

"AN ACT TO AMEND SECTION 6 OF ACT NO. 441 OF 1983 [ARK. STAT. 19-6006] TO PROVIDE THAT ELECTRIC RATES FOR MUNICIPALITIES MAY BE FIXED SO AS TO SECURE PERFORMANCE OF PAYMENT UNDER A CONTRACT FOR THE PURCHASE OF ELECTRIC POWER; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 6 of Act 441 of 1983, the same being Arkansas Statutes 19-6006, is hereby amended to read as follows:

"Section 1. (a) For so long as any bonds are outstanding and unpaid, the rates, fees and charges for electric power and energy charged and collected by a municipality shall be so fixed as to provide revenues sufficient to pay all costs of and charges and expenses in connection with the proper operation and maintenance of its Electric System, and all necessary repairs, replacements or renewals thereof, to pay when due the principal of, premium, if any, and interest on all bonds (including bonds subsequently issued for additions, improvements and betterments to its Electric System) payable from such revenues, to create and maintain reserves as may be required by any ordinance or trust indenture authorizing or securing Bonds, and to pay any and all amounts which the municipality may be obligated to pay from Electric System revenues by law or contract.

(b) For so long as any contract for the purchase of electric power and energy is in effect, the rates, fees and charges for electric power and energy charged and collected by a municipality may be fixed to provide sufficient revenues to secure payments of amounts due under such contract and to comply with the terms of such contract. Any such contract shall be approved by ordinance of the Governing Body of the purchasing municipality and such ordinance shall be published one (1) time in a newspaper of general circulation in the municipality. Any contest of such ordinance shall be barred at the end of thirty days after such ordinance is published.

(c) Any pledge made by a municipality pursuant to this Act shall be valid and binding from the date the pledge is made. The revenues so pledged and then held or thereafter received by the municipality or any fiduciary on its behalf shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the municipality without regard to whether such parties have notice thereof. The ordinance, trust indenture or other instrument by which a pledge is created need not be filed or recorded in any manner."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed to the extent of such conflict.

SECTION 3. It is hereby found and declared that adequate, reliable and economic supplies of electric power and energy are essential to the continued health, welfare, economic growth and development of the people of the State of Arkansas who can be served by Electric Systems financed under the provisions of this Act and that the authority of municipalities to fix electric rates so as to provide sufficient revenue to secure payments under a contract for the purchase of electric power and energy is immediately necessary for the protection and preservation of the health, safety and welfare of the people.

Therefore, an emergency is declared to exist and this Act being necessary for the preservation of the public peace, health and safety, shall be in force and effect from and after its passage and approval.

APPROVED: April 7, 1987

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