

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

A Bill

HOUSE BILL 1690

5 By: Representative L. Fite
6 By: Senator M. Johnson
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE USE OF HIGHWAY
10 TURNBACK FUNDS BY A COUNTY OR MUNICIPALITY; AND FOR
11 OTHER PURPOSES.
12
13

Subtitle

15 TO AMEND THE LAW CONCERNING THE USE OF
16 HIGHWAY TURNBACK FUNDS BY A COUNTY OR
17 MUNICIPALITY.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 27-70-207(c), concerning the distribution
23 and use of highway revenues to county and city funds under the Arkansas
24 Highway Revenue Distribution Law, is amended to read as follows:

25 (c)(1)(A) With the exception of those revenues transferred pursuant to
26 Section 2 of the Highway Improvement Revenue Act of 2007, all highway
27 revenues transferred to the Municipal Aid Fund under ~~the provisions of this~~
28 subchapter shall be paid over by the Treasurer of State by direct deposit to
29 the treasurers of the respective cities of the first class, cities of the
30 second class, and incorporated towns for credit to the street fund, there to
31 be used for transportation projects as deemed beneficial by the governing
32 body of the political subdivision to include without limitation:

33 (i) The maintenance, construction, and
34 reconstruction of streets that are not continuations of state highways and
35 for other surface transportation;

36 (ii) Public transportation; or



1 (iii) Any other transportation system improvement or
 2 service within the political subdivision, including without limitation those
 3 projects defined as a transportation system under § 27-76-103, regardless of
 4 whether or not the political subdivision is a member of a regional mobility
 5 authority.

6 (B) A city may provide these funds to a regional mobility
 7 authority to match federal transportation funds for the financing of surface
 8 transportation system improvements on state highways, county roads, and city
 9 streets.

10 (C) A city may use these funds to construct and maintain
 11 parking for city administration buildings, city recreation buildings, and
 12 city parks, and to construct and maintain sidewalks that serve city
 13 administration buildings, city recreational buildings, city-owned parking
 14 lots, city-owned parking decks, and city parks.

15 (2) The Treasurer of State shall on or before the tenth day next
 16 following the last day of each calendar month make distribution of the funds
 17 on the basis of population according to the most recent federal census, with
 18 the amount to be paid over to each city or incorporated town in the
 19 proportion that its population bears to the total population of all cities
 20 and towns.

21 (3)(A) Beginning on the effective date of this act, if a city or
 22 incorporated town has spent funds credited to the street fund in a manner
 23 inconsistent with the purposes required by subdivision (c)(1) of this
 24 section, the city or incorporated town shall repay the funds that were not
 25 used in accordance with subdivision (c)(1) of this section to the street fund
 26 from the city or incorporated town's general revenue by the end of the
 27 following fiscal year.

28 (B) A city or incorporated town is not eligible to receive
 29 highway revenues under subdivision (c)(1) of this section until the city or
 30 incorporated town:

31 (i) Repays the entirety of the funds owed to the
 32 street fund, including any funds owed prior to the effective date of this
 33 act, as required under subdivision (c)(3)(A) of this section; or

34 (ii) Passes an ordinance or a resolution committing
 35 to pay and pays ten percent (10%) of the city or incorporated town's general
 36 revenue to the street fund each year until the funds owed are repaid.

1 (C) However, if a city or incorporated town is unable to
 2 repay the funds owed as required by subdivision (c)(3)(B) of this section,
 3 the city or incorporated town may request the approval of the Legislative
 4 Joint Auditing Committee to pass an ordinance or resolution committing to pay
 5 a percentage less than ten percent (10%) of the city or incorporated town's
 6 general revenue to the street fund each year until the funds owed are repaid.

7 (4)(A) If the Legislative Joint Auditing Committee is presented
 8 with a finding that a city or incorporated town spent funds credited to the
 9 street fund in a manner inconsistent with the purposes specified in
 10 subdivision (c)(1) of this section or that the city or incorporated town
 11 failed to make a repayment owed under subdivision (c)(3)(B)(ii) or
 12 subdivision (c)(3)(C) of this section, the Legislative Joint Auditing
 13 Committee may provide notice of the finding to the:

14 (i) Treasurer of State; and

15 (ii) The city or incorporated town's officials or
 16 employees authorized to prevent or correct the inconsistent spending.

17 (B) Upon notice of a finding from the Legislative Joint
 18 Auditing Committee under subdivision (c)(4)(A) of this section, the Treasurer
 19 of State shall:

20 (i) Confirm with Arkansas Legislative Audit within
 21 thirty (30) days of being notified by the Legislative Joint Auditing
 22 Committee that a city or incorporated town spent funds credited to the street
 23 fund in a manner inconsistent with the purposes required by subdivision
 24 (c)(1) of this section or failed to make a repayment owed under subdivision
 25 (c)(3)(B)(ii) or subdivision (c)(3)(C) of this section; and

26 (ii) Withhold highway revenues under subdivision
 27 (c)(1) of this section until the entirety of the funds owed are repaid by the
 28 city or incorporated town to the street fund.

29 (5)(A) Funds disbursed to the Municipal Aid Fund pursuant to
 30 Section 2 of the Highway Improvement Revenue Act of 2007 may be expended by
 31 the cities on any legitimate municipal purpose and are not limited to the
 32 uses set forth in subdivision (c)(1) of this section.

33 (B) Funds disbursed to the Municipal Aid Fund pursuant to
 34 Section 2 of the Highway Improvement Revenue Act of 2007 shall be distributed
 35 to the various cities as are other funds contained in the Municipal Aid Fund
 36 pursuant to subdivision (c)(2) of this section.

APPROVED: 4/14/21