

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001

# A Bill

SENATE BILL 46

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5 By: Senator J. Jeffress  
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## For An Act To Be Entitled

9 AN ACT TO RESTRUCTURE THE ASSESSMENT OF MUNICIPAL  
10 FRANCHISE FEES LEVIED UPON THE DISTRIBUTION OF  
11 ELECTRICITY.

## Subtitle

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14 TO RESTRUCTURE THE ASSESSMENT OF  
15 MUNICIPAL FRANCHISE FEES LEVIED UPON THE  
16 DISTRIBUTION OF ELECTRICITY.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code 14-200-101(a)(1) is amended to read as  
22 follows:

23 (a)(1) Acting by ordinance or resolution of its council, or board of  
24 directors, ~~or commission~~, every city and town shall have jurisdiction to:

25 (A) Except as provided in § 23-4-201, determine the quality  
26 and character of each kind of, and rates for, product or service to be  
27 furnished or rendered by any public utility within the city or town and all  
28 other terms and conditions, including a reasonable franchise fee, upon which  
29 the public utility may be permitted to occupy the streets, highways, or other  
30 public places within the municipality, ~~and~~. For all public utilities except  
31 for electric utilities, the ordinance or resolution shall be deemed prima  
32 facie reasonable, provided that no franchise fee shall exceed the higher of  
33 the amount in effect as to that entity on January 1, 1997, or four and one-  
34 quarter percent (4 1/4%), of the public utility's gross revenues, unless  
35 agreed to by the affected utility or approved by the voters of the  
36 municipality; Until such a time that an electric utility unbundles its

1 charges for services in compliance with the requirements of Act 1556 of 1999  
2 and modifies its billing format accordingly, any municipality may continue to  
3 assess a franchise fee as it may for any other public utility. Once an  
4 electric utility unbundles its charges and separately bills for component  
5 services, a city or town's assessment of a franchise fee shall be deemed  
6 prima facie reasonable if assessed on a kilowatt hour or consumption basis  
7 for electricity delivered, provided that a separate rate shall be employed as  
8 for the customer classes: residential, commercial, and, if applicable,  
9 industrial. The initial assessment rates per kilowatt hour shall be  
10 determined by dividing calendar year 2000, or any other twelve-month period  
11 agreed to by the utility and the municipality, franchise fee revenue received  
12 by the municipality for each customer class by the kilowatt hours delivered  
13 by the local distribution utility to that customer class for the same period.  
14 The distribution utility will be responsible for collecting and remitting  
15 the fee. Once assessed, the franchise rate per kilowatt hour shall not be  
16 increased unless agreed to by the affected distribution utility or approved  
17 by the voters of the municipality.

18 (B) Require of any public utility such additions and  
19 extensions to its physical plant within the municipality as shall be  
20 reasonable and necessary in the interest of the public and to designate the  
21 location and nature of all such additions and extensions, the time within  
22 which they must be completed, and all conditions under which they must be  
23 constructed;

24 (C) Provide a penalty for noncompliance with the provisions  
25 of any ordinance or resolution adopted pursuant to the provisions of this  
26 chapter;

27 (D) Nothing herein shall limit the authority of the public  
28 utility to collect from its customers residing in each municipality an amount  
29 which equals the franchise fee assessed by the municipality on the public  
30 utility; and

31 (E) The term "public utility", for the purposes of this  
32 section, shall mean any electric, gas, sewer, or telephone company, and any  
33 company providing similar services, except those currently excluded pursuant  
34 to § 23-1-101(9)(B)(ii); and provided further that, when franchise fees  
35 assessed for basic local exchange services are based on revenues, such  
36 revenues shall consist of revenues from basic local service, excluding, among

1 other things, extension, terminal equipment, toll, access, yellow pages, and  
2 other miscellaneous equipment revenues.

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