

"AN ACT TO AMEND SECTION 8 OF ACT 274 OF 1975 [ARK. STAT. 13-2208] TO REVISE GRANT PROVISIONS AND TO PROVIDE FOR LOANS TO LOCALITIES IN EMERGENCY SITUATIONS FROM THE LOCAL GOVERNMENT WATER, SEWER AND SOLID WASTE MANAGEMENT SYSTEMS REVOLVING FUND; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 8 of Act 274 of 1975, the same being Arkansas Statutes 13-2208, is hereby amended to read as follows:

"Section 8. CREATION OF LOCAL GOVERNMENT WATER, SEWER AND SOLID WASTE MANAGEMENT SYSTEMS REVOLVING FUND. A special fund, entitled the Local Government Water, Sewer and Solid Waste Management Systems Revolving Fund, is hereby created to provide a depository for funds which may be appropriated or otherwise secured for the purposes of matching or supplementing federal grants and loans as provided in this Act. The Revolving Fund shall be used to provide low interest loans to cities, towns, counties and other eligible applicants for the purpose established in this Act. Funds from the repayment of loans made from the Revolving Fund shall return to the Revolving Fund and shall be reloaned in a manner which is consistent with the purposes of this Act.

The Director of the Department, with the advice of the Advisory Council, is authorized to use up to twenty-five percent (25%) of the funds deposited in the Revolving Fund for grants to, or for suspended repayment of loans by cities, towns, counties and other eligible applicants with special needs, as defined in this Act and designated by the Advisory Council. Special terms for repayment of loans, including a negotiated schedule of repayment that reasonably minimizes the user fee cost and tax burden upon populations of cities, towns, counties and other eligible applicants, may be negotiated by the Director of the Department upon recommendation of the Advisory Council and concluded by contractual agreement. Repayment of loans not exceeding a fifty (50) year period is hereby authorized. The Director of the Department, with the advice of the Advisory Council, is further authorized to use up to five percent (5%) of the maximum amount of funds allocated for the grant program for emergency loans or grants to local cities, towns, counties, and other eligible applicants as prescribed in this Act, in order to enable them to meet emergency situations. For the purpose of this Act, an emergency is defined as a situation that interrupts service to the citizens and the community, and the community does not have the resources to immediately remedy the situation. Provided, also that the emergency provisions provided by this Act shall not be subject to Section 3 of this Act.

The Department is authorized to require partial or complete repayment of a state grant for match or supplemental purposes, plus the payment of interest accumulated on the sum granted, if the operation of a water, sewer, or solid waste management system constructed with the assistance of such a state grant produces an income which exceeds the sum necessary to repay the federal or other loans for construction of the system and the expenses of operating the system. The terms and conditions of possible repayment of state grants for match or supplemental purposes shall be specified and agreed to in writing prior to state payment of grants for match or supplemental purposes. Provided, that no grant or loan may be made for any project if the awarding of the grant or loan will result in a corresponding loss of federal funds."

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

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that because of the case *Ricarte v. State*, CR 86-31, a question has arisen over the validity of Act 1074 of the Extended Session of 1976; that this Act is a reenactment of the former law; and that the immediate passage of this Act is necessary to clarify the state of the law on this issue. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: April 13, 1987

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