

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

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1547

By: Representative L. Johnson

For An Act To Be Entitled

AN ACT TO AMEND THE WATER AUTHORITY ACT; TO AMEND THE DEFINITION OF "QUALIFIED CORPORATION" UNDER THE WATER AUTHORITY ACT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE WATER AUTHORITY ACT; AND TO AMEND THE DEFINITION OF "QUALIFIED CORPORATION" UNDER THE WATER AUTHORITY ACT.

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

SECTION 1. Arkansas Code § 4-35-101 is amended to read as follows:
4-35-101. Legislative intent.

It is the intent of the General Assembly to provide a means by which a ~~nonprofit corporation~~ qualified corporation involved in the sale, transmission, and distribution of potable water to members of the general public and commercial, industrial, and other users may form or convert its entity status from that of a body corporate to that of a public body politic and governmental entity, thereby allowing the entity the opportunity to access the tax-exempt capital markets and assuring the State of Arkansas and the customers of the entity of the lowest water rates possible.

SECTION 2. Arkansas Code § 4-35-103(7), concerning the definition of "qualified corporation" under the Water Authority Act, is amended to read as follows:

(7)(A) "Qualified corporation" means ~~any:~~



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~~(i) nonprofit~~ A nonprofit corporation originally formed ~~pursuant to~~ under the Arkansas Nonprofit Corporation Act of 1993, § 4-33-101 et seq., the Arkansas Nonprofit Corporation Act, § 4-28-201 et seq., or a predecessor statute, which ~~among other things~~ provides, distributes, transmits, treats, pumps, or stores raw or potable water to or for the benefit of members of the general public and commercial, industrial, and other users or ~~which~~ that proposes to accomplish, develop, or construct any of the foregoing; or

(ii) Any other governmental entity, municipal entity, municipal authority, governmental authority, improvement district, or rural development authority which provides, distributes, transmits, treats, pumps, or stores raw or potable water to or for the benefit of members of the general public and commercial, industrial, and other users that proposes to accomplish, develop, or construct any of the foregoing.

(B) ~~A qualified~~ "Qualified corporation" includes a ~~nonprofit corporation~~ an entity described under subdivision (7)(A)(i) and subdivision (7)(A)(ii) of this section that constructs, expands, operates, or maintains a wastewater project or wastewater treatment plant;

SECTION 3. Arkansas Code § 4-35-202(a), concerning the conversion to a public water authority, is amended to read as follows:

(a) Whenever a qualified corporation desires to convert to and become reconstituted as a water authority under ~~and pursuant to~~ this chapter, the qualified corporation shall present to and file with the Arkansas Natural Resources Commission:

(1) A resolution adopted by the board of directors of the qualified corporation and, if the qualified corporation has members, the members of the qualified corporation, which evidences the desire of the qualified corporation to convert to and become reconstituted as a water authority and which shall additionally certify that the qualified corporation:

(A) Was initially formed as a ~~nonprofit~~ qualified corporation; and

(B) ~~Does not have the ability to directly access the tax-exempt capital markets other than through a conduit issuer; and~~

~~(C) Desires to realize interest rate savings as a result~~

of its conversion to and reconstitution as a water authority ~~pursuant to~~
under this chapter;

(2) Articles of conversion and reconstitution ~~which~~ that shall be signed by a majority of the water authority's proposed initial board of directors and which shall state and include the following information:

(A) The name of the water authority, which shall include the words "public water authority", it being understood that the water authority may adopt a fictitious operational name upon written request to and approval by the commission and the Secretary of State;

(B) The location of the water authority's principal office;

(C) The number of directors of the water authority, which number shall be at least five (5) and shall be subject to change as provided in this chapter or in the water authority's bylaws;

(D) The names and addresses of the proposed initial board of directors of the water authority;

(E) The name and address of the agent for service of process of the water authority;

(F) The proposed geographic service area over which the water authority will have jurisdiction; and

(G) Any other matters that the proposed initial board of directors of the water authority may deem necessary and appropriate;

(3) A copy of the water authority's proposed bylaws along with any other information which the proposed initial board of directors of the water authority may deem necessary and appropriate;

(4) A statement and certification from the Secretary of State that the proposed name of the water authority is not identical to that of any other water authority in the state or so nearly similar as to lead to confusion and uncertainty;

(5) The filing and review fee that the commission may designate and determine from time to time; and

(6) Any other information and documents which the commission may designate and require.

SECTION 4. Arkansas Code § 4-35-203(b)(2), concerning the filing of articles of constitution or articles of conversion and reconstitution with

the Secretary of State, is amended to read as follows:

(2)(A) Filing Except as provided in subdivision (2)(B) of this section, filing a copy of the articles of constitution or articles of conversion and reconstitution, as accepted and approved by the commission, with the Secretary of State shall serve to terminate and dissolve the previous corporate existence of the qualified corporation, effective as of the date of the issuance of the certificate of existence.

(B) A qualified corporation may file a copy of the articles of constitution or articles of conversion and reconstitution with the Secretary of State that expressly states that the qualified corporation shall continue its corporate or governmental existence.