

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1690

By: Representative L. Fite

By: Senator M. Johnson

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE USE OF HIGHWAY
TURNBACK FUNDS BY A COUNTY OR MUNICIPALITY; AND FOR
OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE USE OF
HIGHWAY TURNBACK FUNDS BY A COUNTY OR
MUNICIPALITY.

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

SECTION 1. Arkansas Code § 27-70-207(c), concerning the distribution and use of highway revenues to county and city funds under the Arkansas Highway Revenue Distribution Law, is amended to read as follows:

(c)(1)(A) With the exception of those revenues transferred pursuant to Section 2 of the Highway Improvement Revenue Act of 2007, all highway revenues transferred to the Municipal Aid Fund under ~~the provisions of~~ this subchapter shall be paid over by the Treasurer of State by direct deposit to the treasurers of the respective cities of the first class, cities of the second class, and incorporated towns for credit to the street fund, there to be used for transportation projects as deemed beneficial by the governing body of the political subdivision to include without limitation:

(i) The maintenance, construction, and reconstruction of streets that are not continuations of state highways and for other surface transportation;

(ii) Public transportation; or



(iii) Any other transportation system improvement or service within the political subdivision, including without limitation those projects defined as a transportation system under § 27-76-103, regardless of whether or not the political subdivision is a member of a regional mobility authority.

(B) A city may provide these funds to a regional mobility authority to match federal transportation funds for the financing of surface transportation system improvements on state highways, county roads, and city streets.

(C) A city may use these funds to construct and maintain parking for city administration buildings, city recreation buildings, and city parks, and to construct and maintain sidewalks that serve city administration buildings, city recreational buildings, city-owned parking lots, city-owned parking decks, and city parks.

(2) The Treasurer of State shall on or before the tenth day next following the last day of each calendar month make distribution of the funds on the basis of population according to the most recent federal census, with the amount to be paid over to each city or incorporated town in the proportion that its population bears to the total population of all cities and towns.

(3)(A) Beginning on the effective date of this act, if a city or incorporated town has spent funds credited to the street fund in a manner inconsistent with the purposes required by subdivision (c)(1) of this section, the city or incorporated town shall repay the funds that were not used in accordance with subdivision (c)(1) of this section to the street fund from the city or incorporated town's general revenue by the end of the following fiscal year.

(B) A city or incorporated town is not eligible to receive highway revenues under subdivision (c)(1) of this section until the city or incorporated town:

(i) Repays the entirety of the funds owed to the street fund, including any funds owed prior to the effective date of this act, as required under subdivision (c)(3)(A) of this section; or

(ii) Passes an ordinance or a resolution committing to pay and pays ten percent (10%) of the city or incorporated town's general revenue to the street fund each year until the funds owed are repaid.

(C) However, if a city or incorporated town is unable to repay the funds owed as required by subdivision (c)(3)(B) of this section, the city or incorporated town may request the approval of the Legislative Joint Auditing Committee to pass an ordinance or resolution committing to pay a percentage less than ten percent (10%) of the city or incorporated town's general revenue to the street fund each year until the funds owed are repaid.

(4)(A) If the Legislative Joint Auditing Committee is presented with a finding that a city or incorporated town spent funds credited to the street fund in a manner inconsistent with the purposes specified in subdivision (c)(1) of this section or that the city or incorporated town failed to make a repayment owed under subdivision (c)(3)(B)(ii) or subdivision (c)(3)(C) of this section, the Legislative Joint Auditing Committee may provide notice of the finding to the:

(i) Treasurer of State; and

(ii) The city or incorporated town's officials or employees authorized to prevent or correct the inconsistent spending.

(B) Upon notice of a finding from the Legislative Joint Auditing Committee under subdivision (c)(4)(A) of this section, the Treasurer of State shall:

(i) Confirm with Arkansas Legislative Audit within thirty (30) days of being notified by the Legislative Joint Auditing Committee that a city or incorporated town spent funds credited to the street fund in a manner inconsistent with the purposes required by subdivision (c)(1) of this section or failed to make a repayment owed under subdivision (c)(3)(B)(ii) or subdivision (c)(3)(C) of this section; and

(ii) Withhold highway revenues under subdivision (c)(1) of this section until the entirety of the funds owed are repaid by the city or incorporated town to the street fund.

(5)(A) Funds disbursed to the Municipal Aid Fund pursuant to Section 2 of the Highway Improvement Revenue Act of 2007 may be expended by the cities on any legitimate municipal purpose and are not limited to the uses set forth in subdivision (c)(1) of this section.

(B) Funds disbursed to the Municipal Aid Fund pursuant to Section 2 of the Highway Improvement Revenue Act of 2007 shall be distributed to the various cities as are other funds contained in the Municipal Aid Fund pursuant to subdivision (c)(2) of this section.

APPROVED: 4/14/21