

State of Arkansas
91st General Assembly
Fiscal Session, 2018

A Bill

HOUSE BILL 1124

By: Joint Budget Committee

For An Act To Be Entitled

AN ACT TO MAKE AN APPROPRIATION FOR STATE TURNBACK FOR COUNTIES AND MUNICIPALITIES BY THE OFFICE OF THE TREASURER OF STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2019; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO MAKE AN APPROPRIATION FOR STATE TURNBACK FOR COUNTIES AND MUNICIPALITIES BY THE OFFICE OF TREASURER OF STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2019; AND FOR OTHER PURPOSES.

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

SECTION 1. APPROPRIATION - GENERAL REVENUES TO CITIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the Municipal Aid Fund, for the purpose of distributing General Revenue accruing therein for the benefit of municipalities as provided by law by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM	FISCAL YEAR
<u>NO.</u>	<u>2018-2019</u>
(01) GENERAL REVENUES - CITIES	<u>\$29,372,099</u>

SECTION 2. APPROPRIATION - SPECIAL REVENUES TO CITIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the Municipal Aid Fund, for distributing Special Revenues accruing therein for



the benefit of municipalities as provided by law, by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM NO.	FISCAL YEAR 2018-2019
(01) SPECIAL REVENUES - CITIES	<u>\$180,000,000</u>

SECTION 3. APPROPRIATION - GENERAL REVENUES TO COUNTIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the County Aid Fund, for the purpose of distributing General Revenue accruing therein for the benefit of counties as provided by law, by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM NO.	FISCAL YEAR 2018-2019
(01) GENERAL REVENUE - COUNTIES	<u>\$21,428,616</u>

SECTION 4. APPROPRIATION - SPECIAL REVENUES TO COUNTIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the County Aid Fund, for the purpose of distributing any monies provided by Highway Turnback, Severance Taxes to counties, and any other monies provided by the Acts of the General Assembly for the benefit of counties, by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM NO.	FISCAL YEAR 2018-2019
(01) SPECIAL REVENUE - COUNTIES	<u>\$200,000,000</u>

SECTION 5. APPROPRIATION - UNANTICIPATED SPECIAL REVENUES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the County Aid Fund, from unanticipated monies received from the sale or lease of minerals, oil and gas on federal military lands or from other unanticipated special revenues, for the transfer to those counties to which such monies are allocated by law, by the Office of Treasurer of State for the

fiscal year ending June 30, 2019, the following:

ITEM	FISCAL YEAR
<u>NO.</u>	<u>2018-2019</u>
(01) UNANTICIPATED SPECIAL REVENUES	<u>\$20,000,000</u>

SECTION 6. APPROPRIATION - REAL PROPERTY TAX REDUCTION - COUNTIES.

There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the Property Tax Relief Trust Fund, for distributing funds provided by a statewide property tax reduction to counties, by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM	FISCAL YEAR
<u>NO.</u>	<u>2018-2019</u>
(01) DISTRIBUTION TO COUNTIES FOR PROPERTY TAX RELIEF	<u>\$300,000,000</u>

SECTION 7. APPROPRIATION - PROPERTY TAX RELIEF FUND REVENUES

DISTRIBUTION TO COUNTIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the Property Tax Relief Trust Fund, for accruing therein for the benefit of counties to be distributed using the formula for the County Aid Fund under §19-5-602(c), by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM	FISCAL YEAR
<u>NO.</u>	<u>2018-2019</u>
(01) DISTRIBUTION TO COUNTIES	<u>\$4,000,000</u>

SECTION 8. APPROPRIATION - PROPERTY TAX RELIEF FUND REVENUES

DISTRIBUTION TO CITIES. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the Property Tax Relief Trust Fund, for accruing therein for the benefit of municipalities to be distributed using the formula for the Municipal Aid Fund under §19-5-601(c), by the Office of Treasurer of State for the fiscal year ending June 30, 2019, the following:

ITEM NO.	FISCAL YEAR 2018-2019
(01) DISTRIBUTION TO CITIES	<u>\$2,000,000</u>

SECTION 9. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. DISTRIBUTION OF FUNDS. Funding provided in Property Tax Relief Fund Revenues Distribution to Counties and Property Tax Relief Fund Revenues Distribution to Cities of this Act from the Property Tax Relief Trust Fund shall not be distributed unless there are sufficient funds in the Property Tax Relief Trust Fund as of the date that the Chief Fiscal Officer of the State certifies the amount in excess of the required reimbursement to the counties as provided in §26-26-310(b)(2)(C)(i). If there are sufficient funds remaining in the Property Tax Relief Trust Fund on December 31, ~~2017~~ 2018, as certified, the Treasurer shall distribute two million dollars (\$2,000,000) to counties and two million dollars (\$2,000,000) to cities for the fiscal year ending June 30, ~~2018~~ 2019 from the balance remaining on December 31, ~~2017~~ 2018 from the Property Tax Relief Trust Fund. The distribution to counties shall be made in accordance with the distribution formula in §19-5-602(c). The distribution to cities shall be made in accordance with the distribution formula in §19-5-601(b). The funds attributable to sales and use taxes levied prior to July 1, ~~2017~~ 2018 shall not be transferred from the Property Tax Relief Trust Fund to the cities and counties.

The provisions of this section shall be in effect only from July 1, ~~2017~~ 2018 through June 30, ~~2018~~ 2019.

SECTION 10. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. COUNTY TURNBACK - UNANTICIPATED FUNDS. The appropriation authorized for General Revenue to Counties or any other appropriation as provided by the General Assembly for aid to counties may be supplemented, if necessary, by a transfer from the appropriation provided for Unanticipated Special Revenues in this Act.

The provisions of this section shall be in effect only from July 1, ~~2017~~ 2018 through June 30, ~~2018~~ 2019.

SECTION 11. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. LOANS TO CITIES AND COUNTIES. On July 1 of each fiscal year, the Chief Fiscal Officer of the State shall request a transfer by the State Treasurer from the Budget Stabilization Trust Fund to the County Aid Fund and to the Municipal Aid Fund to assist the various cities and counties in meeting cash flow needs early in the state fiscal year. The transfer shall be a loan to be repaid in equal installments from general revenue distributions each month during the fiscal year for which the loan was made and shall be in addition to any other loans authorized by law for the County Aid and Municipal Aid Funds. The amount of such loan for each fiscal year shall be \$3,517,657 to the Municipal Aid Fund and \$1,906,079 to the County Aid Fund, or so much thereof as may be available in the Budget Stabilization Trust Fund as determined by the Chief Fiscal Officer of the State. Upon such transfer being completed, the State Treasurer shall immediately distribute such funds to each of the several municipalities and counties in the same manner as general revenues are distributed.

It is the intent of the General Assembly that the Chief Fiscal Officer of the State and the State Treasurer shall make every reasonable, and financially sound effort to insure that local governments receive the full amount of the loan authorized herein on July 1 of each year and that the monies authorized for local governments from general revenues be distributed in equal monthly payments.

The provisions of this section shall be in effect only from July 1, ~~2017~~ 2018 through June 30, ~~2018~~ 2019.

SECTION 12. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. CARRY FORWARD. At the close of each fiscal year any unexpended funds for the County Aid and Municipal Aid line items shall be carried forward and distributed pursuant and in addition to the funding formula established under A.C.A 19-5-601 and 19-5-602 within forty-five (45) days.

Any carry forward of unexpended balance of funding as authorized herein, may be carried forward under the following conditions:

(1) Prior to June 30, ~~2018~~ 2019 the Agency shall by written statement set forth its reason(s) for the need to carry forward said funding to the

Department of Finance and Administration Office of Budget;

(2) The Department of Finance and Administration Office of Budget shall report to the Arkansas Legislative Council all amounts carried forward by the September Arkansas Legislative Council or Joint Budget Committee meeting which report shall include the name of the Agency, Board, Commission or Institution and the amount of the funding carried forward, the program name or line item, the funding source of that appropriation and a copy of the written request set forth in (1) above;

(3) Each Agency, Board, Commission or Institution shall provide a written report to the Arkansas Legislative Council or Joint Budget Committee containing all information set forth in item (2) above, along with a written statement as to the current status of the project, contract, purpose etc. for which the carry forward was originally requested no later than thirty (30) days prior to the time the Agency, Board, Commission or Institution presents its budget request to the Arkansas Legislative Council/Joint Budget Committee; and

(4) Thereupon, the Department of Finance and Administration shall include all information obtained in item (3) above in the budget manuals and/or a statement of non-compliance by the Agency, Board, Commission or Institution.

The provisions of this section shall be in effect only from July 1, ~~2017~~ 2018 through June 30, ~~2018~~ 2019.

SECTION 13. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. TURNBACK REPORTING. Each calendar year each county and municipality receiving total highway revenues and highway severance turnback per A.C.A 27-70-207 and A.C.A 26-58-124 of \$2,000,000 or more shall report to the House Public Transportation Committee and the Senate Transportation, Technology and Legislative Affairs Committee indicating how highway revenues and highway severance turnback funds were utilized. The report shall include a general ledger accounting of the city or county street/road fund. The county report shall be made utilizing the County Financial Management System of tracking county revenues and expenditures. The report shall also include the percentage of the street/road fund that is comprised of state funds. Further, the report shall include details of each contracted project including type

and description of project and total amount of money spent on the project. The report shall be submitted annually no later than March 15th for the previous year's projects.

The provisions of this section shall be in effect only from July 1, ~~2017~~ 2018 through June 30, ~~2018~~ 2019.

SECTION 14. COMPLIANCE WITH OTHER LAWS. Disbursement of funds authorized by this act shall be limited to the appropriation for such agency and funds made available by law for the support of such appropriations; and the restrictions of the State Procurement Law, the General Accounting and Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary Procedures and Restrictions Act, or their successors, and other fiscal control laws of this State, where applicable, and regulations promulgated by the Department of Finance and Administration, as authorized by law, shall be strictly complied with in disbursement of said funds.

SECTION 15. LEGISLATIVE INTENT. It is the intent of the General Assembly that any funds disbursed under the authority of the appropriations contained in this act shall be in compliance with the stated reasons for which this act was adopted, as evidenced by the Agency Requests, Executive Recommendations and Legislative Recommendations contained in the budget manuals prepared by the Department of Finance and Administration, letters, or summarized oral testimony in the official minutes of the Arkansas Legislative Council or Joint Budget Committee which relate to its passage and adoption.

SECTION 16. EFFECTIVE DATE. This act is effective on and after July 1, 2018.

APPROVED: 2/23/18