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4

A Bill

HOUSE BILL 1779

5 By: Representative Webb
6

For An Act To Be Entitled

8 AN ACT CONCERNING TRANSPORTATION FUNDING THAT AMENDS
9 THE STATE AID STREETS LAW; AND FOR OTHER PURPOSES.
10

Subtitle

11 CONCERNING TRANSPORTATION FUNDING THAT
12 AMENDS THE STATE AID STREETS LAW.
13

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16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

19 SECTION 1. Arkansas Code § 27-70-204(a), concerning interest on state
20 highway department funds, is amended to read as follows:

21 27-70-204. Interest on state highway department funds.

22 (a) On the first day of business of the month, the Treasurer of State
23 shall compute the average daily balance of the State Highway and
24 Transportation Department Fund, including all internal accounts and funds,
25 including, but not limited to, the Special Construction Account, the State
26 Aid Road Fund, the State Aid Street ~~Account~~ Fund, the State Highway and
27 Transportation Department Fund, and any other funds administered by the
28 Arkansas State Highway and Transportation Department during the preceding
29 month and shall transfer on that day to the State Highway and Transportation
30 Department Fund interest on the average daily balance to be computed at a
31 rate equivalent to the average rate of interest earned on all State Treasury
32 funds invested, excluding the interest rate paid on open account deposits,
33 during the preceding month.
34

35 SECTION 2. Arkansas Code Title 27, Chapter 72, Subchapter 4 is amended
36 to read as follows:



1 27-72-401. ~~Definition~~ Definitions.

2 ~~As used in this subchapter, unless the context otherwise requires,~~
 3 ~~“state aid streets” means those streets or state highways determined to be on~~
 4 ~~the Federal Aid Urban System as defined in the Federal Aid Highway Act of~~
 5 ~~1973 and any other public streets jointly selected by the Arkansas State~~
 6 ~~Highway and Transportation Department and responsible municipal officials as~~
 7 ~~determined by the governing body. System mileage and modification will be in~~
 8 ~~accordance with federal directives or concurrent state and municipal action.~~

9 As used in this subchapter:

10 (1) “Betterment” means any construction or reconstruction on a
 11 state aid-designated street that results in an improvement that exceeds or
 12 equals any previous improvement whether or not the previous improvement was
 13 financed in part or in whole through the provisions of this subchapter;

14 (2)(A) “Construction” means any proposal submitted by a
 15 municipality which meets the definition of betterment as opposed to
 16 maintenance.

17 (B) "Construction" includes reconstruction or improvement;

18 (3) “Maintenance” means any act of work which maintains the
 19 improvement in serviceable condition;

20 (4) “Municipality” means a city of the first class, a city of
 21 the second class, or an incorporated town;

22 (5)(A) “State aid” means funds to be expended on state aid
 23 streets and includes any sum or sums provided by the General Assembly to
 24 supplement funds furnished by the several municipalities for the purpose of
 25 constructing, improving, widening, straightening, surfacing, or
 26 reconstructing streets or bridges on the state aid system.

27 (B) "State aid" shall be available to the several
 28 municipalities in a proportion to be fixed and determined by law; and

29 (6)(A) “State aid streets” means the classification of municipal
 30 streets composing the major collector and minor collector routes feeding into
 31 local trade areas or into the state highway system that are not designated as
 32 state highways.

33 (B) "State aid streets" include those routes that:

34 (i) Are particularly essential to the conservation
 35 and development of economic and social value;

36 (ii) Encourage desirable land utilization; and

1 (iii) Have in addition one (1) or more of the
 2 following characteristics:

3 (a) Extend to larger communities within and
 4 beyond the municipality;

5 (b) Connect with roads of major importance to
 6 municipalities or to counties;

7 (c) Connect with state highways to form a
 8 complete network of main feeder roads;

9 (d) Carry heavy volumes of traffic serving
 10 major business interests of the municipality; or

11 (e) Collect traffic at reasonable intervals
 12 from several local streets.

13 (C) "State aid streets" include bridges and ferries.

14
 15 ~~27-72-402. Coordination with state aid road system~~ Establishment -
 16 Scope.

17 ~~Every effort will be made to coordinate the establishment of the state~~
 18 ~~aid system with the state aid street system to assure system continuity.~~

19 (a) A system of state aid streets in each municipality is established
 20 to:

21 (1) Consist of the major collector and minor collector routes
 22 not on the state highway system feeding into local trade areas or into the
 23 state highway system; and

24 (2) Provide a program for the construction and improvement of
 25 state aid streets.

26 (b)(1) A state aid system of streets is established for designation by
 27 cooperative action of the state and municipalities, as classified and defined
 28 in this subchapter.

29 (2) This system shall be designated by the several mayors or
 30 chief executive officers of the respective municipalities with the consent
 31 and approval of the state aid engineer and the State Highway Commission.

32 (c) This subchapter shall not be construed to deprive or diminish the
 33 powers and duties of the mayor or chief executive officer of any municipality
 34 in the exercise of his or her constitutional control over municipal streets.

35
 36 ~~27-72-403. Prohibited projects~~ Division of State Aid Road-Street

1 Construction.

2 ~~(a) No funds shall be spent hereunder on any project which shall not~~
 3 ~~culminate directly in a paved hard surfaced street. None of these funds shall~~
 4 ~~be used for maintenance of state aid streets.~~

5 ~~(b) Surface overlays of state aid streets are eligible for funding.~~
 6 There is created in the Arkansas State Highway and Transportation
 7 Department a division to be known as the Division of State Aid Road-Street
 8 Construction, subject to the availability and appropriation of funding.

9
 10 ~~27-72-404. Receipt and expenditure of money.~~

11 ~~Any municipality shall be entitled to receive and to expend state aid~~
 12 ~~street moneys in conjunction with moneys furnished by the municipality or~~
 13 ~~available federal funds on state aid streets within the municipality,~~
 14 ~~provided that:~~

15 ~~(1) The state aid street system has been designated;~~

16 ~~(2) The city has a legally adopted improvement code for city~~
 17 ~~street construction or presents a street improvement plan prepared by a~~
 18 ~~registered professional engineer;~~

19 ~~(3) An annual street improvement program has been approved by~~
 20 ~~the state aid engineer; and~~

21 ~~(4) The state aid engineer determines that the street~~
 22 ~~improvements are determined to be adequate based on the local conditions and~~
 23 ~~are not in conflict with federal regulations.~~

24
 25 ~~27-72-405. State aid engineer.~~

26 ~~The state aid engineer, under the direction of the Director of State~~
 27 ~~Highways and Transportation, shall have the following powers and duties:~~

28 ~~(1) Supervise and inspect all state aid street projects as the~~
 29 ~~work progresses. Upon final completion of any project, the state aid engineer~~
 30 ~~shall cause a final inspection to be made of such project for the purpose of~~
 31 ~~determining whether the project has been completed satisfactorily in~~
 32 ~~accordance with the plans and specifications. If satisfactorily completed, he~~
 33 ~~shall approve payment of the final estimate on the project. The state aid~~
 34 ~~engineer must certify partial and final completion of municipal street~~
 35 ~~improvement utilizing state aid street funds. No progress or final estimate~~
 36 ~~either on a contract or a force account project shall be paid unless approved~~

1 ~~in such manner by the state aid engineer, and on all contracts or force~~
2 ~~accounts projects a percentage of ten percent (10%) of each estimate thereon~~
3 ~~paid shall be retained until final acceptance of such project;~~

4 ~~(2) Be subject to the direction of the State Highway Commission,~~
5 ~~provided that both the state aid engineer and the State Highway Commission~~
6 ~~shall be bound by the provisions hereof;~~

7 ~~(3) Be responsible for notifying the local municipalities of the~~
8 ~~state aid street funds that are available for street improvements and~~
9 ~~certifying payment of the funds when satisfied that street work has been~~
10 ~~completed by the municipality or by contract; and~~

11 ~~(4) Prepare and distribute procedures to the various~~
12 ~~municipalities under which the state aid street funding program will be~~
13 ~~administered and assist those municipalities desiring aid in developing~~
14 ~~street improvement standards, but no statewide street specifications will be~~
15 ~~issued.~~

16 (a) The Division of State Aid Road-Street Construction of the Arkansas
17 State Highway and Transportation Department shall be headed by a state aid
18 engineer to be appointed by and to serve at the pleasure of the State Highway
19 Commission.

20 (b) The state aid engineer shall be a registered engineer with at
21 least three (3) years' experience as a highway engineer and a thorough
22 knowledge of municipal street problems.

23 (c) The state aid engineer under the direction of the State Highway
24 Commission shall:

25 (1) Advise the mayors and chief executive officers of the
26 several municipalities on all matters of policy, use of funds, uniform
27 standards for state aid streets, safeguards in accounting methods, and other
28 related matters and cooperate with the mayors and chief executive officers on
29 all matters connected with the layout and construction of state aid streets;

30 (2) Promulgate uniform and reasonable rules as he or she may
31 deem necessary to:

32 (A) Effectuate a proper designation of state aid streets
33 to be constructed in each municipality; and

34 (B) Develop the methods for determining priority of
35 construction, the making of surveys, and the preparation of plans and
36 specifications for the construction of state aid streets;

1 (3) Provide a uniform system of accounting in the expenditure of
2 moneys from the State Aid Street Fund;

3 (4)(A) Prepare and promulgate practical uniform design standards
4 and specifications for the construction of state aid streets in such a way as
5 to get the most miles for each dollar, with the prime consideration being to
6 provide economical, utilitarian, paved streets suitable for municipal needs,
7 not to be designed for high speed transportation.

8 (B) The uniform design standards and specifications may be
9 modified or amended from time to time as the state aid engineer deems
10 necessary;

11 (5) Advise and cooperate with the mayors and chief executive
12 officers:

13 (A) In the selection and designation of the municipal
14 streets which are to be made a part of the state aid street system, as
15 provided for in this subchapter; and

16 (B) To approve or disapprove the selection of streets to
17 be made a part of the state aid street system by the respective mayors and
18 chief executive officers;

19 (6) Prepare and submit to the State Highway Commission all
20 proposed contracts to be let for the construction or reconstruction of state
21 aid streets, but before submitting the contracts to the commission, he or she
22 shall submit them to the mayor or chief executive officer of the municipality
23 in which the work is to be performed so that the mayor or chief executive
24 officer may determine that they include in all respects the work the
25 municipality desires to be done in the municipality to be paid from state aid
26 funds; and

27 (7)(A) To personally, or through his or her designated
28 assistants, supervise and inspect all state aid street projects as the work
29 progresses.

30 (B)(i) Upon final completion of any project, the state aid
31 engineer shall cause a final inspection to be made of the project for the
32 purpose of determining whether the project has been completed satisfactorily
33 in accordance with the plans and specifications.

34 (ii) If satisfactorily completed, the state aid
35 engineer shall approve payment of the final estimate on the project.

36 (C)(i) Progress or final estimate either on a contract or

1 a force account project shall not be paid unless approved in such manner by
 2 the state aid engineer.

3 (ii) On all contracts or force accounts projects a
 4 percentage of ten percent (10%) of each estimate on a project paid shall be
 5 retained until final acceptance of such project.

6 (d)(1) The state aid engineer shall be subject to the direction of the
 7 State Highway Commission.

8 (2) However, both the state aid engineer and the State Highway
 9 Commission shall be bound by the provisions of this section.

10
 11 27-72-406. ~~Notice of municipal eligibility~~ Eligibility for state aid -
 12 Notice.

13 When any municipality shall have met the requirements of this
 14 subchapter and shall have become eligible for state aid money, the state aid
 15 engineer, as soon as practicable, shall notify the municipality in writing of
 16 its eligibility and that its proportionate part of any state funds allocated
 17 to it for state aid may be utilized for construction or improvement on the
 18 state aid street system in the manner provided in this subchapter.

19 (a) Before a municipality is eligible to receive benefits under this
 20 subchapter, the municipality through its mayor or chief executive officer
 21 shall agree to comply with the terms, provisions, and limitations of this
 22 subchapter.

23 (b)(1) When a municipality meets the requirements of this subchapter
 24 and is eligible for state aid, the state aid engineer, as soon as
 25 practicable, shall notify the eligible municipality in writing.

26 (2) The notice shall state that any state funds allocated to the
 27 municipality for state aid may be used for construction on the state aid
 28 system in the manner provided in this subchapter.

29
 30 27-72-407. State Aid Street Account Fund.

31 There is created a State Aid Street Account of the State Highway and
 32 Transportation Department Fund, which shall consist of those federal general
 33 revenue sharing moneys allocated and distributed in accordance with laws
 34 enacted by the General Assembly and there to be used as provided by the
 35 provisions of this subchapter, as amended.

36 (a)(1) There is created in the State Treasury, subject to the

1 availability and appropriation of funding, a fund to be known as the State
 2 Aid Street Fund, to which the Treasurer of State shall transfer one hundred
 3 percent (100%) of the revenues credited to the State Highway Special
 4 Construction Account of the State Highway and Transportation Department Fund
 5 each month until an aggregate total of up to twenty-one million dollars
 6 (\$21,000,000) each fiscal year is transferred, there to be used for
 7 construction, reconstruction, and improvements of the state aid street
 8 system.

9 (2) For the fiscal year beginning July 1, 2013, and for all
 10 fiscal years thereafter, there shall be no limitation on the amount of funds
 11 that may be transferred to the State Aid Street Fund from the designated
 12 funding source.

13 (b)(1) All revenues deposited in the State Aid Street Fund shall be
 14 apportioned to the municipalities as prescribed in § 27-72-413 for the
 15 distribution on the state aid street system among the various municipalities.

16 (2) The apportioned funds shall remain for a period of two (2)
 17 years from the date they are apportioned.

18 (3) Any unused funds shall be returned to the State Aid Street
 19 Fund for redistribution in accordance with § 27-72-413.

20 (4)(A) For a municipality to receive these funds, the
 21 municipality must be matched in the ratio of ninety percent (90%) of moneys
 22 from the State Aid Street Fund to not less than ten percent (10%) municipal
 23 matching funds for all municipalities with a population in excess of twenty-
 24 five thousand (25,000) residents.

25 (B) For all other municipalities, the state aid street
 26 project shall be funded at one hundred percent (100%), and all municipalities
 27 receiving moneys from the State Aid Street Fund shall comply with the
 28 provisions of this subchapter.

29
 30 ~~27-72-408. Apportionment and transfer of funds.~~

31 ~~(a) Apportionment of state aid street funds, as provided in § 27-72-~~
 32 ~~407, shall be based upon the ratio that the population of each municipality~~
 33 ~~bears to the total municipal population in the state, as determined by the~~
 34 ~~last available census. However, no municipality shall be apportioned more~~
 35 ~~than ten percent (10%) of the revenues.~~

36 ~~(b) The balance of revenue sharing and other funds in the State Aid~~

1 ~~Street Account standing to the credit of any municipality that does not have~~
 2 ~~a project on which work is underway on April 1, 1981, or provisions made~~
 3 ~~therefor, under the provisions of this subchapter shall be transferred to the~~
 4 ~~street fund of that municipality, there to be used for the construction,~~
 5 ~~maintenance, or repair of the streets of the municipality in such manner as~~
 6 ~~the municipality shall deem appropriate and in accordance with pertinent~~
 7 ~~federal laws and regulations. The municipality shall be forever released from~~
 8 ~~further obligation to the Arkansas State Highway and Transportation~~
 9 ~~Department under the provisions of this subchapter.~~

10 ~~(c) Following completion of the work and final payment of all~~
 11 ~~allowable costs on each municipality's projects that were in progress on or~~
 12 ~~after April 1, 1981, under the provisions of this subchapter, the outstanding~~
 13 ~~revenue sharing and other moneys remaining in the State Aid Street Account to~~
 14 ~~the credit of the municipality shall be transferred to the street fund of~~
 15 ~~that municipality, there to be used for the construction, maintenance, or~~
 16 ~~repair of the streets of the municipality in such a manner as the~~
 17 ~~municipality shall deem appropriate and in accordance with pertinent federal~~
 18 ~~laws and regulations. The municipality shall be forever released from further~~
 19 ~~obligation to the Arkansas State Highway and Transportation Department under~~
 20 ~~the provisions of this subchapter.~~

21 ~~(d) In the event that revenue sharing money shall become available to~~
 22 ~~the municipalities under the provisions of this subchapter subsequent to the~~
 23 ~~calendar year 1981, then the moneys shall be apportioned to the~~
 24 ~~municipalities as above provided and paid to the municipalities in the same~~
 25 ~~manner and for the same purposes as provided herein for the funds credited to~~
 26 ~~the municipalities on April 1, 1981.~~

27
 28 ~~27-72-409. Prerequisite for allocations from account.~~

29 ~~Except as otherwise provided in § 27-72-408(a), for a municipality to~~
 30 ~~receive funds available in the State Aid Street Account of the State Highway~~
 31 ~~and Transportation Department Fund, the funds must be matched in a ratio of~~
 32 ~~seventy percent (70%) state aid street funds to not less than thirty percent~~
 33 ~~(30%) municipal matching funds, and the municipality must comply with all~~
 34 ~~provisions in this subchapter.~~

35
 36 ~~27-72-410. Expenditure requirements.~~

1 ~~Expenditure of funds credited to the State Aid Street Account of the~~
 2 ~~State Highway and Transportation Department Fund shall be in the following~~
 3 ~~manner:~~

4 ~~(1) The combined state and municipal funds may be utilized as~~
 5 ~~matching funds for acquiring additional federal aid funding for street work,~~
 6 ~~unless specifically prohibited by federal law;~~

7 ~~(2) All rights of way required on state aid street projects~~
 8 ~~shall be acquired by the municipality, and any cost of rights of way shall~~
 9 ~~not be considered a part of the cost of any project contemplated by this~~
 10 ~~subchapter;~~

11 ~~(3) No state aid street funds shall be released to the~~
 12 ~~municipality until the municipality executes an annual agreement that the~~
 13 ~~thirty percent (30%) matching share will be available and that the state aid~~
 14 ~~street funds and matching funds will be carried as a special item on the~~
 15 ~~municipal budget and utilized exclusively for street improvements authorized~~
 16 ~~under this subchapter;~~

17 ~~(4) Eligible street improvements can be performed by municipal~~
 18 ~~forces or by contract administered by the municipality or Arkansas State~~
 19 ~~Highway and Transportation Department. However, any projects in excess of~~
 20 ~~fifty thousand dollars (\$50,000) shall be submitted to bid, and the lowest~~
 21 ~~responsible bid shall be accepted; and~~

22 ~~(5) The state aid street funds will be provided on a seventy~~
 23 ~~percent (70%) cost reimbursable basis as progress vouchers are issued or~~
 24 ~~after the project is complete.~~

25
 26 27-72-411. Street maintenance by municipality - Failure to maintain.

27 ~~(a) It shall be the duty of each municipality to properly maintain all~~
 28 ~~state aid streets within its jurisdiction that have been constructed or~~
 29 ~~improved with state aid street funds.~~

30 ~~(b) Failure to maintain such streets to an acceptable level determined~~
 31 ~~by the state aid engineer can result in denial of future state aid street~~
 32 ~~funds.~~

33 (a) It is the duty of each municipality to properly maintain all state
 34 aid streets in that municipality after construction of any such streets with
 35 state aid moneys.

36 (b)(1) If, in the opinion of the state aid engineer, essential

1 maintenance is not properly and regularly carried on, notice of the
2 deficiency shall be given in writing to the mayor or chief executive officer.

3 (2) If maintenance is not initiated within sixty (60) days from
4 date of notice, the state aid engineer may proceed to have the necessary
5 maintenance and repair work on the street performed and charge the work to
6 any funds in the State Aid Street Fund in the State Treasury allocated to
7 that municipality.

8 (3)(A) If failure to maintain continues, the municipality is no
9 longer eligible for state aid until proper maintenance is resumed by that
10 municipality.

11 (B) Notice of withdrawal of state aid shall be duly given
12 the Auditor of State and Treasurer of State.

13 (C) However, such ineligibility shall not affect payment
14 from the State Aid Street Fund of progress and final estimates on contracts
15 awarded prior to notice of ineligibility.

16 (c) Whenever a municipality is ineligible for state aid under the
17 provisions of this subchapter for a continuous period of five (5) years, the
18 municipality shall forfeit and no longer be entitled to any part of the funds
19 in the State Aid Street Fund later allocated to it.

20
21 27-72-412. Expenses paid prior to allocation.

22 The pro rata salaries of the state aid engineer, his or her assistants,
23 and all other employees of the Division of State Aid Road-Street Construction
24 of the Arkansas State Highway and Transportation Department, as well as all
25 other expenses incurred by the Division of State Aid Road-Street Construction
26 pertaining to the state aid street program, shall be paid from the State Aid
27 Street Fund in the State Treasury prior to allocation to the several
28 municipalities.

29
30 27-72-413. Allocation of state aid.

31 (a) State aid streets in the several municipalities shall receive
32 state aid in the manner and under the terms and conditions set out in this
33 section.

34 (b) The state aid street system shall be allocated to the several
35 municipalities of the state by the State Aid Street Committee.

36 (c)(1) The committee shall be established to select the state aid

1 street projects for submittal to the state aid engineer for funding and
2 construction pursuant to the provisions of this subchapter.

3 (2) The committee shall consist of nine (9) mayors to be
4 appointed as follows:

5 (A) Three (3) mayors appointed by the Governor;

6 (B) Three (3) mayors appointed by the Speaker of the House
7 of Representatives; and

8 (C) Three (3) mayors appointed by the President Pro
9 Tempore of the Senate.

10 (3)(A) Each appointed mayor shall serve a term of four (4)
11 years.

12 (B) A mayor shall be eligible to serve two (2) terms of
13 four (4) years on the committee.

14 (C) However, every four (4) years a new committee shall be
15 formed as set out in this section.

16 (D) Should a mayor selected for the committee leave office
17 before the end of his or her term, the party who made the original nomination
18 shall appoint a successor mayor to serve the remainder of the term.

19 (4) The committee shall select a chair by majority vote to serve
20 a term of one (1) year.

21 (5) A quorum is necessary to transact the business of the
22 committee.

23 (6) Subject to the availability and appropriation of funding,
24 the committee shall begin to meet and meet at least quarterly each year.

25 (d) The committee may establish a formula or criteria to facilitate
26 the identification and selection of state aid street projects, subject to the
27 approval of the state aid engineer and consistent with the provisions of this
28 subchapter.

29 (e) All state aid street projects proposed by a municipality shall
30 meet the requirements of § 27-72-406, § 27-72-415, and § 27-72-417 of this
31 subchapter before the committee may consider the projects for submission to
32 the state aid engineer.

33
34 27-72-414. Contracts for work to be performed.

35 (a) All proposals covering work to be performed on state aid streets
36 in a municipality in this state shall be:

1 (1) Under contract let and approved by the State Highway
2 Commission upon a request from the mayor or chief executive officer of the
3 municipality; and

4 (2) In accordance with the procedures prescribed in § 27-67-206,
5 and other laws of this state pertaining to contracts for the construction of
6 state highways, which shall be equally applicable to all contracts let by the
7 commission for the construction of state aid streets under this subchapter.

8 (b)(1) The mayor or chief executive officer of a municipality is
9 authorized to submit bids for work to be performed on state aid streets under
10 the provisions of this subchapter.

11 (2) This section shall not be construed to limit or restrict the
12 right of a mayor or chief executive officer to submit bids for work to be
13 performed by municipal forces so long as the bids are:

14 (A) In accordance with procedures of § 27-67-206; and

15 (B) The aggregate cost does not exceed one hundred sixty-
16 five thousand dollars (\$165,000).

17
18 27-72-415. Conditions for use of state aid.

19 A municipality is entitled to receive state aid and to expend state aid
20 moneys in conjunction with moneys furnished by the municipality on state aid
21 streets in the municipality on projects approved for construction in the
22 municipality provided:

23 (1) The state aid system in the municipality has been designated
24 and approved as provided in this subchapter;

25 (2)(A) The municipality has employed or retained an engineer who
26 is a registered professional engineer to act for and on behalf of the
27 municipality as a whole.

28 (B) However:

29 (i) If any mayor or chief executive officer is a
30 registered professional engineer, the mayor or chief executive officer may
31 perform the duties provided under this section for the municipal engineer;
32 and

33 (ii) A municipality may contract with the Arkansas
34 State Highway and Transportation Department for engineering services in lieu
35 of employing or retaining a municipal engineer.

36 (C) The cost of employing or retaining a municipal

1 engineer or contracting with the Arkansas State Highway and Transportation
2 Department for engineering services shall be paid from the municipal street
3 funds of the municipality and shall not be payable from the State Aid Street
4 Fund.

5 (D) Engineering costs on federal-aid projects may be
6 included as a cost item of the projects; and

7 (3) The municipality has complied with all rules promulgated by
8 the state aid engineer.

9
10 27-72-416. Use of state aid.

11 (a) Funds deposited in the State Aid Street Fund shall be used
12 exclusively for the construction, reconstruction, and improvements of streets
13 or bridges on the state aid street system, except as otherwise provided in
14 this subchapter.

15 (b) The funds shall not be spent under this subchapter on any project
16 which shall not culminate directly in a paved hard-surfaced street.

17 (c) The funds shall not be used for maintenance of state aid streets.

18 (d)(1) All expenditures from the State Aid Street Fund under this
19 subchapter shall be made after publication of:

20 (A) Notice to bidders of the date for final reception of
21 bids; and

22 (B) The address at which specifications can be acquired.

23 (2) After a public opening of the bids, all contracts shall be
24 awarded to the lowest responsible bidder.

25
26 27-72-417. Rights-of-way – Exception.

27 (a)(1) All rights-of-way required on state aid street projects shall
28 be acquired by the municipality.

29 (2) Any cost of rights-of-way or utility relocation shall not be
30 considered a part of the cost of a project contemplated by this subchapter.

31 (b) The cost of reconstructing fencing and the construction of
32 property access passages shall not be considered as rights-of-way costs but
33 shall be considered as a component of project cost.

34
35 27-72-418. Municipal highway revenue estimates.

36 (a)(1) For each fiscal year, the Chief Fiscal Officer of the State

1 shall prepare and file quarterly statements setting forth an estimate of the
2 total amount of highway revenues and other state revenues made available by
3 this subchapter and all other laws providing state resources for and to
4 municipal governments for street construction, improvements, and betterments
5 made within the spirit of this subchapter, for the express use of the several
6 municipalities of the state.

7 (2) The Chief Fiscal Officer of the State shall prepare and file
8 the statement on or before July 10, October 10, January 10, and April 10 of
9 each fiscal year.

10 (b)(1) Each statement shall be designated and known as the "Official
11 Estimate of Municipal Highway Revenues Distribution" for the then-current
12 fiscal year.

13 (2) Copies shall be filed with the Chief Fiscal Officer of the
14 State, the Auditor of State, the Treasurer of State, and the Arkansas
15 Municipal League.

16 (c)(1) In preparing each official estimate of municipal highway
17 revenues distribution, the Chief Fiscal Officer of the State shall begin with
18 a basic amount arrived at in the manner prescribed under this subsection.

19 (2) The Chief Fiscal Officer of the State shall add or subtract
20 his or her estimate of the net increase or net decrease in municipal street
21 funds as may be affected by various factors, as determined by the Chief
22 Fiscal Officer of the State, including without limitation:

23 (A) Changes in the laws pertaining to tax rates and
24 exemptions;

25 (B) Administration of tax laws;

26 (C) Indexing; and

27 (D) Distribution of revenues.

28 (3) The basic amount of municipal street funds shall be
29 ascertained as follows:

30 (A) The July estimate shall be the amount of the next-
31 preceding fiscal year's municipal street funds, increased or decreased by
32 that certain percentage determined by the average of percentage changes in
33 the amount of the total municipal street funds by legislated source category
34 of each of the three (3) preceding fiscal years in relation to its preceding
35 fiscal year; and

36 (B) The October, January, and April estimates shall be the

1 total amount of municipal street funds by legislated source category
2 collected in the preceding months of the then-current fiscal year plus the
3 total amount of municipal street funds by legislated source category
4 collected in all of the other months of the preceding fiscal year, increased
5 or decreased by that certain percentage determined by the average of
6 percentage changes in the collections during all other months of each of the
7 three (3) preceding fiscal years in relation to the same other months of its
8 preceding fiscal years.

9
10 27-72-419. Title.

11 This subchapter shall be known and may be cited as the "State Aid
12 Streets Law".

13
14 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly of the State of Arkansas that city streets are in an extreme
16 state of disrepair, particularly in rural municipalities; that municipalities
17 are without an adequate program or adequate funding to allow for significant,
18 long-term, corrective action to repair their streets; and that this act is
19 necessary to initiate a program of remediation for municipal streets with the
20 involvement and consent of the Arkansas State Highway and Transportation
21 Department so that municipalities can increase the prospects of economic and
22 social development across the state by improving their streets. Therefore,
23 an emergency is declared to exist and this act being necessary for the
24 preservation of the public peace, health, and safety shall become effective
25 on July 1, 2011.