

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1726

Bill Subtitle: TO CREATE THE ARKANSAS HIGHWAY MAINTENANCE AND CONSTRUCTION BOND ACT OF 2017; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsor: Representative D. Douglas

The bill creates the “Arkansas Highway Maintenance and Construction Bond Act of 2017” to allow issuance of bonds to support maintenance, repair, renovation, and construction of Arkansas highways. The authority to issue bonds would be granted through voter approval by the Arkansas electorate. A statewide election would be called by proclamation of the Governor and could be in conjunction with a general or special election. If the authority to issue highway bonds is approved by a majority vote, the State Highway Commission would have authority to issue 2017 Arkansas Highway Maintenance and Construction Bonds.

Proceeds of the bond issuance would be used for paying the cost of maintaining, resurfacing, repairing, widening, or reconstructing existing highways within the state and constructing new highways where necessary. The bonds would be issued in several series of various principal amounts from time to time and would mature or be subject to mandatory sinking fund redemption over a period ending not later than twelve (12) years after the date of issue of each series. Authority to issue bonds would expire on March 31, 2038.

The bonds will be repaid by revenue from a new wholesale sales tax on motor fuel and special distillate fuel.

Revenue Impact :

None.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

The bill contains a typographical error. On Page 4, Lines 21-24, the sentence is referencing the wholesale sales tax on motor fuel and special motor fuel. The sentence states, “The bonds shall be

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general obligations of the State of Arkansas, payable from certain designated revenues, including particularly and without limitation a wholesale sales tax on motor fuel and a wholesale sales tax on special motor fuel *tax*." The word "tax" at the end of this sentence should be deleted.

Legal Analysis :

HB1726 would enact the Arkansas Highway Maintenance and Construction Bond Act of 2017. This act provides for a vote of the people regarding the issuance of bonds by the Arkansas Highway Commission and the pledge of the full faith and credit of the state. The bonds are to be paid first from designated revenues consisting of new taxes levied by the General Assembly for that purpose. The Commission's authority to issue bonds would be effective from April 1, 2018 through March 31, 2038. The Governor may issue a proclamation calling for an election regarding the issuance of these bonds. The bill provides for notice of the election and provides the specific language to be presented to voters for approval or rejection.

If the issuance of bonds is approved, the Highway Commission may issue one or more series of bonds with each series having a term of not more than 12 years. The bill provides direction to the Highway Commission regarding how the bonds are to be issued and provides general administrative guidelines governing the issuance and sale of the bonds. The proceeds from these bonds are to be used to maintain, restore, rehabilitate, improve, and construct improvements to the highway system within Arkansas. If approved by the General Assembly, this bill will become effective immediately upon passage and approval.