

"AN ACT TO AMEND SECTION 10 OF ACT 131 OF 1933, AS AMENDED [ARK. STAT. 19-4210], TO AUTHORIZE MUNICIPALITIES TO ISSUE REVENUE BONDS TO FINANCE EXTRAORDINARY EXPENSES OR LIABILITIES ARISING FROM THE OWNERSHIP AND OPERATION OF MUNICIPAL WATERWORKS SYSTEMS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY."

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

SECTION 1. Section 10 of Act 131 of 1933, as amended, the same being Arkansas Statute Section 19-4210, is hereby amended to read as follows:

"Section 10. If any municipality now or hereafter shall own or operate a waterworks system, whether or not purchased or constructed under the provisions of this Act, and shall desire to construct improvements, extensions or betterments thereto, it may issue revenue bonds under the provisions of this Act to provide funds for those purposes; provided, however, if the municipality deems that it has sufficient funds to construct the proposed improvements without borrowing, then it shall not be necessary to issue revenue bonds to pay for the proposed improvements. Such a municipality may also issue revenue bonds under the provisions of this Act to provide funds to pay extraordinary expenses or liabilities arising from the ownership and operation of its waterworks system, including, without limitation, liabilities to customers of the waterworks system for charges collected for services of such system. The procedure for the issuance of said bonds and the fixing of rates shall be the same as in this Act provided for the issuance of bonds for the acquisition or construction of a waterworks system in a municipality which has not theretofore owned and operated a waterworks system; provided, however, that in the ordinance declaring the intention to issue bonds and providing details in connection therewith, the Legislative Body shall either (a) provide, find and declare, in addition to the other requirements set out in this Act, the value of the then existing system and, in the case of financing betterments and improvements, the value of the property proposed to be constructed, and that the revenues derived from the entire system when the contemplated betterments and improvements are completed shall be divided according to such values and that so much of the revenue as is in proportion to the value of such betterments and improvements as against the value of the previously existing plant as so determined, shall be set aside and used solely and only for the purpose of paying the revenue bonds issued for such betterments and improvements, together with the cost of operation, maintenance and depreciation thereof, and such revenues shall be deemed to be income derived exclusively from such betterments and improvements; or (b) provide that there shall be set aside and used solely and only for the purpose of paying revenue bonds issued (i) for such betterments and improvements together with the cost of depreciation, maintenance and operation thereof or (ii) for extraordinary expenses or liabilities, all or any part of the surplus in the bond and interest redemption account referred to in Section 8 of this Act. For the purpose of allocating revenues, the book value of the existing system may be deemed to be the value of the existing system."

SECTION 2. It is the purpose of this Act to enable municipalities to issue revenue bonds to finance extraordinary expenses or liabilities arising from the ownership and operation of municipal waterworks systems and these purposes are hereby declared by the General Assembly to be public purposes for

which revenue bonds may be issued under Amendment 65 to the Arkansas Constitution.

SECTION 3. All laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4. The provisions of this Act are declared to be severable. If any provision hereof shall be held to be invalid or to be inapplicable to any person or circumstance such holding shall not affect the validity or applicability of the remainder hereof.

SECTION 5. It is found and it is hereby declared by the General Assembly of the State of Arkansas that availability of financing of extraordinary expenses or liabilities of municipalities arising from their ownership and operation of municipal waterworks systems is essential to the continued operation of adequate water facilities by municipalities in this State, without which the life, health and safety of the inhabitants of this State are endangered. 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 effect upon its passage and approval.

APPROVED: February 25, 1987

---