Account to the Arkansas Rainy Day Fund
- Permits the Prevention and Cessation Program Account to borrow from the Budget Stabilization Trust Fund and to repay the loans from its share of the tobacco settlement proceeds which are to be received during the same fiscal year as that in which the loans were received.
- Allows the Governor to access the Arkansas Rainy Day Fund in the event of a lowering of the revenue forecast or if the Director of the Department of Human Services certifies that the Arkansas Medicaid program is in need of additional funds to meet Medicaid needs and requirements.
- Allows the Governor to use the Medicaid Expansion Program Account (Tobacco settlement proceeds) for existing as well as expanded Medicaid programs.
- Prohibits the use of the Medicaid Expansion Program Account for existing programs if it would result in a reduction in Meals On Wheels or in the Senior Prescription Drug Waiver program.

1 State of Arkansas  
2 83rd General Assembly  
3 First Extraordinary Session, 2002

As Engrossed: S6/10/02 S6/11/02

# A Bill

Call Item #3

SENATE BILL 1

4  
5 By: *Budget Committee - Joint (jbc)*  
6  
7

<b>ACT 1</b>
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## For An Act To Be Entitled

8  
9  
10 AN ACT TO TRANSFER CERTAIN FUNDS TO THE GENERAL  
11 REVENUES OF THE STATE TO BE DISTRIBUTED FOR THE  
12 FISCAL PERIOD ENDING JUNE 30, 2002; AND FOR OTHER  
13 PURPOSES.

### Subtitle

14  
15  
16 AN ACT TO TRANSFER FUNDS TO GENERAL  
17 REVENUES.  
18  
19

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

22 SECTION 1. Immediately upon the effective date of this Act, or as soon  
23 thereafter as is practical, and after certification of the amounts by the  
24 Chief Fiscal Officer of the State, the Treasurer of State shall transfer and  
25 credit to the General Revenue Fund Account of the State Apportionment Fund as  
26 "general revenues available for distribution" as provided in Arkansas Code  
27 19-5-202(b)(2)(B)(iii), the following:

28 (1) The sum of fifteen million dollars (\$15,000,000), consisting of  
29 approximately \$5,900,000 which were transferred from the balance of the  
30 Industry and Aerospace Development Fund and \$9,100,000 which have been  
31 deposited from the estate tax collections, from the unobligated balances in  
32 the 83<sup>rd</sup> Session Projects Account of the General Improvement Fund and which  
33 are not available to finance enactments of the 83rd General Assembly;

34 (2) The sum of eleven million nine hundred thousand dollars  
35 (\$11,900,000) from the Merit Adjustment Fund;

36 (3) The sum of three million dollars (\$3,000,000) from the Red River



1 Waterways Project Trust Fund; and

2 (4) The sum of three million dollars (\$3,000,000) from the State  
3 Insurance Department Trust Fund.

4 (5) The sum of eight million one hundred thousand dollars (\$8,100,000)  
5 from the Budget Stabilization Trust Fund.

6  
7 SECTION 2. Immediately upon the effective date of this Act, or as soon  
8 thereafter as is practical, the Chief Fiscal Officer of the State shall  
9 direct the Auditor of State to deposit the sum of fifteen million dollars  
10 (\$15,000,000), from moneys collected ~~during the 2001 fiscal year~~ pursuant to  
11 Arkansas Code 18-28-213 and deposited into the Unclaimed Property Proceeds  
12 Trust Fund, notwithstanding the provisions of Arkansas Code 18-28-213(c)(2),  
13 into the General Revenue Fund Account of the State Apportionment Fund. Upon  
14 certification of the amount thereof by the Chief Fiscal Officer of the State,  
15 the Treasurer of State shall then transfer and credit such funds as "general  
16 revenues available for distribution" as provided in Arkansas Code 19-5-  
17 202(b)(2)(B)(iii).

18  
19 SECTION 3. The funds transferred under the provisions of Section 1 and  
20 Section 2 of this Act shall be supplemental and in addition to the general  
21 revenues available for distribution to the various general revenue funds and  
22 fund accounts in accordance with the allocations established in Arkansas Code  
23 19-5-401 - 402 for the fiscal year ending June 30, 2002.

24  
25 SECTION 4. On June 30, 2002, the Chief Fiscal Officer of the State  
26 shall cause to be transferred on his books and those of the Treasurer of  
27 State the unobligated balance of monies, after fully meeting the  
28 approximately three million one hundred thousand dollar (\$3,100,000) Career  
29 Service Recognition payments and obligations of the CLIP Program, remaining  
30 in the Merit Adjustment Fund to the Red River Waterways Project Trust Fund.

31  
32 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that the general revenues of the  
34 State of Arkansas have significantly decreased as a result of distressed  
35 economic conditions; and that additional funding of general revenue is  
36 necessary for the remainder of the fiscal year ending June 30, 2002 in order

1 to adequately maintain necessary state programs and services. Therefore, an  
2 emergency is declared to exist and this act being immediately necessary for  
3 the preservation of the public peace, health and safety shall become  
4 effective on the date of its approval by the Governor. If the bill is  
5 neither approved nor vetoed by the Governor, it shall become effective on the  
6 expiration of the period of time during which the Governor may veto the bill.  
7 If the bill is vetoed by the Governor and the veto is overridden, it shall  
8 become effective on the date the last house overrides the veto.

9 */s/ Joint Budget Committee*

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Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas  
2 83rd General Assembly  
3 First Extraordinary Session, 2002  
4

As Engrossed: S6/10/02 S6/11/02

Call Item 4

## A Bill

# ACT 2

SENATE BILL 2

5 By: Senators Beebe, P. Malone, Hoofman, Hill, Gwatney, Miller, D. Malone, Bryles, Wilkinson, Everett,  
6 Argue, Gullett, K. Smith, Wooldridge, Critcher, B. Walker, Faris, Wilkins, J. Jeffress, Cash, Brown,  
7 Horn, Fitch, Simes, Mahony, B. Johnson, T. Smith, *Hunter, Bisbee, Baker*

8 By: Representatives Broadway, French, Cleveland, Bevis, Salmon, Teague, Jacobs, McMellon, M.

9 Steele, Creekmore, Lendall, Adams, Cowling, Clemons, Rankin, Boyd, House, Hathorn, Napper,

10 Borhauer, Ledbetter, Jones, R. Smith, Biggs, Prater, Thomas, W. Walker, Lewellen, White, Fite,

11 Roebuck, Dees, Bookout, T. Steele, Carson, Judy, Shoffner, Oglesby, Seawel, Mack, Mathis, Bolin,

12 Hausam, Dangeau, Pritchard, Ormond, *Magnus, King, Scrimshire, C. Johnson, Holt, Duggar, Ferguson,*

13 *Childers, Goss*

### For An Act To Be Entitled

14  
15  
16 AN ACT TO CREATE AN ARKANSAS RAINY DAY FUND; TO  
17 MAKE MONEYS IMMEDIATELY AVAILABLE TO SUSTAIN THE  
18 STATE MEDICAID PROGRAM AT ITS PRESENT LEVEL OF  
19 SERVICE; AND FOR OTHER PURPOSES.  
20

### Subtitle

21  
22 CREATE ARKANSAS RAINY DAY FUND AND  
23 MAINTAIN MEDICAID SERVICES.  
24

25  
26  
27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
28

29 SECTION 1. (a) There is hereby created on the books of the Treasurer  
30 of State, the Auditor of State, and the Chief Fiscal Officer of the State a  
31 special revenue fund to be known as the Arkansas Rainy Day Fund.

32 (b) The fund shall consist of such funds as appropriated by the  
33 General Assembly and tobacco proceeds as set out by law.  
34

35 SECTION 2. Arkansas Code 19-12-108(c), concerning distribution of funds  
36 from the Tobacco Settlement Program Fund to the various Program Accounts, is



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1 amended to read as follows:

2 (c) Amounts deposited to the Tobacco Settlement Program Fund shall,  
3 prior to the distribution to the Program Accounts set forth in § 19-12-  
4 108(d)(1), be held and invested in investments pursuant to and in compliance  
5 with § 19-12-103(c); provided that all such investments must mature, or be  
6 redeemable without penalty, on or prior to the next succeeding June 30.

7  
8 SECTION 3. Arkansas Code 19-12-108(d), concerning the methods for  
9 transferring of funds from the Tobacco Settlement Program Fund to the various  
10 Program Accounts, is amended to read as follows:

11 (d)(1) On each July 1, the amounts deposited into the Tobacco  
12 Settlement Program Fund excluding investment earnings shall be transferred to  
13 the various Program Accounts, as follows:

14 ~~(1) thirty one and six tenths per cent (31.6%) of amounts in the~~  
15 ~~Tobacco Settlement Program Fund shall be transferred to the Prevention and~~  
16 ~~Cessation Program Account;~~

17 ~~(2)(A)~~ fifteen and eight-tenths per cent (15.8%) of  
18 amounts in the Tobacco Settlement Program Fund shall be transferred to the  
19 Targeted State Needs Program Account;

20 ~~(3)(B)~~ twenty-two and eight-tenths per cent (22.8%) of  
21 amounts in the Tobacco Settlement Program Fund shall be transferred to the  
22 Arkansas Biosciences Institute Program Account; and

23 ~~(4)(C)~~ twenty-nine and eight-tenths per cent (29.8%) of  
24 amounts in the Tobacco Settlement Program Fund shall be transferred to the  
25 Medicaid Expansion Program Account.

26 (2)(A) Beginning July 1, 2002, the Prevention and Cessation  
27 Program Account may receive loans from the Budget Stabilization Trust Fund  
28 from time to time in amounts determined by the Chief Fiscal Officer of the  
29 State which shall not exceed thirty-one and six-tenths per cent (31.6%) of  
30 the amounts estimated to be received in the Tobacco Settlement Program Fund  
31 during the current fiscal year.

32 (B) The loans shall be repaid from thirty-one and six-  
33 tenths per cent (31.6%) of amounts received in the Tobacco Settlement Program  
34 Fund during the fiscal year in which the loans are made. The loans shall be  
35 repaid prior to the end of the fiscal year. After the loans have been repaid,  
36 the Prevention and Cessation Program Account shall be transferred the



1 difference between thirty-one and six-tenths per cent (31.6%) of amounts  
2 received in the Tobacco Settlement Program Fund during the fiscal year in  
3 which the loans are made and the amount of the loans.  
4

5 SECTION 4. Arkansas Code 19-12-108(e)(1), concerning redeposit of funds  
6 from the various Program Accounts to the Tobacco Settlement Program Fund, is  
7 amended to read as follows:

8 (e)(1) All moneys distributed to the Program Accounts set forth in  
9 subdivision (d)(1) above and remaining at the end of each fiscal biennium  
10 shall be transferred to the Tobacco Settlement Program Fund by the State  
11 Board of Finance. Such amounts will be held in the Tobacco Settlement  
12 Program Fund and combined with amounts deposited to such Fund from the annual  
13 NSA Disbursements, and then redeposited on July 1 pursuant to the formula set  
14 forth in § 19-12-108(d)(1).  
15

16 SECTION 5. Arkansas Code 19-12-109 is amended to read as follows:

17 19-12-109. Creation of Prevention and Cessation Program Account.

18 (a) There is hereby created a trust fund on the books of the Treasurer  
19 of State, Auditor of State and Chief Fiscal Officer of the State within the  
20 Tobacco Settlement Program Fund maintained by the State Board of Finance an  
21 account to be known as the "Prevention and Cessation Program Account." Such  
22 account shall be used by the Arkansas Department of Health for such purposes  
23 and in such amounts as may be appropriated in law.

24 ~~(b) On each July 1, there shall be transferred from the Tobacco~~  
25 ~~Settlement Program Fund to the Prevention and Cessation Program Account the~~  
26 ~~amount specified in § 19-12-108(d)(1).~~

27 ~~(e)(b)~~ All moneys deposited to the Prevention and Cessation Program  
28 Account except for investment earnings shall be used for the purposes set  
29 forth in § 19-12-113 or such other purposes as may be appropriated in law.

30 ~~(d)(c)~~ Moneys remaining in the Prevention and Cessation Program  
31 Account at the end of the first fiscal year of a biennium shall be carried  
32 forward and used for the purposes provided by law. Such amounts that remain  
33 at the end of a biennium shall be transferred to the Tobacco Settlement  
34 Program Fund pursuant to § 19-12-108(e).  
35

36 SECTION 6. Arkansas Code 19-12-110(b), concerning creation of the

1 Targeted State Needs Program Account, is amended to read as follows:

2 (b) On each July 1, there shall be transferred from the Tobacco  
3 Settlement Program Fund to the Targeted State Needs Program Account the  
4 amount specified in § 19-12-108(d)~~(2)~~(1)(A).

5  
6 SECTION 7. Arkansas Code 19-12-111(b), concerning creation of the  
7 Arkansas Biosciences Institute Program Account, is amended to read as  
8 follows:

9 (b) On each July 1, there shall be transferred from the Tobacco  
10 Settlement Program Fund to the Arkansas Biosciences Institute Program Account  
11 the amount specified in § 19-12-108(d)~~(3)~~(1)(B).

12  
13 SECTION 8. Arkansas Code 19-12-112(b), concerning creation of the  
14 Medicaid Expansion Program Account, is amended to read as follows:

15 (b) On each July 1, there shall be transferred from the Tobacco  
16 Settlement Program Fund to the Medicaid Expansion Program Account the amount  
17 specified in § 19-12-108(d)~~(4)~~(1)(C).

18  
19 SECTION 9. TRANSFER. On the effective date of this act and throughout  
20 the fiscal year ending June 30, 2003 the Chief Fiscal Officer of the State  
21 may, as directed by the Governor, transfer from the Tobacco Settlement  
22 Program Fund thirty-one and six-tenths per cent (31.6%) of amounts scheduled  
23 in the Master Settlement Agreement to be received in the Tobacco Settlement  
24 Program Fund on January 1, 2002 and April 15, 2002 or so much thereof as is  
25 required determined by the Chief Fiscal Officer of the State to the Arkansas  
26 Rainy Day Fund.

27  
28 SECTION 10. RAINY DAY UTILIZATION. In the event the Chief Fiscal  
29 Officer of the State lowers the estimate of general revenue available for  
30 distribution under the provisions of the Revenue Stabilization Law, §19-5-101  
31 et seq., in effect on July 1, 2002, or upon certification from the Director  
32 of the Department of Human Services and in such detail as required by the  
33 Chief Fiscal Officer of the State that sufficient funds will not become  
34 available to meet the needs and requirements of the Arkansas Medicaid program  
35 such funds as are available from the Arkansas Rainy Day Fund may be used to  
36 supplement the general revenues that would have otherwise been distributed,

1 by transferring those funds to the Department of Human Services Grants Fund  
2 Account to be used for the state Medicaid program for the remainder of the  
3 2001-2003 biennial period.  
4

5 *SECTION 11. In addition to the purposes enumerated in Arkansas Code*  
6 *19-12-116 for the Medicaid Expansion Program, the funds made available to the*  
7 *Medicaid Expansion Program Account may also be used to supplement current*  
8 *general revenues as approved by the Governor and the Chief Fiscal Officer of*  
9 *the State for the Arkansas Medicaid Program. None of the funds shall be used*  
10 *for this additional purpose if the usage will reduce the funds made available*  
11 *by the General Assembly for the Meals on Wheels and the Senior Prescription*  
12 *Drug Program.*  
13

14 SECTION 12. EMERGENCY CLAUSE. It is found and determined by the  
15 General Assembly that the budgetary crisis facing this state may require  
16 large reductions in the state Medicaid program, which reductions will cut  
17 three federal matching dollars for each state dollar, resulting in a serious  
18 threat to the ability of the state Medicaid program to provide adequate care  
19 to the state's neediest citizens. Setting aside funds for an Arkansas Rainy  
20 Day Fund by shifting the Prevention and Cessation Program Account to a  
21 current year budget will make moneys available to assist the state Medicaid  
22 program in maintaining its established levels of service in the event that  
23 the current revenue forecast is not collected. Therefore, an emergency is  
24 declared to exist and this act being immediately necessary for the  
25 preservation of the public peace, health and safety shall become effective on  
26 the date of its approval by the Governor. If the bill is neither approved  
27 nor vetoed by the Governor, it shall become effective on the expiration of  
28 the period of time during which the Governor may veto the bill. If the bill  
29 is vetoed by the Governor and the veto is overridden, it shall become  
30 effective on the date the last house overrides the veto.  
31

32 /s/ Beebe  
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