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2 92nd General Assembly
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4

As Engrossed: H3/7/19 H3/14/19

A Bill

HOUSE BILL 1663

5 By: Representative Kelly
6 By: Senator J. English
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING CERTAIN PROCEDURES
10 OF IMPROVEMENT DISTRICTS; AND FOR OTHER PURPOSES.

Subtitle

14 TO AMEND THE LAW CONCERNING CERTAIN
15 PROCEDURES OF IMPROVEMENT DISTRICTS; AND
16 FOR OTHER PURPOSES.

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

20
21 SECTION 1. Arkansas Code Title 14, Chapter 86, is amended to add an
22 additional subchapter to read as follows:

23
24 Subchapter 22 – Financial Requirements and Minimum Standards of Districts

25
26 14-86-2201. Definition.

27 (a) As used in this subchapter, “district” means any improvement
28 district in Arkansas, including without limitation:

29 (1) Levee, drainage, road, irrigation, watershed, and river
30 improvement districts formed or operating under:

31 (A) Section 14-86-101 et seq.;

32 (B) Section 14-87-101 et seq.;

33 (C) Section 14-88-101 et seq.;

34 (D) Section 14-89-101 et seq.;

35 (E) Section 14-90-101 et seq.;

36 (F) Section 14-91-101 et seq.;



- 1 (G) Section 14-92-101 et seq.;
2 (H) The Property Owners' Improvement District Law, §
3 14-93-101 et seq.;
4 (I) The Municipal Property Owner's Improvement
5 District Law, § 14-94-101 et seq.;
6 (J) Section 14-95-101 et seq.;
7 (K) Section 14-114-101 et seq.;
8 (L) The Interstate Watershed Cooperation Act, § 14-
9 115-101 et seq.;
10 (M) The Arkansas Irrigation, Drainage, and Watershed
11 Improvement District Act of 1949, § 14-117-101 et seq.;
12 (N) Section 14-118-101 et seq.;
13 (O) Section 14-119-101 et seq.;
14 (P) Section 14-120-101 et seq.;
15 (Q) Section 14-121-101 et seq.;
16 (R) Section 14-122-101 et seq.;
17 (S) Section 14-123-101 et seq.;
18 (T) Section 14-124-101 et seq.;
19 (U) The Rural Development Authority Act, § 14-188-
20 101 et seq.;
21 (V) Section 14-217-101 et seq.;
22 (W) Section 14-218-101 et seq.;
23 (X) Section 14-249-101 et seq.;
24 (Y) Section 14-250-101 et seq.; and
25 (Z) Section 14-251-101 et seq.; or
26 (2) Levee, drainage, road, irrigation, watershed, and river
27 improvement districts created by a special act of the General Assembly.
28 (b) As used in this subchapter, "district" does not include levee,
29 drainage, road, irrigation, watershed, and river improvement districts formed
30 or operating under:
31 (1) The Water Authority Act, § 4-35-101 et seq.;
32 (2) The Regional Water Distribution District Act, § 14-116-101
33 et seq.;
34 (3) The Conservation Districts Law, § 14-125-101 et seq.;
35 (4) Section 14-184-101 et seq.;
36 (5) Section 14-187-101 et seq.;

- 1 (6) Section 14-282-101 et seq.;
2 (7) Section 14-283-101 et seq.;
3 (8) Section 14-284-101 et seq.;
4 (9) Section 14-285-101 et seq.;
5 (10) Section 14-286-101 et seq.;
6 (11) Section 14-287-101 et seq.;
7 (12) Section 14-316-101 et seq.;
8 (13) Section 14-317-101 et seq.;
9 (14) Section 14-318-101 et seq.;
10 (15) Section 14-319-101 et seq.;
11 (16) Section 14-320-101 et seq.;
12 (17) Section 14-321-101 et seq.;
13 (18) Section 14-322-101 et seq.;
14 (19) Section 14-386-101 et seq.; or
15 (20) Section 14-387-101 et seq.

16
17 14-86-2202. Record retention and public examination of records.

18 (a) A district covered under this subchapter shall retain all
19 financial records, bank statements, and contracts relating to the bonds,
20 notes, or other evidences of indebtedness undertaken by the district during
21 the existence of the district and for five (5) years following dissolution of
22 the district.

23 (b) Any person who negligently violates any of the provisions of this
24 subchapter is guilty of a Class C misdemeanor for each violation.

25 (c) Any person who purposely violates any of the provisions of this
26 subchapter is guilty of a Class B misdemeanor for each violation.

27 (d) The Freedom of Information Act of 1967, § 25-19-101 et seq.,
28 applies to records retained under this subchapter.

29
30 14-86-2203. Subsequent indebtedness.

31 (a)(1) After the initial creation, bonding, and indebtedness of a
32 district, but before subsequent bonds, notes, or indebtedness are incurred
33 under the authority of this subchapter, a majority of the owners of record in
34 the district, including no less than a majority of the total number of real
35 property owners in the area affected if the majority of owners owns more than
36 half of the acreage affected, shall be required to authorize the issuance of

1 bonds or the incurring of notes or indebtedness by a vote called by the
2 governing body of the district for that purpose.

3 (2) Subdivision (a)(1) of this section does not apply to:

4 (A) The Interstate Watershed Cooperation Act, § 14-115-101
5 et seq.;

6 (B) The Arkansas Irrigation, Drainage, and Watershed
7 Improvement District Act of 1949, § 14-117-101 et seq.;

8 (C) Section 14-118-101 et seq.;

9 (D) Section 14-120-101 et seq.;

10 (E) Section 14-121-101 et seq.;

11 (F) Section 14-122-101 et seq.;

12 (G) Section 14-123-101 et seq.;

13 (H) Section 14-124-101 et seq.; or

14 (I) A district seeking an increase in fees, taxes, or
15 assessments without the issuance of bonds, liens, or other indebtedness.

16 (b) The governing body shall not require a vote if:

17 (1) The indebtedness is necessary to fulfill directives of a
18 regulatory governmental agency;

19 (2) The district has one thousand (1,000) or more owners of
20 record;

21 (3) The bonds, notes, or indebtedness do not include the
22 assessed property as specific collateral for the bonds, notes, or
23 indebtedness; or

24 (4) The indebtedness is incurred for the refunding of
25 outstanding bonds, notes, or indebtedness of the district for the purpose of
26 reducing debt service and creating economic savings.

27 (c) Before incurring the indebtedness, the secretary or other
28 administrative officer of the governing body shall:

29 (1) Give notice of the required action and improvement by
30 publication one (1) time per week for two (2) weeks in a newspaper published
31 and having a general circulation in the county; and

32 (2) Transmit a copy of the notice by certified mail to each
33 owner of real property within the boundaries of the district.

34
35 14-86-2204. Nominal assessments.

36 (a)(1) All lands shall be assessed as to value and taxed within the

1 boundaries of the district, and no exclusions or nominal assessments apply
2 except under subsection (b) of this section.

3 (2) Subdivision (a)(1) of this section does not apply to:

4 (A) The Interstate Watershed Cooperation Act, § 14-115-101
5 et seq.;

6 (B) The Arkansas Irrigation, Drainage, and Watershed
7 Improvement District Act of 1949, § 14-117-101 et seq.;

8 (C) Section 14-118-101 et seq.;

9 (D) Section 14-120-101 et seq.;

10 (E) Section 14-121-101 et seq.;

11 (F) Section 14-122-101 et seq.;

12 (G) Section 14-123-101 et seq.;

13 (H) Section 14-124-101 et seq.; or

14 (I) A district seeking an increase in fees, taxes, or
15 assessments without the issuance of bonds, liens, or other indebtedness.

16 (b) At its option, any state agency or commission may choose to be
17 excluded from any newly formed district.

18
19 14-86-2205. Minimum standards for water and sewer improvements made by
20 districts – Rules.

21 (a) The Department of Health shall promulgate rules that establish
22 minimum standards for water and sewer improvements made by districts under
23 this subchapter.

24 (b)(1) The department shall promulgate rules necessary to implement
25 this section.

26 (2)(A) When adopting the initial rules to implement this
27 section, the final rule shall be filed with the Secretary of State for
28 adoption under § 25-15-204(f):

29 (i) On or before January 1, 2020; or

30 (ii) If approval under § 10-3-309 has not occurred
31 by January 1, 2020, as soon as practicable after approval under § 10-3-309.

32 (B) The department shall file the proposed rule with the
33 Legislative Council under § 10-3-309(c) sufficiently in advance of January 1,
34 2020, so that the Legislative Council may consider the rule for approval
35 before January 1, 2020.

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/s/Kelly