

State of Arkansas

As Engrossed: S4/7/25

95th General Assembly

## A Bill

Regular Session, 2025

HOUSE BILL 1797

By: Representative Beaty Jr.

By: Senator Gilmore

### For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE ARKANSAS  
DEVELOPMENT FINANCE AUTHORITY; TO CLARIFY THE ROLE OF  
THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY; TO  
TRANSFER THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
OUT OF THE DEPARTMENT OF COMMERCE; TO PROVIDE FOR THE  
INDEPENDENCE OF THE ARKANSAS DEVELOPMENT FINANCE  
AUTHORITY; TO EXEMPT THE ARKANSAS DEVELOPMENT FINANCE  
AUTHORITY FROM CERTAIN STATE REGULATIONS; TO DECLARE  
AN EMERGENCY; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE LAW CONCERNING THE ARKANSAS  
DEVELOPMENT FINANCE AUTHORITY; AND TO  
DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 15-5-102, concerning legislative findings  
and the declaration of public necessity related to the Arkansas Development  
Finance Authority, is amended to add an additional subsection to read as  
follows:

(e) The General Assembly further finds that:

(1) The ongoing crisis in housing is limiting the ability of  
communities to improve and expand, hampering the state's economy and ability  
to compete for jobs and growth;

(2) A majority of states meet this challenge with a public  
finance agency that operates with lessened governmental regulation and



1 bureaucracy, resulting in increased efficiency with no cost to taxpayers;

2 (3) The authority currently operates without relying on tax  
3 revenues;

4 (4) Increased independence of the authority will improve the  
5 operations of the authority for the betterment of the state; and

6 (5) Shrinking the size and overreach of government will result  
7 in improved performance for the authority and the state.

8  
9 SECTION 2. Arkansas Code § 15-5-104, concerning the construction of  
10 the Arkansas Development Finance Authority Act, is amended to add additional  
11 subsections to read as follows:

12 (e) This chapter is intended to aid the state by creating an  
13 independent instrumentality of the state that exercises essential functions  
14 of the state with the power to fulfill the duties of the authority.

15 (f) Except as expressly provided in this chapter:

16 (1) Action by the authority to conduct a proceeding, provide  
17 notice, or obtain approval is not required for the:

18 (A) Purchase of a mortgage loan;

19 (B) Making of a loan to a mortgage lender;

20 (C) Acquisition of a mortgage;

21 (D) Acquisition of or any dealing with respect to a  
22 mortgage property;

23 (E) Issuance of bonds;

24 (F) Execution of a mortgage, deed of trust, or trust  
25 indenture; or

26 (G) Exercise of any other power given to the authority  
27 under this chapter; and

28 (2) Rules adopted by the authority are exempt from the Arkansas  
29 Administrative Procedure Act, § 25-15-201 et seq.

30  
31 SECTION 3. Arkansas Code Title 15, Chapter 5, Subchapter 1, is amended  
32 to add an additional section to read as follows:

33 15-5-107. Arkansas Development Finance Authority – Designation as  
34 independent instrumentality of state.

35 (a) The Arkansas Development Finance Authority is transferred from the  
36 Department of Commerce and shall operate independently from a cabinet-level

1 department.

2 (b) All personnel employed by the authority before the transfer under  
3 this section are deemed to meet all employment standards and qualifications  
4 required by the authority and are granted employment at a rank and salary  
5 grade that is at least equal to their current rank and salary grade.

6 (c) The Department of Commerce and the Department of Shared  
7 Administrative Services shall grant access to and provide all information  
8 requested by the authority to accomplish the transfer of the authority under  
9 this section and the mission of the authority.

10  
11 SECTION 4. Arkansas Code § 15-5-202(e), concerning the Board of  
12 Directors of the Arkansas Development Finance Authority, is amended to read  
13 as follows:

14 (e) The members of the board shall serve without compensation, but the  
15 authority may reimburse its board members for reasonable expenses ~~in~~  
16 ~~accordance with § 25-16-901 et seq~~ incurred in the course of the board  
17 members' duties as members of the board.

18  
19 SECTION 5. Arkansas Code § 15-5-207(b), concerning the powers of the  
20 Arkansas Development Finance Authority, is amended to add an additional  
21 subdivision to read as follows:

22 (45) To appoint and employ officers, agents, and employees,  
23 prescribe the duties of appointed or employed officers, agents, and  
24 employees, and set the compensation for each officer, agent, and employee  
25 appointed or employed by the authority.

26  
27 SECTION 6. Arkansas Code § 15-5-209(a), concerning the disposition and  
28 use of funds by the Arkansas Development Finance Authority, is amended to  
29 read as follows:

30 (a) All revenues received by the Arkansas Development Finance  
31 Authority, except revenues derived from appropriations, are: ~~specifically~~

32 (1) Specifically declared to be cash funds restricted in their  
33 use and dedicated and to be used solely as provided in this subchapter and §§  
34 15-5-101 – 15-5-106 and 15-5-301 – 15-5-316;

35 (2) Exempt from § 19-4-802; and

36 (3) Not public funds under the Arkansas Procurement Law, § 19-

1 11-201 et seq.

2  
3 SECTION 7. Arkansas Code § 15-5-209(c), concerning the disposition and  
4 use of funds by the Arkansas Development Finance Authority, is amended to  
5 read as follows:

6 (c) All moneys received by the authority, other than moneys received  
7 by virtue of an appropriation, are: ~~specifically~~

8 (1) Specifically declared to be cash funds restricted in their  
9 use and to be used solely as provided herein;

10 (2) Exempt from § 19-4-802; and

11 (3) Not public funds under the Arkansas Procurement Law, § 19-  
12 11-201 et seq.

13  
14 SECTION 8. Arkansas Code § 15-5-212(a), concerning the approval of  
15 Legislative Council for certain matters of the Arkansas Development Finance  
16 Authority, is amended to read as follows:

17 (a) The Arkansas Development Finance Authority ~~or the Secretary of the~~  
18 ~~Department of Commerce on behalf of the authority~~ shall not employ or select  
19 any investment banker, consultant, professional financial advisor, or  
20 attorney unless the selection criteria to be used in the selection have been  
21 submitted to the Legislative Council for review.

22  
23 SECTION 9. Arkansas Code § 15-5-303 is amended to read as follows:

24 15-5-303. Exclusive issuer of revenue bonds for public facilities.

25 It is the intention of the General Assembly that the Arkansas  
26 Development Finance Authority shall be the exclusive issuer of revenue bonds  
27 for public facilities acquired or constructed for the benefit of state  
28 agencies, except the respective boards of trustees of state-supported  
29 institutions of higher education, the Career Education and Workforce  
30 Development Board, the State Board of Finance, ~~and~~ the Arkansas Economic  
31 Development Council when issuing bonds pursuant to §§ 15-4-604, 15-4-605, and  
32 15-4-608, and the Industrial Development Guaranty Bond Act, § 15-4-701 et  
33 seq., and the Arkansas Natural Resources Commission when issuing bonds under  
34 § 15-22-301.

35  
36 SECTION 10. Arkansas Code § 15-5-409(c), concerning the review of

1 applications under the Arkansas Development Finance Authority Bond Guaranty  
2 Act of 1985, is amended to read as follows:

3 (c) Upon conclusion of the preliminary review of each request for a  
4 guaranty under this subchapter, if the request for guaranty is submitted to  
5 the authority with a recommendation that it be approved, ~~the application and~~  
6 ~~all supporting documents, including the findings and the recommendations~~  
7 resulting from the staff or review committee, shall be an open public record  
8 available for inspection during all regular business hours.

9  
10 SECTION 11. Arkansas Code § 15-5-409(e), concerning the review of  
11 applications under the Arkansas Development Finance Authority Bond Guaranty  
12 Act of 1985, is amended to read as follows:

13 (e) The borrower shall be notified in writing of any staff or review  
14 committee determination that the application is not being submitted to the  
15 authority with a recommendation that it be approved. The notice shall advise  
16 the borrower that the application will be kept confidential unless the  
17 borrower shall file, within thirty (30) days from the date of receipt of the  
18 written notice, a petition with the authority requesting that the authority  
19 hold a hearing in regard to the application, in which event the ~~application~~  
20 ~~and all supporting documents~~ recommendations resulting from the staff or  
21 review committee shall become public information available for public  
22 inspection.

23  
24 SECTION 12. Arkansas Code § 19-4-801(2)(B), concerning the definition  
25 of "state agency" to be used in relation to the expenditure of cash funds, is  
26 amended to read as follows:

27 (B) "State agency" shall not include the:

- 28 (i) Governor;  
29 (ii) Secretary of State;  
30 (iii) Attorney General;  
31 (iv) Treasurer of State;  
32 (v) Auditor of State;  
33 (vi) Commissioner of State Lands;  
34 (vii) Supreme Court and its justices;  
35 (viii) Circuit courts and circuit judges;  
36 (ix) Prosecuting attorneys;

1 (x) Arkansas State Game and Fish Commission;  
2 (xi) Arkansas Department of Transportation;  
3 (xii)(a) Office of the Arkansas Lottery.  
4 (b) However, the office shall be considered a  
5 state agency for the purposes of § 19-4-810 et seq.;  
6 (xiii) General Assembly; ~~and~~  
7 (xiv) Arkansas Development Finance Authority; and  
8 (xv) Respective staffs of the officers and agencies  
9 listed in this subdivision (2)(B).

10  
11 SECTION 13. Arkansas Code § 19-9-606 is amended to read as follows:

12 19-9-606. Proclamation, order, etc., authorizing issuance of bonds.

13 (a) Whenever a governmental unit shall determine the need to issue  
14 revenue bonds for capital improvements of a public nature or industrial  
15 enterprise, the governing body shall authorize the issuance of those bonds by  
16 ~~proclamation, order, ordinance, or resolution~~ or by letter bearing the  
17 signature of the executive head of the governing body clearly stating the  
18 principal amount of and the purpose or purposes for which the bonds are to be  
19 issued.

20 (b) Only upon the ~~proclamation, order, ordinance, or resolution~~ or by  
21 letter bearing the signature of the executive head of the governing body  
22 shall the governmental unit be authorized to issue such bonds, provided that  
23 ~~no proclamation, an order, ordinance, or resolution, or a letter bearing the~~  
24 signature of the executive head of the governing body shall not be required  
25 for the issuance of refunding bonds, including refunding bonds where the  
26 principal amount of the new bonds to be issued exceeds the outstanding  
27 principal amount of the prior bonds or notes to be refunded.

28  
29 SECTION 14. Arkansas Code § 19-11-203(13), concerning the definitions  
30 to be used under the Arkansas Procurement Law, is amended to read as follows:

31 (13) "Exempt agencies" means the constitutional departments of  
32 the state, the elected constitutional offices of the state, the General  
33 Assembly, including the Legislative Council and the Legislative Joint  
34 Auditing Committee and supporting agencies and bureaus thereof, the Supreme  
35 Court, the Court of Appeals, circuit courts, prosecuting attorneys, ~~and~~ the  
36 Administrative Office of the Courts, and the Arkansas Development Finance

1 Authority;

2  
3 SECTION 15. Arkansas Code § 19-11-203(23), concerning the definitions  
4 to be used under the Arkansas Procurement Law, is amended to read as follows:

5 (23)(A) "Public funds" means all state-appropriated and cash  
6 funds of state agencies, as defined by applicable law or official ruling.

7 (B) Without necessarily being limited thereto, "public  
8 funds" does not include:

9 (i) Grants, donations, research contracts, and  
10 revenues derived from self-supporting enterprises that are not operated as a  
11 primary function of the agency, no part of which funds are deposited into the  
12 State Treasury; ~~and~~

13 (ii) Revenue derived from patient care and self-  
14 supporting hospital enterprises of an academic medical center; and

15 (iii) Cash funds dedicated for use by the Arkansas  
16 Development Finance Authority under § 15-5-209(a) or by the Student Loan  
17 Authority Division of the Arkansas Development Finance Authority under § 15-  
18 5-1904(b);

19  
20 SECTION 16. Arkansas Code § 21-4-203(12), concerning the definitions  
21 to be used under the Uniform Attendance and Leave Policy Act, is amended to  
22 read as follows:

23 (12) "State agencies" means all agencies, departments, boards,  
24 commissions, bureaus, councils, state-supported institutions of higher  
25 education, or other agencies except the following excluded agencies or  
26 positions within agencies:

27 (A) The elected constitutional officers of this state and  
28 their employees;

29 (B) The General Assembly and its employees, including  
30 employees of the Bureau of Legislative Research and Arkansas Legislative  
31 Audit;

32 (C) Members of the Supreme Court, members of the Court of  
33 Appeals, the Administrative Office of the Courts, circuit courts, and  
34 prosecuting attorneys, but not including deputy prosecuting attorneys;

35 (D) The Arkansas Department of Transportation; ~~and~~

36 (E) All administrative, academic, or other nonclassified

1 employees of the state-supported institutions of higher education; and  
2 (F) The Arkansas Development Finance Authority;  
3

4 SECTION 17. Arkansas Code § 21-5-204(a), concerning exceptions to the  
5 Uniform Classification and Compensation Act, is amended to read as follows:

6 (a) Except as provided in subsection (b) of this section, this  
7 subchapter does not apply to:

8 (1) The employees of:

9 (A) Elected constitutional officers of this state;

10 (B) The General Assembly, including employees of the  
11 Bureau of Legislative Research and Arkansas Legislative Audit; and

12 (C) Members of the Supreme Court, the Court of Appeals,  
13 circuit courts, prosecuting attorneys, and the Administrative Office of the  
14 Courts;

15 (2) The Arkansas Department of Transportation;

16 (3) Federal military technicians, military training support  
17 personnel, federally funded personnel of the Arkansas National Guard, and  
18 other military personnel who are paid directly by the United States  
19 Government;

20 (4) The Arkansas State Game and Fish Commission; ~~and~~

21 (5) State-supported institutions of higher education; and

22 (6) The Arkansas Development Finance Authority.  
23

24 SECTION 18. Arkansas Code § 21-5-410(a), concerning eligibility for  
25 the State and Public School Life and Health Insurance Program, is amended to  
26 read as follows:

27 (a) Individuals eligible to participate in the State and Public School  
28 Life and Health Insurance Program include:

29 (1) All active state employees, active public school employees,  
30 or other eligible employees of a participating entity or participating  
31 institution;

32 (2) Members of the General Assembly;

33 (3) Elected constitutional officers;

34 (4) Appointed or elected board and commission members who are on  
35 a full-time salaried basis; ~~and~~

36 (5)(A) Those state contract employees hired by the Arkansas



1 National Guard on a full-time basis in accordance with 10 U.S.C. § 2304.

2 (B) Program participation for contract employees of the  
3 Arkansas National Guard is conditioned upon the United States Government's  
4 contributing the employer's share to the Employee Benefits Division; and  
5 (6) Employees and staff of the Arkansas Development Finance  
6 Authority.

7  
8 SECTION 19. Arkansas Code § 22-6-601(a)(1)(A), concerning the sale  
9 procedure for public property, is amended to read as follows:

10 (a)(1)(A) The several state boards or commissions having supervision  
11 of the affairs of the charitable, penal, correctional, educational, and other  
12 institutions of the State of Arkansas and all other state boards and  
13 commissions, except the State Highway Commission, the Arkansas State Game and  
14 Fish Commission, the Arkansas Natural Heritage Commission, the State Parks,  
15 Recreation, and Travel Commission, the Division of Higher Education, the  
16 Arkansas Development Finance Authority, and institutions of higher education,  
17 and the executive heads of all state offices, departments, divisions, and  
18 agencies, all referred to separately as "state agency", may sell or purchase,  
19 for cash in hand and upon compliance with the provisions of this section, the  
20 lands, in whole or in part, belonging to or under the supervision or control  
21 of the respective state agency or belonging to the state and held for the use  
22 or benefit of the state agency.

23  
24 SECTION 20. Arkansas Code § 22-8-206, concerning the purchase of  
25 automobiles under the Automobile and Pickup Truck Acquisition Act for the  
26 State of Arkansas, is amended to add an additional subsection to read as  
27 follows:

28 (g) The Arkansas Development Finance Authority is exempt from this  
29 section.

30  
31 SECTION 21. Arkansas Code § 25-15-202(2)(C)(i), concerning the  
32 definition of "agency" to be used under the Administrative Procedure Act, is  
33 amended to read as follows:

34 (C)(i) Except as provided in subdivision (2)(C)(ii) of  
35 this section, the word "agency" shall not include the Arkansas Public Service  
36 Commission, the Arkansas Pollution Control and Ecology Commission, the

1 Workers' Compensation Commission, ~~and~~ the Division of Workforce Services, and  
2 the Arkansas Development Finance Authority, as the existing laws governing  
3 those agencies provide adequate administrative procedures for those agencies.  
4

5 SECTION 22. Arkansas Code § 25-16-702(a), concerning the  
6 representation of state agencies and officers by the Attorney General and the  
7 requirements for the employment of outside counsel, is amended to read as  
8 follows:

9 (a) The Except as provided in subsection (f) of this section, the  
10 Attorney General shall be the attorney for all state officials, departments,  
11 institutions, and agencies. Whenever any officer or department, institution,  
12 or agency of the state needs the services of an attorney, the matter shall be  
13 certified to the Attorney General for attention.  
14

15 SECTION 23. Arkansas Code § 25-16-702, concerning the representation  
16 of state agencies and officers by the Attorney General and the requirements  
17 for the employment of outside counsel, is amended to add an additional  
18 subsection to read as follows:

19 (f) This section does not apply to the Arkansas Development Finance  
20 Authority.  
21

22 SECTION 24. Arkansas Code § 25-43-302(a)(4), concerning the state  
23 entities transferred to the Department of Commerce, is repealed.

24 ~~(4) The Arkansas Development Finance Authority, created under §~~  
25 ~~15-5-201,~~  
26

27 SECTION 25. Arkansas Code § 26-51-1702(c), concerning the allowance  
28 and calculation of the Arkansas low-income housing tax credit by the Arkansas  
29 Development Finance Authority, is amended to read as follows:

30 (c) The Arkansas low-income housing tax credit shall be taken against  
31 the state income or premium taxes due from the taxpayer. The credit  
32 authorized by this subchapter shall not be refundable. Any amount of credit  
33 that exceeds the tax due for a taxable year may be carried forward to any of  
34 the five (5) subsequent taxable years ~~or carried forward to any of the five~~  
35 ~~(5) subsequent taxable years.~~  
36

1       SECTION 26. EMERGENCY CLAUSE. It is found and determined by the  
2 General Assembly of the State of Arkansas that the state fiscal year is a  
3 twelve-month period that begins on July 1 each year; that the effectiveness  
4 of this act on July 1, 2025, is essential to the operation of the Arkansas  
5 Development Finance Authority; that the operations of the authority depend in  
6 part on reports and actions taken by the authority; that a delay in the  
7 effective date of this act beyond July 1, 2025, will impair the operations of  
8 the state and the authority; and that delaying the effective date of this act  
9 could work irreparable harm upon the proper administration and provision of  
10 essential governmental programs. Therefore, an emergency is declared to  
11 exist, and this act being necessary for the preservation of the public peace,  
12 health, and safety shall become effective on July 1, 2025.

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14                               */s/Beaty Jr.*  
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