

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

As Engrossed: S3/23/11

A Bill

HOUSE BILL 1902

5 By: Representative Moore
6

For An Act To Be Entitled

8 AN ACT TO ESTABLISH AN ADDITIONAL TAX ON DISTILLATE
9 SPECIAL FUEL FOR THE IMPROVEMENT OF ARKANSAS STATE
10 ROADS AND HIGHWAYS; TO AUTHORIZE THE ARKANSAS STATE
11 HIGHWAY COMMISSION TO ISSUE STATE OF ARKANSAS FEDERAL
12 HIGHWAY GRANT ANTICIPATION AND TAX REVENUE BONDS FOR
13 THE PURPOSES OF CONSTRUCTING AND RENOVATING ROADS AND
14 HIGHWAYS FOR THE CITIZENS OF THE STATE OF ARKANSAS;
15 AUTHORIZING THAT THE REPAYMENT OF BONDS BE GUARANTEED
16 BY THE FULL FAITH AND CREDIT OF THE STATE;
17 PRESCRIBING THE TERMS AND CONDITIONS OF THE ISSUANCE
18 OF BONDS; PROVIDING FOR A STATEWIDE ELECTION ON THE
19 QUESTION OF LEVYING THE ADDITIONAL TAX ON DISTILLATE
20 SPECIAL FUEL AND ISSUING BONDS; DECLARING AN
21 EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

22
23
24 THE ARKANSAS HIGHWAY FINANCING ACT OF
25 2011.
26
27
28

29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
30

31 SECTION 1. Arkansas Code 26-56-201(f), concerning distillate special
32 fuel, is amended to read as follows:

33 (f) The additional taxes collected ~~pursuant to~~ under this section
34 ~~shall be considered~~ are special revenues and shall be distributed as set
35 forth in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.,
36 subject to any requirements for the repayment of bonds issued under the



1 Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., ~~and~~ the Arkansas
2 Interstate Highway Financing Act of 2007, § 27-64-401 et seq., and the
3 Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.
4

5 SECTION 2. Arkansas Code Title 26, Chapter 56 is amended to add a new
6 subchapter to read as follows:

7 Subchapter 8 – Additional Tax on Distillate Special Fuel.

8
9 26-56-801. Definition.

10 "Distillate special fuel" as used in this subchapter, means distillate
11 special fuel as defined in § 26-56-102(6), except that distillate special
12 fuel for purposes of the tax levied by this subchapter shall exclude
13 distillate special fuel not intended for highway use.
14

15 26-56-802. Additional tax on distillate special fuel.

16 (a)(1) In addition to all other taxes levied upon distillate special
17 fuel, there is levied an additional tax on distillate special fuel of five
18 cents (5¢) for each gallon of distillate special fuel sold or used in this
19 state, or purchased for sale or use in this state.

20 (2) The additional tax on distillate special fuel applies only
21 to distillate special fuel intended for highway use or to fuel a motor
22 vehicle intended for highway use.

23 (b) The additional distillate special fuel tax under this section is
24 subject to the exemptions under this chapter.

25 (c)(1) The levy of the additional tax on distillate special fuel by
26 subsection (a)(1) of this section is conditioned upon the approval by a
27 majority of the qualified electors of the state voting on the measure
28 providing for the levy of the additional tax on distillate special fuel and
29 the issuance of bonds in a statewide election held under the provisions of
30 the Arkansas Highway Financing Act of 2011.

31 (2) If the levy of the additional tax on distillate special fuel
32 and the issuance of the bonds is approved, the:

33 (A) Effective date of the additional tax on distillate
34 special fuel by levied subsection (a)(1) of this section shall be the first
35 day of the second month following the month in which the Secretary of State
36 certifies the vote of the voters of the state approving the levy of the

1 additional tax on distillate special fuel and the issuance of bonds; and
2 (B) Additional tax on distillate special fuel levied by
3 subdivision (a)(1) of this section shall terminate and shall no longer be
4 collected upon certification by the Chairman of the Arkansas State Highway
5 Commission that the bonds issued under the Arkansas Highway Finance Act of
6 2011 have been paid in full and all obligations of the commission with
7 respect to such bonds have been performed in full.

8 (3) If the levy of the additional tax on distillate special fuel
9 and the issuance of the bonds are not approved, the levy of the additional
10 tax on distillate special fuel by subdivision (a)(1) shall terminate and the
11 additional tax shall not be collected.

12
13 26-56-803. Administration.

14 The tax on distillate special fuel levied by this subchapter shall be
15 administered in accordance with the provisions of the Arkansas Tax Procedure
16 Act, § 26-18-101 et seq.

17
18 26-56-804. Disposition.

19 The tax imposed by this subchapter is levied to provide revenue to be
20 used by the state to defray, in whole or in part, the cost of constructing,
21 widening, reconstructing, maintaining, resurfacing, and repairing the public
22 highways of this state and shall be distributed as set forth in the Arkansas
23 Highway Revenue Distribution Law, § 27-70-201 et seq. subject to any
24 requirements for the repayment of bonds issued under the Arkansas Highway
25 Financing Act of 2011.

26
27 SECTION 3. Arkansas Code Title 27, Chapter 64 is amended to add a new
28 subchapter to read as follows:

29 27-64-501. Title.

30 This subchapter may be referred to and cited as the “Arkansas Highway
31 Financing Act of 2011”.

32
33 27-64-502. Findings.

34 The General Assembly of the State of Arkansas finds that:

35 (1) There is an immediate need for highway improvements
36 throughout the State of Arkansas in order to provide for the health, safety,

1 and welfare of its citizens and to promote economic development within the
2 state;

3 (2) Through revenues generated pursuant to the Arkansas Highway
4 Financing Act of 1999, § 27-64-201 et seq., the State Highway Commission has
5 been successful in completing the rehabilitation of much of the state's
6 Interstate Highway System and that the rehabilitation has been carried out in
7 an efficient, cost-effective manner;

8 (3) Continued improvement of the Interstate Highway System and
9 other routes on the National Highway System is necessary and the best way to
10 accomplish the improvements expeditiously is through the issuance of
11 additional federal highway grant anticipation and tax revenue bonds to
12 finance highway improvements; and

13 (4) Bonds should be payable from revenues currently designated
14 by the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., including
15 federal highway assistance funding and the proceeds from the Arkansas
16 Distillate Special Fuel Excise Tax Act of 1999 and the Motor Fuel Excise Tax
17 Act of 1999, §§ 26-55-1005, 26-55-1006, 26-56-201, and 27-72-305, and 26-56-
18 801 et seq.; and

19 (5) The repayment of the bonds should be guaranteed by the full
20 faith and credit of the state.

21
22 27-64-503. Definitions.

23 As used in this subchapter:

24 (1) "Bonds" means the State of Arkansas Federal Highway Grant
25 Anticipation and Tax Revenue Bonds, also known as "GARVEE bonds", as
26 authorized in this subchapter;

27 (2) "Commission" means the State Highway Commission;

28 (3) "Debt service" means all amounts required for the payment of
29 principal, interest, and premium, if any, due with respect to the bonds in
30 any fiscal year along with all associated costs, including the fees and costs
31 of paying agents and trustees, remarketing agent fees, credit enhancement
32 costs, and other amounts necessary in connection with the bonds;

33 (4) "Designated revenues" means:

34 (A) The portion designated by the commission of funds
35 received or to be received from the federal government as federal highway
36 assistance funding allocated to the state; and

1 (B) Revenues derived from the distillate special fuel tax
2 levied under:

3 (i) § 26-56-201(e) that are available for
4 expenditure after any distributions required by the Arkansas Highway
5 Financing Act of 1999, § 27-64-201 et seq., the Arkansas Interstate Highway
6 Financing Act of 2005, § 27-64-301 et seq., and the Arkansas Interstate
7 Financing Act of 2007, § 27-64-401 et seq.; and

8 (ii) § 26-56-802; and
9 (5) “Highway improvements” or “highway improvement projects”
10 means restoration and improvements to the Interstate Highway System and other
11 routes within the National Highway System within the state, including
12 roadways, bridges, or rights-of-way under the jurisdiction of the commission
13 and includes the acquisition, construction, reconstruction, renovation of the
14 Interstate System and other routes within the National Highway System within
15 the state and facilities appurtenant or pertaining to the Interstate Highway
16 System and other routes within the National Highway System.

17
18 27-64-504. Authorization – Purposes.

19 (a)(1) Subject to the one-time approval of the voters in a statewide
20 election, the State Highway Commission may issue State of Arkansas Federal
21 Highway Grant Anticipation and Tax Revenue Bonds from time to time if the
22 total principal amount outstanding from the issuance of the bonds, together
23 with the total principal amount outstanding from the issuance of bonds
24 pursuant to the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,
25 the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq.,
26 and the Arkansas Interstate Financing Act of 2007, § 27-64-401 et seq., does
27 not at any time exceed one billion one hundred million dollars
28 (\$1,100,000,000).

29 (2) The bonds will be issued in one (1) or more series of
30 various principal amounts with the last series being issued no later than
31 December 31, 2017.

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

33 (1) Accelerate highway improvement projects already underway or
34 scheduled;

35 (2) Fund new highway improvement projects;

36 (3) Finance the restoration, reconstruction, and renovation of

1 highway improvements within the State of Arkansas; and

2 (4) Pay the costs of issuance of the bonds or other credit
3 enhancement.

4
5 27-64-505. Election.

6 (a)(1) State of Arkansas Federal Highway Grant Anticipation and Tax
7 Revenue Bonds shall not be issued under this subchapter unless the levy of
8 the additional tax on distillate special fuel under § 26-56-802 and the
9 authority of the State Highway Commission to issue the bonds from time to
10 time are approved by a majority of the qualified electors of the state voting
11 on the question at a statewide election called by proclamation of the
12 Governor.

13 (2) The election may be in conjunction with a general election,
14 or it may be a special election.

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

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

19 (B) Mailed to each county board of election commissioners
20 and the sheriff of each county at least sixty (60) days prior to the
21 election.

22 (2) The notice of election shall state that the election is to
23 be held for the purpose of submitting to the people the following proposition
24 in substantially the following form:

25
26 “Authorizing the State Highway Commission to issue State of Arkansas Federal
27 Highway Grant Anticipation and Tax Revenue Bonds (the “Bonds”) if the total
28 principal amount outstanding from the issuance of the bonds, together with
29 the total principal amount outstanding from the issuance of bonds pursuant to
30 the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., the Arkansas
31 Interstate Highway Financing Act of 2005, § 27-64-301 et seq., and the
32 Arkansas Interstate Financing Act of 2007, § 27-64-401 et seq. shall not, at
33 any time, exceed one billion one hundred million dollars (\$1,100,000,000).
34 If approved, the bonds will be issued in several series of various principal
35 amounts from time to time, with the last series being issued no later than
36 December 31, 2017, for the purpose of paying the cost of constructing and

1 renovating improvements to the Interstate Highway System and related
2 facilities in the State of Arkansas and improvements to other routes on the
3 National Highway System and related facilities in the State of Arkansas."

4
5 "The bonds shall be general obligations of the State of Arkansas, payable
6 from certain designated revenues including particularly and without
7 limitation a new tax described below, and also secured by the full faith and
8 credit of the State of Arkansas, including its general revenues."

9
10 "Under the Arkansas Highway Financing Act of 2011 (the "Bond Act"), the bonds
11 will be repaid first from: (1) revenues derived from federal highway
12 assistance funding allocated to the State of Arkansas; (2) revenues derived
13 from the excise tax levied on distillate special fuel (diesel) pursuant to
14 Arkansas Code § 26-56-201(e) that are available for expenditure after any
15 distributions required by the Arkansas Highway Financing Act of 1999, the
16 Arkansas Interstate Highway Financing Act of 2005, and the Arkansas
17 Interstate Financing Act of 2007; and (3) revenues derived from a new excise
18 tax levied on distillate special fuel (diesel) pursuant to Arkansas Code §
19 26-56-802 at the rate of five cents per gallon if the measure is approved. To
20 the extent that designated revenues are insufficient to make timely payment
21 of debt service on the bonds, the payment shall be made from the general
22 revenues of the State of Arkansas. The bonds shall be issued pursuant to the
23 authority of and the terms set forth in the Bond Act."

24
25 "Under the Bond Act, the highway improvements to be financed are limited to
26 the restoration and improvements to the Interstate Highway System and of
27 other routes on the National Highway System within the state, including
28 roadways, bridges, or rights-of-way under jurisdiction of the State Highway
29 Commission, which shall also include the acquisition, construction,
30 reconstruction, and renovation of the Interstate Highway System of other
31 routes on the National Highway System and facilities appurtenant or
32 pertaining thereto."

33
34 "Under Arkansas Code § 26-56-802, there is levied, subject to approval of
35 this measure, a new excise tax levied on distillate special fuel (diesel) at
36 the rate of five cents per gallon. This tax shall not be levied unless this

1 measure is approved by the voters."

2
3 "Under the Bond Act, "designated revenues" are defined as: (1) the portion
4 designated by the commission of funds received or to be received from the
5 federal government of the United States as federal highway assistance funding
6 allocated to the state; (2) revenues derived from the excise tax levied on
7 distillate special fuel (diesel) pursuant to Arkansas Code § 26-56-201(e)
8 that are available for expenditure after any distributions required by the
9 Arkansas Highway Financing Act of 1999, the Arkansas Interstate Highway
10 Financing Act of 2005, and the Arkansas Interstate Financing Act of 2007; and
11 (3) revenues derived from the excise tax levied on distillate special fuel
12 (diesel) pursuant to Arkansas Code § 26-56-802, which is a new five cent per
13 gallon tax to be levied upon the approval of this measure. The bonds are
14 further secured by the full faith and credit of the State of Arkansas, and to
15 the extent "designated revenues" are insufficient to make timely payment of
16 debt service on the bonds, the general revenues of the state shall be used to
17 pay debt service on the bonds."

18
19 (c) The ballot title shall be "Issuance of State of Arkansas Federal
20 Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and
21 credit of the State of Arkansas, and the levy of an additional five cent per
22 gallon tax on distillate special fuel (diesel)". On each ballot there shall
23 be printed the title, the proposition set forth in subdivision (b)(2) of this
24 section, and the following:

25
26 "FOR authorizing the State Highway Commission to issue State of Arkansas
27 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the
28 total principal amount outstanding from the issuance of the bonds, together
29 with the total principal amount outstanding from the issuance of bonds
30 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate
31 Highway Financing Act of 2005, and the Arkansas Interstate Financing Act of
32 2007, shall not, at any time, exceed one billion one hundred million dollars
33 (\$1,100,000,000); such bonds to be issued in one or more series of various
34 principal amounts with the last series being issued no later than December
35 31, 2017, and the pledge of the full faith and credit of the State of
36 Arkansas to further secure the bonds, and the levy of an additional 5¢ per

1 gallon excise tax on distillate special fuel (diesel) to pay, as described
2 above, along with other "designated revenues," as defined in the Arkansas
3 Highway Financing Act of 2011, debt service on bonds []”

4
5 “AGAINST authorizing the State Highway Commission to issue State of Arkansas
6 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the
7 total principal amount outstanding from the issuance of the bonds, together
8 with the total principal amount outstanding from the issuance of bonds
9 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate
10 Highway Financing Act of 2005, and the Arkansas Interstate Financing Act of
11 2007, shall not, at any time, exceed one billion one hundred million dollars
12 (\$1,100,000,000); such bonds to be issued in one or more series of various
13 principal amounts with the last series being issued no later than December
14 31, 2017, and the pledge of the full faith and credit of the State of
15 Arkansas to further secure the bonds, and the levy of an additional 5¢ per
16 gallon excise tax on distillate special fuel (diesel) to pay, as described
17 above, along with other "designated revenues," as defined in the Arkansas
18 Highway Financing Act of 2011, debt service on bonds
19 []”

20
21 (d)(1) Each county board of election commissioners shall hold and
22 conduct the election and may take any action with respect to the appointment
23 of election officials and other matters as required by the laws of the state.

24 (2)(A) The vote shall be canvassed and the result of the vote
25 declared in each county by the board.

26 (B) Within ten (10) days after the date of the election,
27 the results shall be certified by the boards to the Secretary of State, who
28 shall tabulate all returns received and certify to the Governor the total
29 vote for and against the proposition submitted pursuant to this subchapter.

30 (e)(1) The result of the election shall be proclaimed by the Governor
31 by the publication of the proclamation one (1) time in a newspaper of general
32 circulation in the State of Arkansas.

33 (2) The results as proclaimed shall be conclusive unless a
34 complaint is filed within thirty (30) days after the date of the publication
35 in Pulaski County Circuit Court challenging the results.

36 (f)(1) If a majority of the qualified electors voting on the

1 proposition vote in favor of the proposition, then the commission may issue
2 bonds from time to time in the manner and on the terms set forth in this
3 subchapter.

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

7
8 27-64-506. Procedure for issuing State of Arkansas Federal Highway
9 Grant Anticipation and Tax Revenue Bonds.

10 (a) Prior to the issuance of any series of State of Arkansas Federal
11 Highway Grant Anticipation and Tax Revenue Bonds, the State Highway
12 Commission shall adopt a resolution authorizing the issuance of the series of
13 bonds.

14 (b) Each resolution shall contain those terms, covenants, and
15 conditions as are desirable and consistent with this subchapter, including
16 without limitation those pertaining to the establishment and maintenance of
17 funds and accounts, the deposit and investment of the federal highway
18 assistance payments and bond proceeds, and the rights and obligations of the
19 state, its officers and officials, the commission, and the registered owners
20 of the bonds.

21 (c)(1) The resolutions of the commission may provide for the execution
22 and delivery by the commission of a trust indenture or trust indentures with
23 one (1) or more banks or trust companies located within or without the state,
24 containing any of the terms, covenants, and conditions required under
25 subsection (b) of this section, and any other terms and conditions deemed
26 necessary by the commission.

27 (2) The trust indenture or trust indentures are binding upon the
28 commission and the state and their respective officers and officials.

29
30 27-64-507. Terms of bonds.

31 The State of Arkansas Federal Highway Grant Anticipation and Tax
32 Revenue Bonds shall be subject to the following terms and conditions:

33 (1)(A) The bonds shall be issued in series in amounts sufficient
34 to finance all or part of the costs of construction and maintenance of
35 highway improvements.

36 (B) The respective series of bonds shall be designated by

1 the year in which the bonds are issued.

2 (C) If more than one (1) series of bonds is to be issued
3 in a particular year, the series shall be designated alphabetically;

4 (2)(A) The bonds of each series shall have the date or dates as
5 the State Highway Commission shall determine.

6 (B) The bonds shall mature or be subject to mandatory
7 sinking fund redemption over a period ending not later than twelve (12) years
8 after the date of issue of each series;

9 (C) Refunding bonds issued under § 26-64-512 shall mature
10 or be subject to mandatory sinking fund redemption over a period not ending
11 later than twelve (12) years after the date of issue of the original bonds of
12 each series;

13 (3)(A) The bonds of each series shall bear interest at the rate
14 or rates determined by the commission at the sale of the bonds.

15 (B) The bonds may bear interest at either a fixed or a
16 variable rate or may be convertible from one (1) interest rate mode to
17 another.

18 (C) The interest shall be payable at the times as the
19 commission shall determine;

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

22 (5) The commission shall determine:

23 (A) The denominations of the bonds;

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

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

28 (D) Whether the bonds may be made subject to redemption
29 prior to maturity and the manner of and prices for redemption; and

30 (E) Any other terms and conditions; and

31 (6)(A) Each bond shall be executed with the facsimile signatures
32 of the Chair of the State Highway Commission and the secretary of the
33 commission, and the seal of the commission shall be affixed or imprinted on
34 the bond.

35 (B) Delivery of executed bonds shall be valid,
36 notwithstanding any change in the persons holding the offices that occurs

1 after the bonds have been executed.

2
3 27-64-508. Sale of bonds.

4 (a)(1) The State of Arkansas Federal Highway Grant Anticipation and
5 Tax Revenue Bonds may be sold in any manner, either at private or public
6 sale, and upon terms as the State Highway Commission shall determine to be
7 reasonable and expedient for effecting the purposes of this subchapter.

8 (2)(A) The bonds may be sold at a price acceptable to the
9 commission.

10 (B) The price may include a discount or premium.

11 (b)(1) If the bonds are to be sold at public sale, the commission
12 shall give notice of the offering of the bonds in a manner reasonably
13 designed to notify participants in the public finance industry that the
14 offering is being made.

15 (2) The commission shall set the terms and conditions of
16 bidding, including the basis on which the winning bid will be selected.

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

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

25
26 27-64-509. Employment of professionals.

27 The State Highway Commission may retain any professionals necessary to
28 accomplish the issuance and sale of the State of Arkansas Federal Highway
29 Grant Anticipation and Tax Revenue Bonds, including without limitation legal
30 counsel, financial advisors, underwriters, trustees, paying agents, and
31 remarketing agents.

32
33 27-64-510. Sources of repayment.

34 (a) The State of Arkansas Federal Highway Grant Anticipation and Tax
35 Revenue Bonds shall be general obligations of the State of Arkansas secured
36 and payable from the designated revenues and the general revenues of the

1 state.

2 (b) The bonds shall be payable first from the following designated
3 revenues:

4 (1) The portion designated by the State Highway Commission of
5 funds received or to be received from the federal government as federal
6 highway assistance funding allocated to the state; and

7 (2) Revenues derived from the distillate special fuel tax levied
8 under:

9 (A) § 26-56-201(e) that are available for expenditure
10 after any distributions required by the Arkansas Highway Financing Act of
11 1999, the Arkansas Interstate Financing Act of 2005, and the Arkansas
12 Interstate Financing Act of 2007; and

13 (B) § 26-56-802.

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

17 (d)(1) In order to secure the payment of debt service, any trust
18 instrument, resolution, or other document setting forth the security for the
19 bondholders may provide for the direct payment of the federal highway
20 assistance funds that are designated revenues directly into a trust fund or
21 to a paying agent for the payment of debt service on the bonds.

22 (2) It is not necessary for the funds to be deposited into the
23 State Treasury.

24 (e) The additional distillate special fuel tax levied under § 26-56-
25 802 shall terminate as provided under § 26-56-802(c)(3).

26
27 27-64-511. Investment of proceeds.

28 (a) Designated revenues and proceeds of the State of Arkansas Federal
29 Highway Grant Anticipation and Tax Revenue Bonds held pending disbursement on
30 highway improvements shall be invested by the State Highway Commission to the
31 full extent practicable pending disbursement for the purposes intended.

32 (b) Notwithstanding any other provision of law, the investments shall
33 be in accordance with the terms of the resolution or trust indenture
34 authorizing or securing the series of bonds to which the designated revenues
35 or bond proceeds appertain to the extent that the terms of the resolution or
36 trust indenture are applicable.

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27-64-512. Refunding bonds.

(a) The State Highway Commission may issue bonds for the purpose of refunding the State of Arkansas Federal Highway Grant Anticipation and Tax Revenue Bonds previously issued pursuant to this subchapter if the total amount of bonds outstanding after the refunding is completed does not exceed the total amount authorized by this subchapter.

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

27-64-513. Tax exemption.

(a) All State of Arkansas Federal Highway Grant Anticipation and Tax Revenue Bonds issued under this subchapter and interest on the bonds shall be exempt from all taxes of the State of Arkansas, including income, inheritance, and property taxes.

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

27-64-514. Powers of the State Highway Commission.

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

(b) No member of the commission shall be liable personally for any reason arising from the issuance of the State of Arkansas Federal Highway Grant Anticipation and Tax Revenue Bonds pursuant to this subchapter unless the member acts with corrupt intent.

/s/Moore