

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
90th General Assembly
Regular Session, 2015

A Bill

HOUSE BILL 1219

By: Representative Hickerson

By: Senator Hickey

For An Act To Be Entitled

AN ACT TO AMEND THE LAW TO CLARIFY THE PROCEDURE FOR ESTABLISHING WATER RATES BY THE GOVERNING BODY OF A MUNICIPALITY; TO PROVIDE FOR THE ESTABLISHMENT OF SPECIAL RATE CATEGORIES TO AID COMMUNITY OR ECONOMIC DEVELOPMENT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW TO CLARIFY THE PROCEDURE FOR ESTABLISHING WATER RATES BY THE GOVERNING BODY OF A MUNICIPALITY AND TO PROVIDE FOR THE ESTABLISHMENT OF SPECIAL RATE CATEGORIES TO AID COMMUNITY OR ECONOMIC DEVELOPMENT.

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

SECTION 1. Arkansas Code § 14-42-108(b)(1), concerning prohibited actions by municipal officials or employees, is amended to read as follows:

(b)(1) It ~~shall be~~ is unlawful for any city official or employee of any municipal corporation in this state to furnish or give to any person, concerns, or corporations any property belonging to the municipal corporation, or service from any public utility owned or operated by the municipal corporation, unless payment is made ~~therefor~~ to the municipal corporation at the usual and regular rates, and in the usual manner, except as provided in subsection (a) of this section or as provided under § 14-234-214(c).



SECTION 2. Arkansas Code § 14-234-214 is amended to read as follows:

14-234-214. Rates – Disposition of surplus funds.

(a) Rates for resident and nonresident consumers of a municipal waterworks system ~~shall be~~ are fixed by the ~~legislative~~ governing body of the municipality.

(b) Rates that are established by the governing body of a municipality may be determined by considering the following factors, including without limitation:

(1) Recommendations from the mayor, the municipality's water and sewer utility departments or providers, a committee of the governing body of the municipality, or an advisory panel of elected officials and rate-paying customers assembled by the governing body of a municipality for the specific purpose of making recommendations on water rates;

(2) The volume or quality of the water to be sold on a daily, weekly, or monthly basis; and

(3)(A) The type of customer that is seeking access to the municipality's water system.

(B) The governing body of a municipality may establish as many customer rate classifications as needed.

(C) A change to water rates established by the governing body of a municipality shall treat all water customers within a rate classification equally.

(c) The governing body of a municipality may create special rates to assist with community or economic development efforts, but those special rates shall reflect equal treatment for all water customers within that special rate classification.

~~(b)(d)~~ (d) The rates to be charged by the municipality ~~must~~ shall be adequate to:

(1) Pay the principal of and interest on all revenue bonds and revenue promissory notes as ~~they~~ the bonds and notes severally mature;

(2) Make ~~such~~ the payments into a revenue bond sinking fund as may be required by ordinance or trust indenture; and

(3) Provide an adequate depreciation fund and ~~to provide~~ the operating authority's estimated cost of operating and maintaining the waterworks system.

~~(e)~~(e)(1) Rates fixed ~~prior to~~ before the issuance of revenue bonds or notes may be reduced if authorized by the trust indenture or ordinance pertaining to the issuance.

(2) The rates shall not be reduced below the standards prescribed in this subchapter.

~~(d)~~(f) If a municipality subject to ~~the provisions of~~ this subchapter proposes to make additions to its system, ~~which~~ and the additions are to be financed by the issuance of revenue bonds or revenue promissory notes, within eighteen (18) months of the effective date of the rate, then the ~~legislative governing~~ body of the municipality shall fix a rate ~~to be~~ that is effective immediately, ~~which will be~~ and that is sufficient, in addition to the above requirements, to amortize the revenue bonds or revenue promissory notes with interest as ~~they~~ the revenue bonds and revenue promissory notes severally mature.

~~(e)(1)~~(g)(1) If ~~any~~ surplus is accumulated in the operation and maintenance fund of the waterworks system ~~which shall be~~ that is in excess of the operating authority's estimated cost of maintaining and operating the plant during the remainder of the current fiscal year ~~then current~~ and the cost of maintaining and operating the plant during the next fiscal year ~~next ensuing~~, the excess may be transferred by the operating authority ~~transferred to either~~ the depreciation account or to the bond and interest redemption account, ~~as the operating authority may designate.~~

(2) If ~~any~~ surplus is accumulated in the depreciation account ~~over and above that which the operating authority shall find may be necessary~~ finds for probable replacements needed during the ~~then~~ current fiscal year, and the next ~~ensuing~~ fiscal year, the excess may be transferred to the bond and interest redemption account.

(3) If a surplus ~~shall exist~~ exists in the bond and interest redemption account, it may be applied by the operating authority, ~~in its discretion~~, subject to any limitations in the ordinance authorizing the issuance of the bonds, or in the trust indenture:

(A) To the payment of bonds that may ~~later~~ be issued for additional betterments and improvements;

(B) To the purchase or retirement, ~~insofar as possible~~, of outstanding unmatured bonds payable from the bond and interest redemption account, at no more than the fair market value ~~thereof~~;

(C) To the payment of ~~any~~ outstanding unmatured bonds payable from the bond and interest redemption account that may be subject to call for redemption before maturity; or

(D) To any other municipal purpose.