

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 182

By: Senators Gilmore, S. Flowers

By: Representatives Barnes, K. Ferguson, Holcomb, Wardlaw

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING ANNUAL
APPROPRIATIONS FOR LOCAL GOVERNMENT; TO REQUIRE A
LOCAL GOVERNMENT TO CONTINUE TO OPERATE UNDER THE
ANNUAL APPROPRIATION ORDINANCE FOR THE PREVIOUS YEAR
UNTIL A NEW APPROPRIATION ORDINANCE IS ADOPTED; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE A LOCAL GOVERNMENT TO
CONTINUE TO OPERATE UNDER THE ANNUAL
APPROPRIATION ORDINANCE FOR THE PREVIOUS
YEAR UNTIL A NEW APPROPRIATION ORDINANCE
IS ADOPTED; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 14-14-904(b)(1)(A)(ii), concerning the procedure for appropriations by a quorum court, is amended to add an additional subdivision to read as follows:

(c)(1) If a quorum court does not pass an annual appropriation ordinance as required under subdivision (b)(1)(A)(ii)(a) of this section by January 1, the annual appropriation ordinance from the previous year, including any amendments to the annual appropriation budget adopted by ordinance that were enacted on or before December 31 of the year of the annual appropriation ordinance, is readopted by operation of this subdivision (b)(1)(A)(ii)(c), at the final level of appropriation and the beginning level of zero (0) expenditure.



(2) Expenditures of the county, including without limitation the payment of salaries to employees as the employee's salary existed on December 31, shall continue to be paid under the annual appropriation ordinance levels of the previous year until a new annual appropriation ordinance is adopted.

(3) Expenditures of the county paid under subdivision (b)(1)(A)(ii)(c)(2) of this section shall not include per diem compensation for the justices of the peace under § 14-14-1205 or salary for the county judge under § 14-14-1204(c).

(4) An annual appropriation ordinance adopted by the quorum court after January 1 shall not include per diem compensation for the justices of the peace under § 14-14-1205 or salary for the county judge under § 14-14-1204(c) for any period when the previous year's annual appropriation ordinance has been readopted.

(5) For the purposes of this subdivision (b)(1)(A)(ii)(c), the annual appropriation ordinance adopted by the quorum court in the previous year shall be readopted by operation of this subdivision (b)(1)(A)(ii)(c) regardless of any determination that the annual appropriation ordinance for the previous year is or may be invalid.

SECTION 2. Arkansas Code § 14-14-1204(c), concerning compensation of elected county officers, is amended to add an additional subdivision to read as follows:

(3) If an annual appropriation ordinance is not adopted by January 1 under § 14-14-904, the annual salary of a county judge shall not be paid until an annual appropriation ordinance is adopted.

SECTION 3. Arkansas Code § 14-14-1205(a)(1), concerning compensation of township officers, is amended to add an additional subdivision to read as follows:

(C) If an annual appropriation ordinance is not adopted by January 1 under § 14-14-904, the per diem compensation for justices of the peace shall not be paid until an appropriation ordinance is adopted.

SECTION 4. Arkansas Code § 14-58-202 is amended to read as follows:
14-58-202. Adoption of budget.

(a) Under this subchapter, the governing body of the municipality shall, on or before February 1 of each year, adopt a budget by ordinance or resolution for operation of the ~~city or town~~ municipality.

(b)(1) If the governing body of the municipality has not adopted a budget by ordinance for the operation of the municipality by January 1, any expenditure of the municipality for that year shall continue to be paid according to the adopted budget from the previous year, including any amendments to the budget adopted by ordinance that were enacted on or before December 31 of the year of the budget, until a new budget for the year is adopted by the governing body of the municipality.

(2) The expenditures of the municipality paid under subdivision (b)(1) of this section shall be limited to necessary operational expenses of the municipality, including without limitation:

(A) Expenditures to ensure all regular and usual government services offered by the municipality are maintained;

(B) Expenditures necessary to protect the peace, health, and safety of the residents of the municipality;

(C) Payroll and benefits of employees of the municipality as the employee's salary existed on December 31;

(D) Payments of contracts for commodities or services previously entered into by the municipality in which payment is due; and

(E) Payments of outstanding debt or bonds, including interest, as authorized under applicable law.

(3) Expenditures authorized under this subsection do not include a new capital purchase based on prior authorization for a capital purchase in the adopted budget from the previous year.

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that when the governing body of a county or municipality does not pass an annual appropriation ordinance, the county or municipality cannot provide basic services and the employees of the county or municipality cannot be paid; that this act will allow expenditures to be paid until an annual appropriation ordinance is in place; that the lack of an appropriation ordinance makes it impossible for the county or municipality to provide necessary services to the residents of the county or municipality, which threatens the public peace, health, and safety of the

residents of the county or municipality; and that this act is immediately necessary because failure to pass an annual appropriation ordinance puts employees of the county or municipality in financial distress and at risk of being unable to pay for financial responsibilities. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

APPROVED: 2/10/25