

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

HOUSE BILL 1219

5 By: Representative Hickerson
6 By: Senator Hickey
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW TO CLARIFY THE PROCEDURE FOR
10 ESTABLISHING WATER RATES BY THE GOVERNING BODY OF A
11 MUNICIPALITY; TO PROVIDE FOR THE ESTABLISHMENT OF
12 SPECIAL RATE CATEGORIES TO AID COMMUNITY OR ECONOMIC
13 DEVELOPMENT; AND FOR OTHER PURPOSES.
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Subtitle

16 TO AMEND THE LAW TO CLARIFY THE PROCEDURE
17 FOR ESTABLISHING WATER RATES BY THE
18 GOVERNING BODY OF A MUNICIPALITY AND TO
19 PROVIDE FOR THE ESTABLISHMENT OF SPECIAL
20 RATE CATEGORIES TO AID COMMUNITY OR
21 ECONOMIC DEVELOPMENT.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 14-42-108(b)(1), concerning prohibited
28 actions by municipal officials or employees, is amended to read as follows:

29 (b)(1) It ~~shall be~~ is unlawful for any city official or employee of
30 any municipal corporation in this state to furnish or give to any person,
31 concerns, or corporations any property belonging to the municipal
32 corporation, or service from any public utility owned or operated by the
33 municipal corporation, unless payment is made ~~therefor~~ to the municipal
34 corporation at the usual and regular rates, and in the usual manner, except
35 as provided in subsection (a) of this section or as provided under § 14-234-
36 214(c).



SECTION 2. Arkansas Code § 14-234-214 is amended to read as follows:
 14-234-214. Rates – Disposition of surplus funds.

(a) Rates for resident and nonresident consumers of a municipal waterworks system ~~shall be~~ are fixed by the ~~legislative~~ governing body of the municipality.

(b) Rates that are established by the governing body of a municipality may be determined by considering the following factors, including without limitation:

(1) Recommendations from the mayor, the municipality’s water and sewer utility departments or providers, a committee of the governing body of the municipality, or an advisory panel of elected officials and rate-paying customers assembled by the governing body of a municipality for the specific purpose of making recommendations on water rates;

(2) The volume or quality of the water to be sold on a daily, weekly, or monthly basis; and

(3)(A) The type of customer that is seeking access to the municipality’s water system.

(B) The governing body of a municipality may establish as many customer rate classifications as needed.

(C) A change to water rates established by the governing body of a municipality shall treat all water customers within a rate classification equally.

(c) The governing body of a municipality may create special rates to assist with community or economic development efforts, but those special rates shall reflect equal treatment for all water customers within that special rate classification.

~~(b)(d)~~ (d) The rates to be charged by the municipality ~~must~~ shall be adequate to:

(1) Pay the principal of and interest on all revenue bonds and revenue promissory notes as ~~they~~ the bonds and notes severally mature;

(2) Make ~~such~~ the payments into a revenue bond sinking fund as may be required by ordinance or trust indenture; and

(3) Provide an adequate depreciation fund and ~~to provide~~ the operating authority’s estimated cost of operating and maintaining the waterworks system.

1 ~~(e)~~(e)(1) Rates fixed ~~prior to~~ before the issuance of revenue bonds or
 2 notes may be reduced if authorized by the trust indenture or ordinance
 3 pertaining to the issuance.

4 (2) The rates shall not be reduced below the standards
 5 prescribed in this subchapter.

6 ~~(d)~~(f) If a municipality subject to ~~the provisions of~~ this subchapter
 7 proposes to make additions to its system, ~~which~~ and the additions are to be
 8 financed by the issuance of revenue bonds or revenue promissory notes, within
 9 eighteen (18) months of the effective date of the rate, then the ~~legislative~~
 10 governing body of the municipality shall fix a rate ~~to be~~ that is effective
 11 immediately, ~~which will be~~ and that is sufficient, in addition to the above
 12 requirements, to amortize the revenue bonds or revenue promissory notes with
 13 interest as ~~they~~ the revenue bonds and revenue promissory notes severally
 14 mature.

15 ~~(e)(1)~~(g)(1) If ~~any~~ surplus is accumulated in the operation and
 16 maintenance fund of the waterworks system ~~which shall be~~ that is in excess of
 17 the operating authority's estimated cost of maintaining and operating the
 18 plant during the remainder of the current fiscal year ~~then current~~ and the
 19 cost of maintaining and operating the plant during the next fiscal year ~~next~~
 20 ensuing, the excess may be transferred by the operating authority ~~transferred~~
 21 to ~~either~~ the depreciation account or to the bond and interest redemption
 22 account, ~~as the operating authority may designate.~~

23 (2) If ~~any~~ surplus is accumulated in the depreciation account
 24 ~~over and~~ above that which the operating authority ~~shall find~~ may be necessary
 25 finds for probable replacements needed during the ~~then~~ current fiscal year,
 26 and the next ensuing fiscal year, the excess may be transferred to the bond
 27 and interest redemption account.

28 (3) If a surplus ~~shall exist~~ exists in the bond and interest
 29 redemption account, it may be applied by the operating authority, ~~in its~~
 30 discretion, subject to any limitations in the ordinance authorizing the
 31 issuance of the bonds, or in the trust indenture:

32 (A) To the payment of bonds that may ~~later~~ be issued for
 33 additional betterments and improvements;

34 (B) To the purchase or retirement, ~~insofar as possible,~~ of
 35 outstanding unmatured bonds payable from the bond and interest redemption
 36 account, at no more than the fair market value ~~thereof~~;

1 (C) To the payment of ~~any~~ outstanding unmatured bonds
2 payable from the bond and interest redemption account that may be subject to
3 call for redemption before maturity; or

4 (D) To any other municipal purpose.
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