

FINAL SUMMARY
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OF THE
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STATE OF ARKANSAS

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ABANDONED MINERAL PROCEEDS FUNDS

Abandoned Mineral Proceeds Funds - Distribution. Act 35 (H.B. 1041) - provides that all excess funds in the Abandoned Mineral Proceeds Fund shall annually be transferred by the State Auditor to the County Aid Fund for distribution to the respective counties to be used exclusively for the establishment and maintenance of solid waste disposal facilities.

BOAT REGISTRATION

Boat Registration. Act 46 (H.B. 1053) - clarifies the requirements for affixing numbers to boats. It also provides that if the U.S. government implements an overall system of identification numbering of boats, the Arkansas Game and Fish Commission shall conform with the system.

BONDS

Arkansas Development Finance Authority Bonds - Guarantee by AIDC. Act 39 (S.B. 43) - amends Act 173 of 1967, as amended (Ark. Stats. 9-559 to 9-566), which authorizes the AIDC to guarantee Act 9 Industrial Revenue Bonds, to authorize the AIDC to guarantee bonds issued by the Arkansas Development Finance Authority (AFDA).

Regional Water Distribution Districts - Bonds. Act 36 (H.B. 1044) - enables regional water distribution districts to issue bonds under the Revenue Bond Act of 1987.

CHILD SUPPORT

Child Support. Act 33 (H.B. 1025) - makes technical changes in the Child Support Enforcement Act to simplify its administration and to make it comply with the federal requirements.

CORPORATION CODE

Corporation Code - Revised. Act 11 (S.B. 26) - changed various provisions of the Corporation Code of 1987.

COURTS

Court - Eighteenth Circuit Authorized to Appoint Secretary-Case Coordinator. Act 45 (H.B. 1049) - authorizes the Circuit-Chancery Judge of the 18th Judicial Circuit-East to employ a secretary-case coordinator.

Municipal Courts - Costs. Act 49 (S.B. 19) - same as Act 57 (H.B. 1021) - amends Ark. Stats. 22-706.4 to allow municipal courts to collect the five dollars (\$5.00) court costs on cases originating outside the municipality's boundaries, provides that the moneys collected are to be deposited in the city treasury and can only be expended pursuant to an agreement between the city and county.

COURTS - continued

Municipal Courts - Filing Fees. Act 34 (H.B. 1029) - amends Section 5 of Act 431 of 1987 to allow increased filing fees in municipal courts to be applied to municipal judge and court clerk retirement and amends Section 6 of Act 431 of 1987 to provide for distribution of fines, penalties, forfeitures, fees and costs to political subdivisions which contribute to the expenses of the municipal court in proportion to amounts each pays to the court.

CRIMINAL LAW

Criminal Law - Murder. Act 52 (S.B. 35) - amends Ark. Stats. 41-1502 to include knowingly causing the death of a person fourteen years of age or younger in the definition of first degree murder.

ELECTIONS

Elections - "Super Tuesday". Act 28 (H.B. 1017) - amends "Super Tuesday" Act to extend the deadline to noon on Friday after the first Tuesday in January for candidates to meet party requirements to appear on their presidential ballot and adjusts subsequent deadlines accordingly. Substitutes the State Executive Committee of the political party for the Secretary of State in sections concerning striking names from the ballot, certifying the order of names on the ballot and determining the total number of delegates each candidate is to receive. If party rules require selection of delegates by election, delegate candidates have until noon on Friday after the first Tuesday in January to file.

INSURANCE

Insurance - Newborn Infants. Act 12 (S.B. 27) - same as Act 60 (H.B. 1051) - amends Act 298 of 1975 (Newborn Infant Coverage) to exempt from the requirement that coverage be offered, those policies which cover specific diseases or expenses from accidents. Adds coverage for sickle-cell anemia testing in non-Caucasian newborn infants.

MILITARY

Military Code - Correction. Act 30 (H.B. 1020) - makes a technical correction in the State Military Code by inserting language which was inadvertently deleted during the 1987 Regular Session.

Military Reservations - Proceeds of Timber Sales. Act 43 (H.B. 1046) - provides that moneys received by the State Treasurer from the federal government for the sale of timber products on military reservations is to be distributed 75% to the school districts in the counties where the military installation is located, and 25% to the county road fund of those counties.

MOTOR VEHICLES

Motor Vehicles, Abandoned - Removal. Act 42 (H.B. 1030) - provides that an officer of any law enforcement agency may authorize the removal of unattended and abandoned motor vehicles by towing-storage firms, makes the Owner liable for all reasonable costs, and gives the towing-storage firm a possessory lien in the vehicle and method to enforce the lien, provided the owner is properly notified and provided an opportunity for a hearing. Creates a Board of Wrecker Operators to oversee the Act.

PROBATE

Probate of Estate - Notice to Creditors. Act 16 (S.B. 42) - amends Ark. Stats. 62-2111 to require notice to be served on all unpaid creditors whose names, status and addresses are known to the personal representative in estate proceedings.

PUBLIC DEFENDER

Public Defender - Craighead County. Act 54 (S.B. 28) - same as Act 21 (H.B. 1006) - establishes a public defender system in Craighead County and sets the salary of the Judge and the Clerk of the Hampton Municipal Court in Calhoun County.

PUBLIC HEALTH

Health Department - AIDS Testing. Act 51 (S.B. 34) - establishes a voluntary AIDS testing and education program to be conducted without charge by the State Health Department. It also provides that the State Department of Education, the University of Arkansas for Medical Sciences and the State Department of Health shall jointly provide AIDS counselling and conduct public seminars.

Health Services Facilities - New Construction or Expansion. Act 40 (H.B. 1016) - amends the Health Services Act of 1987 (Act 593) by placing a two-year moratorium effective June 1, 1987, on new construction and additional beds in existing facilities of hospitals, home health agencies and nursing homes. ICF/MRs with 15 or fewer beds are excepted from the moratorium as well as post-acute head injury retraining and residential care facilities, the Sherwood hospital, a psychiatric hospital in Maumelle, and a home health agency for the hospital in Malvern. Applications for nursing homes and home health agencies which were submitted by June 2, 1987, are to be reviewed under the updated standards to be promulgated by the Commission. The moratoria may be lifted beginning June 1, 1988, based on the new standards. Construction not adding additional beds and having an associated cost of less than two million dollars for hospitals or five hundred thousand dollars for nursing homes does not require a permit of approval. Purchase of medical equipment which is not replacement equipment and which costs more than two hundred fifty thousand dollars requires approval.

PUBLIC SCHOOLS

Schools - Annexation and Consolidation. Act 3 (S.B. 4) - provides that no consolidation allowance shall be made for any public school consolidation or annexation occurring after June 30, 1987 (prior law required consolidation or annexation by May 30, 1987), and allows school districts to petition the county board of education by June 30, 1987 (prior law required petitioning by June 1, 1987) for voluntary annexation.

Schools - Interest-free Loans. Act 19 (H.B. 1003) - authorizes school districts to accept interest-free loans from federal agencies if approved by the State Board of Education.

PUBLIC UTILITIES

Public Utilities - Advertising Costs. Act 44 (H.B. 1048) - amends Ark. Stats. 73-277.1 to limit a public utility's recovery from its customers for advertising promoting economic development of the State of Arkansas. It requires the advertising expenditures to be directly related to and reasonably incurred in the promotion of economic development of the State; limits collection from customers to expenditures actually incurred within the test year utilized for rate-making purposes; and limits the expenditures to .05% of the utility's revenues during the test year.

Water and Sewer Utilities. Act 37 (H.B. 1047) - excludes certain small water and sewer utilities from the definition of "public utility". It also grants to suburban improvement districts and property owners' improvement districts the power of eminent domain for the purpose of condemning water or sewer utilities which are exempt from the definition of "public utility" and for the purpose of securing lands or rights-of-way needed in making improvements to water or sewer systems.

RETIREMENT

Retirement - Incentives. Act 17 (H.B. 1005) - amends the State and County Early Retirement Incentive Acts (Acts 187 and 717 of 1987) to permit elected officials who otherwise qualify for the retirement incentives to serve out the remainder of their term. Contributions to the system are suspended after December 31, 1987.

STATE AGENCIES

Game and Fish Commission. Act 1 (S.B. 2) - amends Act 939 of 1987 to: (a) repeal Section 13 (the non-severability clause), thereby making the provisions of Act 939 severable; and (b) amend Section 18 of Act 939 and Section 2 of Act 910 of 1987, which establishes the maximum annual resident hunting license fee, to remove reference to the maximum number of deer that a resident may take under an annual hunting license.

STATE AGENCIES - continued

Oil and Gas Commission - Vote Required to Adopt Rules. Act 32 (H.B. 1024) (same as S.B. 17) - provides that a majority of the Oil and Gas Commission constitutes a quorum and a majority of those voting for and against any rule, regulation or order is necessary for the adoption of the rule, regulation or order, provided that the rule, regulation or order receives at least four affirmative votes.

TAXATION

Corporate Franchise Tax - Increased. Act 29 (H.B. 1018) - increases corporate franchise taxes as follows:

Each mutual assessment insurance corporation increased from \$50.00 to \$100.00.

Each mortgage loan corporation tax increased from 0.11% to 0.27% of the portion of the par value of its outstanding stock that outstanding loans made in Arkansas bears to its total outstanding loans made in all states. Minimum tax increased from \$17.00 to \$100.00. Maximum tax of \$1,075,000.00.

Each corporation without capital stock and not otherwise provided for increased to \$100.00 from graduated scale of \$25.00 to \$100.00.

Each other corporation, including those in the process of liquidation, increased from 0.11% to 0.27% of that portion of capital stock that value of corporate property in Arkansas bears to value of all its corporate property in all states. Minimum tax increased from \$17.00 to \$50.00. Prescribes maximum tax of \$1,075,000.00.

Applies to corporate franchise tax reports due on and after January 1, 1988.

Diesel Fuel Tax - Administration. Act 20 (H.B. 1004) - removes the requirement that off-road users of diesel fuel **must** display an "exemption certificate" in order to qualify for diesel fuel tax exemption under Act 985 of 1987. It amends the Special Motor Fuels Tax Law to include the new definition of "first receiver" and "second receiver" and adds these terms to the definition of "supplier". It amends Act 985 to allow sales of diesel fuel to jobbers ("first receivers") and sub-jobbers ("second receivers") by pipelines and to sub-jobbers by jobbers to be exempt from the payment of diesel fuel taxes. (Previously, the law required jobbers and sub-jobbers to pay the tax for diesel fuel up front and then apply for full refunds.) It further makes the effective date of Act 985 of 1987 as August 1, 1987 (previously it was July 1, 1987).

Garnishment - State Income Tax Refunds. Act 41 (H.B. 1026) - amends Ark. Stats. 31-519 to exempt State Income Tax refunds from garnishment.

Garnishment - State Income Tax Refunds. Act 55 (S.B. 29) - amends Ark. Stats. 31-519 to exempt State Income Tax refunds from garnishment except for debts owed to the State, **i.e.**, obligations due to an assignment of child support rights.

Gross Receipts Taxes - Remittance. Act 10 (S.B. 25) - provides for the early collection of the gross receipts tax from retailers within the State having an average net sales of more than \$200,000 per month for the preceding calendar year. Effective January 1, 1988.

TAXATION - continued

Gross Receipts Tax - Application to Lease and Rental Proceeds. Act 13 (S.B. 31) - makes the gross receipts or gross proceeds derived from leases of tangible personal property subject to the Arkansas Gross Receipts Tax except for (1) the lease or rental of motor vehicles leased for a period of more than thirty days for commercial purpose; (2) the lease or rental of diesel trucks rented or leased for commercial shipping or farm machinery or farm equipment leased for commercial purpose; or (3) a lease or rental having a duration of thirty days or more. It provides that for the period July 1, 1987 through June 30, 1989 the sale of tangible personal property to a person engaged in the business of leasing or renting such tangible personal property shall not be a sale for resale for the purpose of the exemption from the Arkansas Gross Receipts Tax.

Income Tax - Annuities. Act 48 (H.B. 1019) - amends the State Income Tax Law to include "annuities" in the definition of "gross income".

Local Sales and Use Tax Revenues - Distribution. Act 2 (S.B. 3) same as Act 56 (H.B. 1002) - amends Act 688 of 1987 to require the State Treasurer to use the last official federal decennial census or countywide special census in computing the per capita share that each city and county receives from the countywide sales tax unless a different distribution was being made based on official special censuses conducted between the 1980 U.S. Census and April 7, 1987. In those cases, the State Treasurer is to distribute county sales taxes based on that formula until the next federal decennial census or special countywide census.

Local Use Tax - Levy. Act 31 (H.B. 1022) - adopts a local use tax in all counties of the State that have or will adopt a local (countywide) sales tax. The rate of the use tax is the same as the county sales tax rate. The Act repeals Act 827 of 1987 (which also levied a use tax in counties with existing sales tax laws).

MAJOR FISCAL LEGISLATION

ESTIMATED ADDITIONAL NET GENERAL REVENUES
AND DISTRIBUTION OF SAME

ESTIMATED ADDITIONAL NET GENERAL REVENUES

<u>Act No./Bill No.</u>	<u>Additional General Revenue (Net)</u>	<u>1987-88</u>	<u>1988-89</u>
Act 13 /SB 31	Sales & Use Tax Exemption Repeal on Certain Leases & Rental of Tangible Personal Property (Eff. 6/1/87 - 6/30/89)	\$ 3,298,000	\$ 3,589,000
Act 29/HB 1018	Corporate Franchise Tax Annual Increase	3,201,000	3,201,000
Act 10/SB 25	Early Collections of Gross Receipts Tax ("Windfall"-1/88)	<u>18,915,000</u>	
	TOTAL	\$25,414,000	\$ 6,790,000
	Adjustments:		
	- 1st \$1.2 million of "Windfall" to Department of Finance and Administration - Revenue Div.	(1,200,000)	
	- 50% of "Windfall" balance for FY 1988-89	<u>(8,857,500)</u>	<u>8,857,500</u>
	ADJUSTED TOTAL	<u>\$15,356,500</u>	<u>\$15,647,500</u>

ESTIMATED DISTRIBUTION OF ADDITIONAL NET GENERAL REVENUE
(ACT 47/HB 1055)

<u>Fund/Fund Account</u>	<u>Maximum Allocations</u>	
	<u>1987-88</u>	<u>1988-89</u>
Department of Correction		
Inmate Care and Custody Fund Account	\$ 4,500,000	\$ 4,500,000
Transportation Fund Account	\$ 576,000	\$ 0
Vocational Education Administration Fund Account	\$ 310,000	\$ 0
Department of Human Services		
Mental Health Services Fund Account	\$ 900,000	\$ 2,086,000
Institutions of Higher Education:		
Arkansas State University Fund	\$ 917,000	\$ 919,000
Arkansas State University - Beebe Fund	94,000	95,000
Arkansas Tech University Fund	383,000	375,000
Henderson State University Fund	321,000	321,000
Southern Arkansas University Fund	421,000	412,000
University of Arkansas Fund	3,008,000	3,029,000
Univ. of Arkansas at Little Rock Fund	997,000	989,000
Univ. of Ark. Med. Center Fund	1,488,000	1,497,000
Univ. of Ark. Med. Ctr. - Indigent Care	249,000	237,000
Univ. of Arkansas at Monticello Fund	228,000	221,000
Univ. of Arkansas Pine Bluff Fund	382,000	382,000
Univ. of Central Arkansas Fund	762,000	765,000
East Arkansas Community College Fund	78,000	78,000
Garland County Community College Fund	85,000	86,000
Mississippi Cty. Community College Fund	78,000	80,000
North Arkansas Community College Fund	81,000	85,000
Phillips County Community College Fund	126,000	126,000
Rich Mountain Community College Fund	41,000	41,000
Westark Community College Fund	261,000	262,000
Total Institutions of Higher Education	<u>\$10,000,000</u>	<u>\$ 10,000,000</u>
GRAND TOTAL	<u>\$16,286,000</u>	<u>\$ 16,586,000</u>

S I G N I F I C A N T I S C A L L E G I S L A T I O N
A F F E C T I N G S T A T E A G E N C I E S

ARKANSAS STATE BUILDING SERVICES

Act 27(HB 1012)

- Provides supplemental appropriation for retirement of debt services in the amount of \$500,000 for each fiscal year.

STATE CENTRAL SERVICES FUND

Act 24(HB 1009)

A) Amends Section 9 of Act 928 of 1987 to increase loan authorization from Budget Stabilization Trust Fund from \$2 million to \$4 million.

B) Makes changes in the procedures for distribution of funds to those agencies supported from the State Central Services Fund in the event that an agency's funding level is not equal to the previous fiscal year's expenditure or the current fiscal year appropriation, whichever is the lesser. The additional procedures would occur in such event:

- 1) Up to \$4 million would be transferred from the Budget Stabilization Trust Fund to provide additional funding; and
- 2) Thirty-one percent (31%), up to a maximum of \$250,000, of any increase over the previous year's expenditures to be received by the Bureau of Legislative Research and the Legislative Joint Auditing Committee would be redistributed to the other agencies supported from the State Central Services Fund.

DEPARTMENT OF CORRECTION

Act 47(HB1055)

- Amends Act 1030 of 1987, the 76th Session Projects Account of the General Improvement Fund, to add new Item in the "A" Allocation entitled "Payments to County and Municipal Jails" in the amount of \$3,000,000 for payment of reimbursement claims by the Department during the 1987-89 biennium.

Act 47 (HB 1055)

- Contains special language authorizing the Department of Correction to pay rent on Regional Jail Facilities, in addition to other purposes as provided by law.

Act 6 (SB 7)

- Authorizes \$3 million in appropriation for "Jail Reimbursement" in FY 1987-88, payable from the General Improvement Fund.

- Includes special language regarding "Payment Authority" for jail reimbursement claims, which subject to rules and regulations as may be implemented by the Chief Fiscal Officer of the State and after seeking Legislative advice, the Department of Correction may pay claims for services prior to July 1, 1987.

- Amends Act 1030 of 1987, the Seventy-Sixth Session Projects Account of the General Improvement Fund Account, increasing the "A" Allocation to the Department of Correction for Regional Jail Costs from \$2,400,000 to \$7,400,000.

COUNTY & MUNICIPAL AID

Act 14 (SB36)

- Amends Act 945 of 1987 to provide loans to the County Aid Fund in the amount of \$1.9 million and to the Municipal Aid Fund in the amount of \$3.5 million for each year of the 1987-89 biennium. Loans made to the County and Municipal Aid Funds shall be repaid on or before the last day of June in each fiscal year.

Act 59 (HB1045)

- Amends Act 945 of 1987 to provide loans in the amounts of \$1.9 million to the County Aid Fund and \$3.5 million to the Municipal Aid Fund for the 1987-88 fiscal year. Loans made to the County and Municipal Aid Funds shall be repaid on or before the last day of June, 1988.

DEPARTMENT OF EDUCATION

Public School Fund

Act 47 (HB 1055)

- Allows transfer of funds and appropriation from the Public School Fund to the Public Health Fund and the Mental Health Services Fund Account in order to allow counseling and health services to be provided to the various school districts in the State, contingent on the following two conditions:

- 1) Verification is provided that matching federal funds can be utilized by the Department of Health and the Mental Health Services Division in providing counseling & nurses services to school districts; and
- 2) All legal contractual agreements which school districts have entered into with counselors and nurses have been satisfied.

Vocational and Technical Education Division

Act 47 (HB1055)

- Authorizes transfer in an amount not to exceed \$350,000 between the Vocational Education Administration Fund Account and the Vocational Technical Schools Fund Account to provide funding for the Industry Training Program.

DEPARTMENT OF FINANCE AND ADMINISTRATION

Act 5 (SB6)

- Provides a supplemental appropriation of \$1 million for each year of the 1987-89 biennium to the Department of Finance and Administration to provide state agencies with additional appropriation for payment of regular salaries.

Revenue Services Division

Act 22 (HB1007)

- Exempts Revenue Services Division from the hour limitation on Extra Help. DFA shall file a report annually with the Arkansas Legislative Council of employees employed for more than a seven (7) month period.

DEPARTMENT OF HUMAN SERVICES

Act 47 (HB1055)

- Authorizes unexpended fund balances on June 30, 1987, up to a maximum of \$2.2 million of General Revenue, to be carried forward and made available for expenditures of State and/or Federal funds for the fiscal year ending June 30, 1988.

Developmental Disabilities Services Division

Act 47 (HB1055)

- Provides special language specifying that all expenditures of the Grants line item of the State Operations appropriation be used exclusively to support Intermediate Care Facilities for the mentally retarded, having not more than fifteen (15) beds and/or other community programs operated by non-profit community programs.

STATE INSURANCE DEPARTMENT

Act 7 (SB10)

- Amends Section 1 of Act 680 of 1987, the Department's Operations Appropriation, by authorizing one (1) additional Insurance Examiner, Grade 19; two (2) additional Secretary II's, Grade 11; and deletes four (4) Document Examiner I positions, Grade 09

- Amends Section 3 of Act 680 of 1987, by authorizing supplemental General Revenue Appropriation of \$52,951 for FY 1987-88 and \$53,028 for N 1988-89.

Act 9 (SB 12)

- Appropriates \$5,000,000 each fiscal year of the 1987-89 biennium for miscellaneous taxes and fees refunds, due to changing from annual to quarterly remittance of Insurance Premium Taxes.

Act 26 (HB 1011)

- Authorizes various supplemental appropriations for the State Insurance Department - Governmental Bonding Board, payable from the Fidelity Bond Trust Fund, for the 1987-89 biennium as follows:

	<u>N88</u>	<u>FY89</u>
State, County, Municipal and School District Fidelity Bond Claims.....	\$500,000	\$500,000
State, County, Municipal and School Bond Reinsurance.....	\$250,000	\$250,000
State, County, Municipal and School Bond Premium Overpayments.....	\$150,000	\$150,000
State, County, Municipal and School Bond Investments.....	\$1,000,000	\$1,000,000
Governmental Bonding Board Operations.....	\$ 55,000	\$ 55,000

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Act 23 (HB 1008)

- Provides supplemental appropriation for operating expenses in the amount of \$15,000 for each fiscal year.

SECRETARY OF STATE

Act 50 (SB8)

- Appropriates \$59,375 for fiscal year 1987-88 to the Secretary of State, to be payable from the Constitutional and Fiscal Agencies Fund, to defray the cost of relocating the franchise tax collection from the Revenue Department to the Secretary of State.

Act 61 (HB1043)

- Appropriates \$90,121 for the 1987-88 fiscal year for personal services and operating expenses of the Central Farm Filing System.

- Provides \$150,000 each fiscal year of the 1987-89 biennium as a loan from the Budget Stabilization Trust Fund to assist in the financing of the Centralized Filing System for farm liens.

- Authorizes 2 fee schedules to be set by the Arkansas Bank Commissioner after receiving recommendations from a committee composed of (1) President of Arkansas Bankers Association; (2) President of Arkansas Bank Holding Companies; (3) Representatives of federal farm credit agencies as appointed by the Governor; (4) President of Arkansas Independent Bankers Association; and (5) Individuals representing the agricultural financial community as appointed by the Governor.

- Of the 2 fee schedules authorized, 1 fee schedule is to be established to repay the loan from the Budget Stabilization Trust Fund and 1 fee schedule to provide for the continuing operations of the Centralized Filing System for farm liens.

SOIL & WATER COMMISSION

Act 25 (HB1010)

- Amends Section 2(B) of Act 537 of 1985 to authorize the City of Little Rock to use the unexpended funds previously allocated for street drainage at the V.A. Hospital as matching funds for projects associated with Fourche Creek drainage. This Act also amended Act 947 of 1987 to provide that \$500,000 of the appropriation for Water Development Projects may be used by local governments as matching funds.

TRANSPORTATION SAFETY AGENCY

Act 4 (SB5)

- Authorizes Personal Services and Operations Appropriation of \$1,997,114 for FY 88 and \$1,992,114 for PY 89.

- Authorizes fifty-four (54) Regular Salary and Three (3) Extra Help Positions.

- Establishes Maximum Line Item Salaries for one (1) Board Chairman at \$22,000 and two (2) Board Members at \$20,000 each fiscal year.