

Stricken language would be deleted from and underlined language would be added to present law.
Act 735 of the Regular Session

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H4/1/25

A Bill

SENATE BILL 367

By: Senator Irvin

By: Representative Gramlich

For An Act To Be Entitled

AN ACT TO REPEAL THE SMALL BUSINESS REVOLVING LOAN
FUND FOR POLLUTION CONTROL AND PREVENTION
TECHNOLOGIES ACT; TO REPEAL THE SMALL BUSINESS
REVOLVING LOAN FUND; AND FOR OTHER PURPOSES.

Subtitle

TO REPEAL THE SMALL BUSINESS REVOLVING
LOAN FUND FOR POLLUTION CONTROL AND
PREVENTION TECHNOLOGIES ACT; AND TO
REPEAL THE SMALL BUSINESS REVOLVING LOAN
FUND.

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

SECTION 1. Arkansas Code Title 8, Chapter 5, Subchapter 8, is
repealed.

~~Subchapter 8 — Small Business Revolving Loan Fund for Pollution Control and
Prevention Technologies Act~~

~~8-5-801. Title.~~

~~This subchapter may be called the “Small Business Revolving Loan Fund
for Pollution Control and Prevention Technologies Act”.~~

~~8-5-802. Purpose.~~

~~It is the purpose of this subchapter to authorize the Division of
Environmental Quality to establish and administer a revolving loan fund to
encourage the investment in pollution control and prevention technologies in~~



~~Arkansas. The fund will promote sustainable economic development in Arkansas by establishing a publicly capitalized fund to make loans to small businesses for projects to meet regulatory mandates in pollution control, to adopt pollution prevention technologies, or to implement waste reduction practices.~~

~~8-5-803. Definitions.~~

~~As used in this subchapter:~~

~~(1) "Applicant" means any business concern operating within the State of Arkansas that meets the criteria of a person, corporation, partnership, or other business organization;~~

~~(2) "Commission" means the Arkansas Pollution Control and Ecology Commission;~~

~~(3)(A) "Pollution prevention" means reducing or eliminating the generation of pollutants and waste at the source.~~

~~(B) "Pollution prevention" includes:~~

~~(i) Process modifications and equipment acquisitions that promote the recovery and reuse of pollutants; and~~

~~(ii) The acquisition and installation of capital equipment, a process change, or a combination of capital equipment and process change.~~

~~(C) "Pollution prevention" does not include investments in waste treatment processes or equipment, unless the waste treatment involves the recovery and reuse of pollutants; and~~

~~(4)(A) "Waste reduction" means handling or processing waste materials in a way that ultimately reduces the total quantity of waste disposed.~~

~~(B) "Waste reduction" includes process modifications and equipment acquisitions that promote the recovery, reuse, or recycling of pollutants and wastes.~~

~~8-5-804. Eligible activities.~~

~~(a) Moneys deposited into the Small Business Revolving Loan Fund within the Division of Environmental Quality may be:~~

~~(1) Loaned to eligible participants to pay the direct costs of projects which are designed to correct or avoid violations of federal environmental regulations or state environmental rules and have received a~~

~~certificate of need from the division; or~~

~~(2) Expended to pay costs incurred by the division to provide management of lending activities.~~

~~(b)(1) It is the purpose of this subchapter to authorize the division to establish and administer a revolving loan fund to encourage the investment in pollution control, pollution prevention, and waste reduction practices in Arkansas.~~

~~(2) Such a fund will promote sustainable economic development in Arkansas by establishing a publicly capitalized revolving loan fund to make loans to small businesses for projects to meet regulatory mandates in pollution control or to adopt pollution prevention technologies.~~

~~(3) Operating expenses associated with proofing a process change or equipment modification would be an eligible loan activity.~~

~~8-5-805. Eligible applicants.~~

~~(a) An eligible applicant shall:~~

~~(1) Employ one hundred (100) or fewer individuals, including both full-time and part-time employees, through direct hiring or contract, including affiliates and subsidiaries, at the time an application for a loan is received by the Division of Environmental Quality;~~

~~(2) Provide proof of profitable operations and a demonstrated ability to repay the loan; and~~

~~(3) Submit an application supplied by the division including any supporting documents, instruments, or other documents requested by the division for the purposes of recommending approval or disapproval of a loan described in this section.~~

~~(b)(1) Until all delinquent fees stated in this subsection or otherwise owed to the division are paid in full and no balance is due, the Director of the Division of Environmental Quality shall not approve any loan application.~~

~~(2) The delinquent fees include, but are not limited to:~~

~~(A) Permit fees;~~

~~(B) Permit modification fees;~~

~~(C) License fees;~~

~~(D) Certification fees;~~

~~(E) Registration fees;~~

- ~~(F) Variance application fees;~~
- ~~(G) Civil penalties;~~
- ~~(H) Emergency response reimbursements;~~
- ~~(I) Loan payments; and~~
- ~~(J) Review fees.~~

~~8-5-806. Terms of the revolving loan.~~

~~(a)(1) The maximum loan amount shall be:~~

- ~~(A) Forty five thousand dollars (\$45,000) per mandated pollution control project;~~
- ~~(B) Forty five thousand dollars (\$45,000) per pollution prevention project; and~~
- ~~(C) Forty five thousand dollars (\$45,000) per waste reduction project.~~

~~(2) The maximum allowable amount to be loaned shall not exceed sixty five thousand dollars (\$65,000) per individual applicant.~~

~~(b) The maximum term of the loan shall be ten (10) years per mandated pollution control project and ten (10) years per pollution prevention or waste reduction project.~~

~~(c) The interest rate shall be:~~

- ~~(1) Established by the Division of Environmental Quality at or below market rate; and~~
- ~~(2) Fixed for the term of each loan at the rate that is in effect when the loan application is received or when the loan is closed, whichever is lower.~~

~~(d)(1) The borrower shall be required to make level monthly amortizing payments to retire the debt by the end of the loan term.~~

~~(2) Loan principal may be repaid in part or in full at any time without penalty.~~

~~(e)(1) The division may:~~

- ~~(A) Make secured or unsecured loans with a promissory note;~~
- ~~(B) Collect interest on any loans issued; and~~
- ~~(C) Assess penalties on late loan payments.~~

~~(2) Loans issued under this subchapter may contain an acceleration clause.~~

~~(f) The division may bring any lawful action to recover any loan that is in default.~~

~~8-5-807. Small Business Revolving Loan Fund.~~

~~(a) There is created within the Division of Environmental Quality a revolving loan fund:~~

~~(1) Which shall be designated the "Small Business Revolving Loan Fund";~~

~~(2) Into which shall be transferred or deposited the moneys to be provided by law for the Small Business Revolving Loan Fund; and~~

~~(3) To be used as a revolving fund by the division for making loans to eligible participants to pay the direct costs of projects that are designed to correct or avoid violations of federal environmental law or regulation or state environmental rules and have received a certificate of need from the division or to pay costs incurred by the division to provide management of lending activities.~~

~~(b)(1) There is established on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Small Business Revolving Loan Fund".~~

~~(2) The Small Business Revolving Loan Fund shall consist of the following:~~

~~(A) All funds transferred from the General Improvement Fund or its successor fund or fund accounts, including the Development and Enhancement Fund, to be otherwise provided by law for the Small Business Revolving Loan Fund;~~

~~(B) All moneys received by the division upon repayment of loans made from the furnishing of funds for loans under the program created by this subchapter;~~

~~(C) Interest earned upon any money in the Small Business Revolving Loan Fund; and~~

~~(D) All sums recovered upon by the Small Business Revolving Loan Fund for losses to the Small Business Revolving Loan Fund or for loan losses under the loan program created in this subchapter and all other moneys received for the Small Business Revolving Loan Fund from any source.~~

~~(c)(1) Subject to the provisions of this subchapter, the division is~~

~~vested with full power, authority, and jurisdiction over the Small Business Revolving Loan Fund, including all moneys and property or securities belonging to the Small Business Revolving Loan Fund.~~

~~(2) The division may invest the Small Business Revolving Loan Fund in direct general obligations of the United States, in certificates of deposit or savings accounts in an amount not to exceed the capital funds, represented by capital, surplus, and undivided profits in financial institutions located in Arkansas that are insured by an agency of the United States Government, and in repurchase agreements that are collateralized by direct general obligations of the United States or by bonds, notes, debentures, participation certificates, or other obligations issued by an agency of the United States, the principal and interest of which are guaranteed by the agency or the United States.~~

~~8-5-808. Administration of program.~~

~~The Division of Environmental Quality will manage the program through its Small Business Assistance Program. The program is authorized to delegate the management of the Small Business Revolving Loan Fund. The division shall retain the power to issue certificates of need for eligible projects and shall not delegate such authority.~~

SECTION 2. Arkansas Code § 19-5-1105 is repealed.

~~19-5-1105. Small Business Revolving Loan Fund.~~

~~(a) There is established on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Small Business Revolving Loan Fund".~~

~~(b)(1) The Small Business Revolving Loan Fund shall consist of moneys transferred from the General Improvement Fund or its successor fund or fund accounts, including the Development and Enhancement Fund, interest earnings, repayment of loans, and moneys recovered for loan losses under the loan program created in the Small Business Revolving Loan Fund for Pollution Control and Prevention Technologies Act, § 8-5-801 et seq., and any other moneys made available by law or from any other source.~~

~~(2) The Small Business Revolving Loan Fund shall be administered by the Division of Environmental Quality and used exclusively for those purposes set out in the Small Business Revolving Loan Fund for Pollution~~

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~~Control and Prevention Technologies Act, § 8-5-801 et seq.~~

/s/Irvin

APPROVED: 4/17/25