

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 420

5 By: Senator Hester
6 By: Representatives Beaty Jr., L. Johnson
7

For An Act To Be Entitled

8
9 AN ACT TO EXPAND ELIGIBILITY FOR WATER DEVELOPMENT
10 STATE PROGRAMS; TO AMEND THE WATER AUTHORITY ACT; TO
11 AMEND THE USES OF THE CONSTRUCTION ASSISTANCE
12 REVOLVING LOAN FUND; AND FOR OTHER PURPOSES.
13
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Subtitle

15
16 TO EXPAND ELIGIBILITY FOR WATER
17 DEVELOPMENT STATE PROGRAMS; TO AMEND THE
18 WATER AUTHORITY ACT; AND TO AMEND THE
19 USES OF THE CONSTRUCTION ASSISTANCE
20 REVOLVING LOAN FUND.
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 4-35-101 is amended to read as follows:
25 4-35-101. Legislative intent.

26 It is the intent of the General Assembly to provide a means by which a
27 ~~nonprofit corporation~~ qualified corporation involved in the sale,
28 transmission, and distribution of potable water to members of the general
29 public and commercial, industrial, and other users may form or convert its
30 entity status ~~from that of a body corporate to that of a public body politic~~
31 ~~and governmental entity, thereby allowing the entity the opportunity to~~
32 ~~access the tax exempt capital markets and assuring the State of Arkansas and~~
33 ~~the customers of the entity of the lowest water rates possible~~ to be a water
34 authority.
35

36 SECTION 2. Arkansas Code § 4-35-103(7), concerning the definition of



1 "qualified corporation" within the Water Authority Act, is amended to read as
2 follows:

3 (7)(A) "Qualified corporation" means:

4 (i) ~~any~~ A nonprofit corporation originally formed
5 ~~pursuant to~~ under the Arkansas Nonprofit Corporation Act of 1993, § 4-33-101
6 et seq., the Arkansas Nonprofit Corporation Act, § 4-28-201 et seq., or a
7 predecessor statute, ~~which among other things~~ that provides, distributes,
8 transmits, treats, pumps, or stores raw or potable water to or for the
9 benefit of members of the general public and commercial, industrial, and
10 other users or ~~which~~ that proposes to accomplish, develop, or construct any
11 of the foregoing; or

12 (ii) Any governmental entity, municipal nonprofit
13 entity, municipal authority, governmental authority, improvement district, or
14 rural development authority that provides, distributes, transmits, treats,
15 pumps, or stores raw or potable water to or for the benefit of members of the
16 general public and commercial, industrial, and other users that proposes to
17 accomplish, develop, or construct any of the foregoing.

18 (B) ~~A qualified corporation~~ "Qualified corporation"
19 ~~includes a nonprofit corporation~~ an entity described under subdivision
20 (7)(A)(i) and (ii) of this section that constructs, expands, operates, or
21 maintains a wastewater project or wastewater treatment plant;

22
23 SECTION 3. Arkansas Code § 4-35-202(a), concerning the authority and
24 procedure to convert to a water authority under the Water Authority Act, is
25 amended to read as follows:

26 (a) Whenever a qualified corporation desires to convert to and become
27 reconstituted as a water authority under ~~and pursuant to~~ this chapter, the
28 qualified corporation shall present to and file with the Arkansas Natural
29 Resources Commission:

30 (1) A resolution adopted by the ~~board of directors~~ governing
31 body of the qualified corporation and, if the qualified corporation has
32 members, the members of the qualified corporation, which evidences the desire
33 of the qualified corporation to convert to and become reconstituted as a
34 water authority ~~and which shall additionally certify that the qualified~~
35 ~~corporation;~~;

36 ~~(A) Was initially formed as a nonprofit corporation;~~

1 ~~(B) Does not have the ability to directly access the tax-~~
2 ~~exempt capital markets other than through a conduit issuer; and~~

3 ~~(C) Desires to realize interest rate savings as a result~~
4 ~~of its conversion to and reconstitution as a water authority pursuant to this~~
5 ~~chapter~~

6 (2) If the qualified corporation is a public facilities board,
7 an ordinance adopted by the governing body of the county or municipality that
8 formed the public facilities board approving the conversion and
9 reconstitution of the public facilities board into a water authority;

10 ~~(2)~~(3) Articles of conversion and reconstitution ~~which~~ that
11 shall be signed by a majority of the water authority's proposed initial board
12 of directors and which shall state and include the following information:

13 (A) The name of the water authority, which shall include
14 the words "public water authority", it being understood that the water
15 authority may adopt a fictitious operational name upon written request to and
16 approval by the commission and the Secretary of State;

17 (B) The location of the water authority's principal
18 office;

19 (C) The number of directors of the water authority, which
20 number shall be at least five (5) and shall be subject to change as provided
21 in this chapter or in the water authority's bylaws;

22 (D) The names and addresses of the proposed initial board
23 of directors of the water authority;

24 (E) The name and address of the agent for service of
25 process of the water authority;

26 (F) The proposed geographic service area over which the
27 water authority will have jurisdiction; and

28 (G) Any other matters that the proposed initial board of
29 directors of the water authority may deem necessary and appropriate;

30 ~~(3)~~(4) A copy of the water authority's proposed bylaws along
31 with any other information which the proposed initial board of directors of
32 the water authority may deem necessary and appropriate;

33 ~~(4)~~(5) A statement and certification from the Secretary of State
34 that the proposed name of the water authority is not identical to that of any
35 other water authority in the state or so nearly similar as to lead to
36 confusion and uncertainty;

1 ~~(5)~~(6) The filing and review fee that the commission may
2 designate and determine from time to time; and

3 ~~(6)~~(7) Any other information and documents which the commission
4 may designate and require.

5
6 SECTION 4. Arkansas Code § 4-35-203(a)(2), concerning the effect of
7 formation of a water authority and the filing with the Secretary of State
8 under the Water Authority Act, is amended to read as follows:

9 (2)(A) Contemporaneously therewith, with respect to a
10 conversion, the qualified corporation shall cease to exist and all assets and
11 liabilities of every nature, including, without limitation, all real
12 property, personal property, contractual obligations, lending obligations
13 outstanding, rights afforded borrowers of federal and state funds, and other
14 tangible and intangible assets and liabilities of every nature, without need
15 for further action or approval by any third party, shall be vested in and
16 shall accrue to the benefit of the water authority, unless the articles of
17 conversion and reconstitution filed with the Secretary of State expressly
18 state that the qualified corporation shall continue its corporate or
19 governmental existence and that certain specified assets and liabilities of
20 the qualified corporation shall remain with the qualified corporation.

21 (B) A governmental entity that is converted and
22 reconstituted as a water authority under this chapter is not required to
23 comply with other laws or procedures regarding transfer of property by
24 governmental entities.

25
26 SECTION 5. Arkansas Code § 4-35-203(b)(2), concerning the effect of
27 formation of a water authority and the filing with the Secretary of State
28 under the Water Authority Act, is amended to read as follows:

29 (2)(A) Except as provided in subdivision (b)(2)(B) of this
30 section, filing ~~Filing~~ a copy of the articles of constitution or articles of
31 conversion and reconstitution, as accepted and approved by the commission,
32 with the Secretary of State shall serve to terminate and dissolve the
33 previous corporate existence of the qualified corporation, effective as of
34 the date of the issuance of the certificate of existence.

35 (B) A qualified corporation may file a copy of the
36 articles of constitution or articles of conversion and reconstitution with

1 the Secretary of State that expressly states that the qualified corporation
2 shall continue its corporate or governmental existence.

3
4 SECTION 6. Arkansas Code § 4-35-203, concerning the effect of
5 formation of a water authority and the filing with the Secretary of State
6 under the Water Authority Act, is amended to add an additional subsection to
7 read as follows:

8 (c) Upon receipt of a certificate of existence from the commission
9 under § 4-35-203(a)(1), the water authority shall be deemed to have complied
10 with all requirements of this subchapter relating to the proper formation or
11 conversion and reconstitution of a water authority, including without
12 limitation all requirements of § 4-35-202.

13
14 SECTION 7. Arkansas Code § 15-5-901(a)(3), concerning the
15 establishment and uses of the Construction Assistance Revolving Loan Fund, is
16 amended to read as follows:

17 (3) The commission may deposit loans made to and bonds, notes,
18 and other evidences of indebtedness issued by local governmental entities and
19 other owners of environmental projects in accordance with the Clean Water
20 Act, 33 U.S.C. § 1251 et seq., as existing on January 1, 2025, to finance or
21 refinance the planning, design, acquisition, construction, expansion,
22 equipping, rehabilitation, or consolidation of wastewater systems, water
23 systems, solid and hazardous waste facilities, recycling facilities, nonpoint
24 source management facilities, wetlands conservation and management
25 facilities, and other environmental projects or parts of environmental
26 projects into the Construction Assistance Revolving Loan Fund.

27
28 SECTION 8. Arkansas Code § 15-5-909(8), concerning the definition of
29 "owner" regarding the Construction Assistance Revolving Loan Fund, is amended
30 to read as follows:

31 (8) "Owner" means the owner or prospective owner, whether public
32 or private, of an environmental project, excluding any federal agencies;