

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 85th General Assembly
3 Regular Session, 2005
4

A Bill

SENATE BILL 430

5 By: Senators Baker, Trusty
6 By: Representatives Anderson, Sample, Rosenbaum
7

For An Act To Be Entitled

10 AN ACT TO AUTHORIZE THE STATE HIGHWAY COMMISSION
11 TO ISSUE STATE OF ARKANSAS FEDERAL HIGHWAY GRANT
12 ANTICIPATION AND TAX REVENUE BONDS FOR THE
13 PURPOSES OF CONSTRUCTING AND RENOVATING ROADS AND
14 HIGHWAYS; PROVIDING FOR A STATEWIDE ELECTION ON
15 THE QUESTION OF ISSUING BONDS; DECLARING AN
16 EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

18 ARKANSAS INTERSTATE HIGHWAY FINANCING
19 ACT OF 2005.
20
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 SECTION 1. Arkansas Code Title 27, Chapter 64 is amended to add a new
26 subchapter to read as follows:

27 27-64-301. Title.

28 This subchapter may be referred to and cited as the "Arkansas
29 Interstate Highway Financing Act of 2005".

30
31 27-64-302. Legislative findings and intent.

32 The General Assembly finds that:

33 (1) There is an immediate need for highway improvements
34 throughout the State of Arkansas in order to provide for the health, safety,
35 and welfare of its citizens and to promote economic development within the
36 state;



1 (2) Through the revenues generated under the Arkansas Highway
 2 Financing Act of 1999, § 27-64-201 et. seq., the State Highway Commission has
 3 been successful in completing the rehabilitation of much of the state’s
 4 interstate highway system and that the rehabilitation has been carried out in
 5 an efficient, cost-effective manner;

6 (3) Continued improvement of the interstate highway system is
 7 necessary and that the best way to accomplish the improvement expeditiously
 8 is through the issuance of additional federal highway grant anticipation and
 9 tax revenue bonds to finance highway improvements;

10 (4) The bonds should be payable from revenues currently
 11 designated by the Arkansas Highway Financing Act of 1999, § 27-64-201 et.
 12 seq., including federal highway assistance funding and available proceeds
 13 from distillate special fuels tax levied under § 26-56-201(e); and

14 (5) The repayment of the bonds shall also be guaranteed by the
 15 full faith and credit of the state.

16
 17 27-64-303. Definitions.

18 As used in this subchapter:

19 (1) “Bonds” means the State of Arkansas Federal Highway Grant
 20 Anticipation and Tax Revenue Bonds, also known as "GARVEE bonds", as
 21 authorized in this subchapter;

22 (2) “Commission” means the State Highway Commission;

23 (3) “Debt service” means all amounts required for the payment of
 24 principal, interest on, and premium, if any, due with respect to the bonds in
 25 any fiscal year, along with all associated costs, including the fees and
 26 costs of paying agents and trustees, remarketing agent fees, credit
 27 enhancement costs, and other amounts necessary in connection with the bonds;

28 (4) “Designated revenues” means:

29 (A) The portion designated by the commission of funds
 30 received or to be received from the federal government as federal highway
 31 assistance funding allocated to the state designated as federal highway
 32 interstate maintenance funds; and

33 (B) Revenues derived from the distillate special fuels tax
 34 levied under § 26-56-201(e) that are available for expenditure after any
 35 distributions required by the Arkansas Highway Financing Act of 1999, § 27-
 36 64-201 et seq.; and

1 (5) "Highway improvements" or "highway improvement projects"
2 means restoration and improvements to all of the interstate highway systems
3 within the state, including roadways, bridges or rights-of-way under the
4 jurisdiction of the commission and shall also include the acquisition,
5 construction, reconstruction, and renovation of the interstate system and
6 facilities appurtenant or pertaining to the system.

7
8 27-64-304. Authorization – Purposes.

9 (a) Subject to the one-time approval of the voters in a statewide
10 election, the State Highway Commission may issue bonds from time to time if
11 the total principal amount outstanding from the issuance of the bonds,
12 together with the total principal amount outstanding from the issuance of
13 bonds pursuant to Arkansas Highway Financing Act of 1999, § 27-64-201 et
14 seq., does not at any time exceed five hundred seventy-five million dollars
15 (\$575,000,000).

16 (b) The purpose of the bond issuance shall be:

17 (1) Accelerating interstate highway improvement projects already
18 underway or scheduled;
19 (2) Funding new interstate highway improvement projects;
20 (3) Financing the restoration, reconstruction, and renovation of
21 interstate highway improvements within the State of Arkansas; and
22 (4) Paying the costs of issuance of the bonds or other credit
23 enhancement.

24
25 27-64-305. Election.

26 (a)(1) No bonds shall be issued under this subchapter unless the
27 authority of the State Highway Commission to issue the bonds from time to
28 time is approved by a majority of the qualified electors of the state voting
29 on the question at a statewide election called by proclamation of the
30 Governor.

31 (2) The election may be in conjunction with a general election
32 or it may be a special election.

33 (b)(1) Notice of the election shall be:

34 (A) Published by the Secretary of State in a newspaper of
35 general circulation in the state at least thirty (30) days prior to the
36 election; and

1 (B) Mailed to each county board of election commissioners
2 and the sheriff of each county at least sixty (60) days prior to the
3 election.

4 (2) The notice of election shall state that the election is to
5 be held for the purpose of submitting to the people the following
6 proposition, in substantially the following form:

7 “Authorizing the State Highway Commission to issue State of Arkansas
8 Federal Highway Grant Anticipation and Tax Revenue Bonds (the “Bonds”) if the
9 total principal amount outstanding from the issuance of the bonds, together
10 with the total principal amount outstanding from the issuance of bonds
11 pursuant to Arkansas Highway Financing Act of 1999, shall not, at any time,
12 exceed five hundred seventy-five million dollars (\$575,000,000). If
13 approved, the bonds will be issued in several series of various principal
14 amounts from time to time for the purpose of paying the cost of constructing
15 and renovating improvements to interstate highways and related facilities in
16 the State of Arkansas.

17 The bonds shall be general obligations of the State of Arkansas,
18 payable from certain designated revenues and also secured by the full faith
19 and credit of the State of Arkansas, including its general revenues.

20 Pursuant to the Arkansas Highway Financing Act of 2005 (the “Bond
21 Act”), the bonds will be repaid first from: (1) revenues derived from
22 federal highway assistance funding allocated to the State of Arkansas
23 designated as federal highway interstate maintenance funds; and (2) revenues
24 derived from the excise tax levied on distillate special fuels (diesel)
25 pursuant to Arkansas Code § 26-56-201(e) that are available for expenditure
26 after any distributions required by the Arkansas Highway Financing Act of
27 1999. To the extent that designated revenues are insufficient to make timely
28 payment of debt service on the bonds, the payment shall be made from the
29 general revenues of the State of Arkansas. The bonds shall be issued
30 pursuant to the authority of and the terms set forth in the Bond Act.

31 Pursuant to the Bond Act, the highway improvements to be financed are
32 limited to the restoration and improvements to all of the interstate highway
33 systems within the state, including roadways, bridges, or rights-of-way under
34 jurisdiction of the State Highway Commission, which shall also include the
35 acquisition, construction, reconstruction, and renovation of the interstate
36 highway systems and facilities appurtenant or pertaining thereto.

1 Pursuant to the Bond Act, “designated revenues” are defined as: (1)
 2 the portion designated by the commission of funds received or to be received
 3 from the federal government of the United States as federal highway
 4 assistance funding allocated to the state designated as federal highway
 5 interstate maintenance funds; and (2) revenues derived from the distillate
 6 special fuels tax levied under Arkansas Code § 26-56-201(e) that are
 7 available for expenditure after any distributions required by the Arkansas
 8 Highway Financing Act of 1999, § 27-64-201 et seq. The bonds are further
 9 secured by the full faith and credit of the State of Arkansas, and to the
 10 extent “designated revenues” are insufficient to make timely payment of debt
 11 service on the bonds, the general revenues of the state shall be used to pay
 12 debt service on the bonds.”

13 (c) The ballot title shall be “Issuance of State of Arkansas Federal
 14 Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and
 15 credit of the State of Arkansas”. On each ballot there shall be printed the
 16 title, the proposition set forth in 27-64-305(b)(2), and the following:

17 “FOR authorizing the State Highway Commission to issue State of
 18 Arkansas Federal Highway Grant Anticipation and Tax Revenue Bonds provided
 19 that the total principal amount outstanding from the issuance of the bonds,
 20 together with the total principal amount outstanding from the issuance of
 21 bonds pursuant to Arkansas Highway Financing Act of 1999, shall not, at any
 22 time, exceed five hundred seventy-five million dollars (\$575,000,000), and
 23 the pledge of the full faith and credit of the State of Arkansas to further
 24 secure the bonds []”

25 “AGAINST authorizing the State Highway Commission to issue State of
 26 Arkansas Federal Highway Grant Anticipation and Tax Revenue Bonds provided
 27 that the total principal amount outstanding from the issuance of the bonds,
 28 together with the total principal amount outstanding from the issuance of
 29 bonds pursuant to Arkansas Highway Financing Act of 1999, shall not, at any
 30 time, exceed five hundred seventy-five million dollars (\$575,000,000), and
 31 the pledge of the full faith and credit of the State of Arkansas to further
 32 secure the bonds. []”

33 (d)(1) Each county board of election commissioners shall hold and
 34 conduct the election and may take any action with respect to the appointment
 35 of election officials and other matters as required by the laws of the state.

36 (2) The vote shall be canvassed and the result of the vote

1 declared in each county by the board. Within ten (10) days after the date of
2 the election, the results shall be certified by the boards to the Secretary
3 of State, who shall tabulate all returns received and certify to the Governor
4 the total vote for and against the proposition submitted pursuant to this
5 subchapter.

6 (e) The result of the election shall be proclaimed by the Governor by
7 the publication of the proclamation one (1) time in a newspaper of general
8 circulation in the State of Arkansas. The results as proclaimed shall be
9 conclusive unless a complaint is filed within thirty (30) days after the date
10 of the publication in Pulaski County Circuit Court challenging the results.

11 (f)(1) If a majority of the qualified electors voting on the
12 proposition vote in favor of the proposition, then the commission may issue
13 bonds from time to time in the manner and on the terms set forth in this
14 subchapter.

15 (2) If a majority of the qualified electors voting on the
16 proposition vote against the proposition, the commission shall have no
17 authority to issue bonds.

18 (g) Subsequent elections may be called by the Governor if the
19 proposition fails, but each subsequent election may be held no earlier than
20 six (6) months after the date of the preceding election.

21
22 27-64-306. Procedure for issuing bonds.

23 (a) Prior to the issuance of any series of bonds, the State Highway
24 Commission shall adopt a resolution authorizing the issuance of the series of
25 bonds.

26 (b) Each resolution shall contain those terms, covenants, and
27 conditions as are deemed desirable and consistent with this subchapter,
28 including, without limitation, those pertaining to the establishment and
29 maintenance of funds and accounts, the deposit and investment of the Federal
30 Highway Assistance payments and bond proceeds, and the rights and obligations
31 of the state, its officers and officials, the commission, and the registered
32 owners of the bonds.

33 (c) The resolutions of the commission may provide for the execution
34 and delivery by the commission of a trust indenture or trust indentures with
35 one (1) or more banks or trust companies located within or without the state,
36 containing any of the terms, covenants, and conditions required under

1 subsection (b) of this section, and any other terms and conditions deemed
 2 necessary by the commission. The trust indenture or trust indentures shall
 3 be binding upon the commission and the state and their respective officers
 4 and officials.

5
 6 27-64-307. Terms of bonds.

7 The bonds shall be subject to the following terms and conditions:

8 (1) The bonds shall be issued in series in amounts sufficient to
 9 finance all or part of the costs of construction and maintenance of highway
 10 improvements. The respective series of bonds shall be designated by the year
 11 in which the bonds are issued. If more than one (1) series of bonds is to be
 12 issued in a particular year, the series shall be designated alphabetically;

13 (2) The bonds of each series shall have such date or dates as
 14 the State Highway Commission shall determine. The bonds shall mature or be
 15 subject to mandatory sinking fund redemption over a period ending not later
 16 than twelve (12) years after the date of issue of each series;

17 (3) The bonds of each series shall bear interest at the rate or
 18 rates determined by the commission at the sale of the bonds. The bonds may
 19 bear interest at either a fixed or a variable rate or may be convertible from
 20 one (1) interest rate mode to another. The interest shall be payable at the
 21 times as the commission shall determine;

22 (4) The bonds shall be issued in the form of bonds registered as
 23 to both principal and interest without coupons;

24 (5) The commission shall determine:

25 (A) The denominations of the bonds;

26 (B) Whether the bonds may be made exchangeable for bonds
 27 of another form or denomination bearing the same rate of interest;

28 (C) When the bonds may be made payable and the places
 29 within or without the state where the bonds may be payable;

30 (D) Whether the bonds may be made subject to redemption
 31 prior to maturity and the manner or and prices for redemption; and

32 (E) Any other terms and conditions; and

33 (6) Each bond shall be executed with the facsimile signatures of
 34 the chair and secretary of the commission and the seal of the commission
 35 shall be affixed or imprinted on the bond. Delivery of executed bonds shall
 36 be valid, notwithstanding any change in the persons holding the offices that

1 occur after the bonds have been executed.

2
3 27-64-308. Sale of bonds.

4 (a) The bonds may be sold in any manner, either at private or public
5 sale, and upon terms as the State Highway Commission shall determine to be
6 reasonable and expedient for effecting the purposes of this subchapter. The
7 bonds may be sold at a price acceptable to the commission, which may include
8 a discount or a premium.

9 (b) If the bonds are to be sold at public sale, the commission shall
10 give notice of the offering of the bonds in a manner reasonably designed to
11 notify participants in the public finance industry that the offering is being
12 made. The commission shall set the terms and conditions of bidding,
13 including the basis on which the winning bid will be selected.

14 (c) The commission may structure the sale of bonds utilizing financing
15 techniques that are recommended by the commission's professional advisors in
16 order to take advantage of market conditions and obtain the most favorable
17 interest rates consistent with the purposes of this subchapter.

18 (d) The commission may enter into any ancillary agreements in
19 connection with the sale of the bonds as it deems necessary and advisable,
20 including, without limitation, bond purchase agreements, remarketing
21 agreements, and letter of credit and reimbursement agreements.

22
23 27-64-309. Employment of professionals.

24 The State Highway Commission may retain any professionals it deems
25 necessary to accomplish the issuance and sale of the bonds, including,
26 without limitation, legal counsel, financial advisors, underwriters,
27 trustees, paying agents, and remarketing agents.

28
29 27-64-310. Sources of repayment.

30 (a) The bonds shall be general obligations of the State of Arkansas
31 secured and payable from the designated revenues and the general revenues of
32 the state.

33 (b) The bonds shall be payable first from the following designated
34 revenues:

35 (1) The portion designated by the State Highway Commission of
36 funds received or to be received from the federal government as federal

1 highway assistance funding allocated to the state and designated as federal
2 highway interstate maintenance funds; and

3 (2) Revenues derived from the distillate special fuels tax
4 levied under § 26-56-201(e) that are available for expenditure after any
5 distributions required by the Arkansas Highway Financing Act of 1999, § 27-
6 64-201 et seq.

7 (c) If the amount of designated revenues is insufficient to make
8 timely payment of debt service on the bonds, the payment shall be made from
9 the general revenues of the State of Arkansas.

10 (d) In order to secure the payment of debt service, any trust
11 instrument, resolution, or other document setting forth the security for the
12 bondholders may provide for the direct payment of the federal highway
13 assistance funds that are designated revenues directly into a trust fund or
14 to a paying agent for the payment of debt service on the bonds. It shall not
15 be necessary for the funds to be deposited into the State Treasury.

16
17 27-64-311. Investment of proceeds.

18 (a) Any designated revenues and any proceeds of bonds held pending
19 disbursement on highway improvements shall be invested by the State Highway
20 Commission to the full extent practicable pending disbursement for the
21 purposes intended.

22 (b) Notwithstanding any other provision of law, the investments shall
23 be in accordance with the terms of the resolution or trust indenture
24 authorizing or securing the series of bonds to which the designated revenues
25 or bond proceeds appertain to the extent the terms of the resolution or trust
26 indenture are applicable.

27
28 27-64-312. Refunding bonds.

29 (a) The State Highway Commission may issue bonds for the purpose of
30 refunding bonds previously issued pursuant to this subchapter if the total
31 amount of bonds outstanding after the refunding is completed does not exceed
32 the total amount authorized by this subchapter.

33 (b) The refunding bonds shall be special obligations of the State of
34 Arkansas and shall be secured and sold in accordance with the provisions of
35 this subchapter.

36

1 27-64-313. Tax exemption.

2 (a) All bonds issued under this subchapter and interest on the bonds
 3 shall be exempt from all taxes of the State of Arkansas, including income,
 4 inheritance, and property taxes.

5 (b) The bonds shall be eligible to secure deposits of all public funds
 6 and shall be legal for investment of municipal, county, bank, fiduciary,
 7 insurance company, and trust funds.

8
 9 27-64-314. Powers of the State Highway Commission.

10 (a) All powers granted to the State Highway Commission under this
 11 subchapter are in addition to the powers of the commission under Amendment 42
 12 to the Arkansas Constitution and the laws of the State of Arkansas.

13 (b) No member of the commission shall be liable personally for any
 14 reason arising from the issuance of bonds pursuant to this subchapter unless
 15 the member acts with corrupt intent.

16
 17 SECTION 2. Arkansas Code § 26-56-201(f), pertaining to the
 18 distribution of additional distillate fuel excise tax, is amended to read as
 19 follows:

20 (f)~~(1)~~ The additional taxes collected pursuant to this section shall
 21 be considered special revenues and shall be distributed as set forth in the
 22 Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq. subject to any
 23 requirements for the repayment of bonds issued under the Arkansas Highway
 24 Financing Act of 1999, § 27-64-201 et seq., and the Arkansas Interstate
 25 Highway Financing Act of 2005, § 27-64-301 et seq.

26 ~~(2) However, if the bond issue provided in the Arkansas Highway~~
 27 ~~Financing Act of 1999 is approved by the voters, the distillate special fuel~~
 28 ~~taxes collected pursuant to § 26-56-201(e)(1) shall be distributed as~~
 29 ~~provided in the Arkansas Highway Financing Act of 1999.~~

30
 31 SECTION 3. Arkansas Code § 26-55-1006(d), pertaining to the
 32 distribution of additional motor fuel tax, is amended to read as follows:

33 (d)~~(1)~~ The additional taxes collected pursuant to this section shall
 34 be considered special revenues and shall be distributed as set forth in the
 35 Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

36 ~~(2) However, if the bond issue provided in the Arkansas Highway~~

1 ~~Financing Act of 1999 is approved by the voters, the distillate special fuel~~
2 ~~taxes collected pursuant to § 26-56-201(e)(1) shall be distributed as~~
3 ~~provided in the Arkansas Highway Financing Act of 1999.~~

4
5 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
6 General Assembly of the State of Arkansas that there is an immediate need for
7 the construction, reconstruction, and renovation of highways and roads
8 comprising the federal interstate road system within the State of Arkansas;
9 that a construction program cannot be accomplished without the issuance of
10 bonds secured by federal highway assistance payments to finance the program;
11 and that this act is immediately necessary in order to begin the process of
12 facilitating the issuance of bonds. Therefore, an emergency is declared to
13 exist and this act being immediately necessary for the preservation of the
14 public peace, health, and safety shall become effective on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,
17 the expiration of the period of time during which the Governor may veto the
18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is
20 overridden, the date the last house overrides the veto.

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