

State of Arkansas      *As Engrossed: H3/7/19 H3/14/19 S3/27/19*  
92nd General Assembly      **A Bill**  
Regular Session, 2019

HOUSE BILL 1663

By: Representative Kelly

By: Senator J. English

### For An Act To Be Entitled

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

### Subtitle

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

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

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

Subchapter 22 – Financial Requirements and Minimum Standards of Districts

14-86-2201. Definition.

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

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

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

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

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

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

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

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



(G) Section 14-92-101 et seq.;

(H) The Property Owners' Improvement District Law, § 14-93-101 et seq.;

(I) The Municipal Property Owner's Improvement District Law, § 14-94-101 et seq.;

(J) Section 14-95-101 et seq.;

(K) Section 14-114-101 et seq.;

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

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

(N) Section 14-118-101 et seq.;

(O) Section 14-119-101 et seq.;

(P) Section 14-120-101 et seq.;

(Q) Section 14-121-101 et seq.;

(R) Section 14-122-101 et seq.;

(S) Section 14-123-101 et seq.;

(T) Section 14-124-101 et seq.;

(U) The Rural Development Authority Act, § 14-188-101 et seq.;

(V) The General Consolidated Public Utility System Improvement District Law, § 14-217-101 et seq., and serving less than thirty thousand (30,000) residents;

(W) Section 14-218-101 et seq.;

(X) Section 14-249-101 et seq.;

(Y) Section 14-250-101 et seq.; and

(Z) Section 14-251-101 et seq.; or

(2) Levee, drainage, road, irrigation, watershed, and river improvement districts created by a special act of the General Assembly.

(b) As used in this subchapter, "district" does not include levee, drainage, road, irrigation, watershed, consolidated utility, and river improvement districts formed or operating under:

(1) The Water Authority Act, § 4-35-101 et seq.;

(2) The Regional Water Distribution District Act, § 14-116-101 et seq.;

(3) The Conservation Districts Law, § 14-125-101 et seq.;

- (4) Section 14-184-101 et seq.;
- (5) Section 14-187-101 et seq.;
- (6) The General Consolidated Public Utility System Improvement District Law, § 14-217-101 et seq., and serving more than thirty thousand (30,000) residents;
- (7) Section 14-282-101 et seq.;
- (8) Section 14-283-101 et seq.;
- (9) Section 14-284-101 et seq.;
- (10) Section 14-285-101 et seq.;
- (11) Section 14-286-101 et seq.;
- (12) Section 14-287-101 et seq.;
- (13) Section 14-316-101 et seq.;
- (14) Section 14-317-101 et seq.;
- (15) Section 14-318-101 et seq.;
- (16) Section 14-319-101 et seq.;
- (17) Section 14-320-101 et seq.;
- (18) Section 14-321-101 et seq.;
- (19) Section 14-322-101 et seq.;
- (20) Section 14-386-101 et seq.; or
- (21) Section 14-387-101 et seq.

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

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

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

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

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

14-86-2203. Subsequent indebtedness.

(a)(1) After the initial creation, bonding, and indebtedness of a

district, but before subsequent bonds, notes, or indebtedness are incurred under the authority of this subchapter, a majority of the owners of record in the district, including no less than a majority of the total number of real property owners in the area affected if the majority of owners owns more than half of the acreage affected, shall be required to authorize the issuance of bonds or the incurring of notes or indebtedness by a vote called by the governing body of the district for that purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14-86-2204. Nominal assessments.

(a)(1) All lands shall be assessed as to value and taxed within the boundaries of the district, and no exclusions or nominal assessments apply except under subsection (b) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*/s/Kelly*

**APPROVED: 4/4/19**