

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

*As Engrossed: H3/9/11*  
**A Bill**

HOUSE BILL 1779

5 By: Representative Webb  
6

7 **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

11  
12 **Subtitle**

13 CONCERNING TRANSPORTATION FUNDING THAT  
14 AMENDS THE STATE AID STREETS LAW.  
15

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 communities within and beyond  
 4 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 and minor arterial and 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, *minimum*  
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.

5           (B) The *minimum* design standards and specifications may be  
6 modified or amended from time to time as the state aid engineer deems  
7 necessary; provided, however, that in any municipality with design standards  
8 as part of its adopted master street plan, any project proposed as part of  
9 the state aid streets program according to those adopted municipal design  
10 standards shall be deemed to have met the design standards for state aid  
11 streets;

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

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

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

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

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

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

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

1                   (C)(i) Progress or final estimate either on a contract or  
2 a force account project shall not be paid unless approved in such manner by  
3 the state aid engineer.

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

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

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

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

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

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

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

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

30  
31                   ~~27-72-407. State Aid Street Account~~ Fund.

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

1           (a)(1) There is created in the State Treasury, subject to the  
2 availability and appropriation of funding, a fund to be known as the State  
3 Aid Street Fund, to which the Treasurer of State shall transfer *fifty percent*  
4 (50%) of the revenues credited to the State Highway Special Construction  
5 Account of the State Highway and Transportation Department Fund each month  
6 until an aggregate total of up to twenty-one million dollars (\$21,000,000)  
7 each fiscal year is transferred, there to be used for construction,  
8 reconstruction, and improvements of the state aid street 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)(A) The committee shall consist of nine (9) mayors to be  
4 appointed as follows:

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

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

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

10 (B) The Governor, the Speaker of the House of  
11 Representatives, and the President Pro Tempore of the Senate shall each  
12 appoint at least one (1) mayor from a municipality with a population in  
13 excess of twenty-five thousand (25,000).

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

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

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

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

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

25 (5) A quorum is necessary to transact the business of the  
26 committee.

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

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

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

1  
2 27-72-414. Contracts for work to be performed.

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

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

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

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

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

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

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

21  
22 27-72-415. Conditions for use of state aid.

23 A municipality is entitled to receive state aid and to expend state aid  
24 moneys in conjunction with moneys furnished by the municipality on state aid  
25 streets in the municipality on projects approved for construction in the  
26 municipality provided:

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

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

32 (B) However:

33 (i) If any mayor or chief executive officer is a  
34 registered professional engineer, the mayor or chief executive officer may  
35 perform the duties provided under this section for the municipal engineer;  
36 and

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

4                   (C) The cost of employing or retaining a municipal  
5 engineer or contracting with the Arkansas State Highway and Transportation  
6 Department for engineering services shall be paid from the municipal street  
7 funds of the municipality and shall not be payable from the State Aid Street  
8 Fund.

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

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

13  
14                   27-72-416. Use of state aid.

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

19                   (b) The funds shall not be spent under this subchapter on any project  
20 which shall not culminate directly in a paved hard-surfaced *street and the*  
21 *associated nonmotorized facilities that may be required by municipal design*  
22 *standards.*

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

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

26                               (A) Notice to bidders of the date for final reception of  
27 bids; and

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

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

31  
32                   27-72-417. Rights-of-way – Exception.

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

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

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

4  
5       27-72-418. Municipal highway revenue estimates.

6       (a)(1) For each fiscal year, the Chief Fiscal Officer of the State  
7 shall prepare and file quarterly statements setting forth an estimate of the  
8 total amount of highway revenues and other state revenues made available by  
9 this subchapter and all other laws providing state resources for and to  
10 municipal governments for street construction, improvements, and betterments  
11 made within the spirit of this subchapter, for the express use of the several  
12 municipalities of the state.

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

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

19       (2) Copies shall be filed with the Chief Fiscal Officer of the  
20 State, the Auditor of State, the Treasurer of State, and the Arkansas  
21 Municipal League.

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

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

29               (A) Changes in the laws pertaining to tax rates and  
30 exemptions;

31               (B) Administration of tax laws;

32               (C) Indexing; and

33               (D) Distribution of revenues.

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

36               (A) The July estimate shall be the amount of the next-

1 preceding fiscal year's municipal street funds, increased or decreased by  
2 that certain percentage determined by the average of percentage changes in  
3 the amount of the total municipal street funds by legislated source category  
4 of each of the three (3) preceding fiscal years in relation to its preceding  
5 fiscal year; and

6 (B) The October, January, and April estimates shall be the  
7 total amount of municipal street funds by legislated source category  
8 collected in the preceding months of the then-current fiscal year plus the  
9 total amount of municipal street funds by legislated source category  
10 collected in all of the other months of the preceding fiscal year, increased  
11 or decreased by that certain percentage determined by the average of  
12 percentage changes in the collections during all other months of each of the  
13 three (3) preceding fiscal years in relation to the same other months of its  
14 preceding fiscal years.

15  
16 27-72-419. Title.

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

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

32  
33 /s/Webb  
34  
35  
36