

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

SENATE BILL 636

By: Senator J. Dismang  
By: Representative Jean

## For An Act To Be Entitled

AN ACT TO TRANSFER FUNDS; DEFINE THE MONIES TO BE AVAILABLE IN THE RESTRICTED RESERVE FUND; AND TO ALLOW THAT ADDITIONAL FUNDS MAY BE MADE AVAILABLE FOR STATE DEPARTMENTS, AGENCIES, AND INSTITUTIONS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

AN ACT TO TRANSFER FUNDS; DEFINE THE MONIES TO BE AVAILABLE IN THE RESTRICTED RESERVE FUND; AND ALLOW ADDITIONAL FUNDS TO BE MADE AVAILABLE FOR STATE DEPARTMENTS, AGENCIES AND INSTITUTIONS; AND TO DECLARE AND EMERGENCY.

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

SECTION 1. DO NOT CODIFY. Legislative findings – Nonseverability.

(a) The General Assembly finds that:

(1) Determining the maximum amount of appropriation and funding for a state agency or institution each fiscal year is the prerogative of the General Assembly;

(2) Determining the maximum amount of appropriation and funding for a state agency or institution is usually accomplished by delineating the maximum amounts in the appropriation acts for the state agency or institution, authorizing the distribution of unobligated funds, and in the general revenue allocations authorized for each relevant fund and fund account by amendment to the Revenue Stabilization Law, § 19-5-101 et seq.;



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(3) The Restricted Reserve Fund has established procedures for the transfer of funds to various funds and fund accounts for the efficient and effective operation of state government; and

(4) It is necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, as provided in § 19-5-1263(c).

(b) The requirement of approval by the Legislative Council or if the General Assembly is in session the Joint Budget Committee, is not a severable part of § 19-5-1263. If the requirement of approval by the Legislative Council or if the General Assembly is in session the Joint Budget Committee, is ruled unconstitutional by a court of competent jurisdiction, § 19-5-1263 (c)(d) and (e) are void in their entirety.

SECTION 2. DO NOT CODIFY. TRANSFERS TO THE RESTRICTED RESERVE FUND. Immediately upon the effective date of this Act, as soon thereafter as is practical or as authorized in this Section the State Treasurer shall transfer and credit to the "Restricted Reserve Fund", upon certification of the amounts thereof by the Chief Fiscal Officer of the State, the following:

(a)(1) All unobligated monies in the EBD or Contingency Set-Aside in the Restricted Reserve Fund as established in Section 3(a)(19) of Act 561 of 2023;

(2) All unobligated monies in the Adequacy Set-Aside in the Restricted Reserve Fund as established in Section 3(b)(3) of Act 561 of 2023;

(3) All unobligated monies in the Infrastructure Investment and Jobs Act Grants Matching Set-Aside as established in Section 3(a)(4) of Act 561 of 2023; and

(4) All unobligated monies in the Law Enforcement Stipends Set-Aside in the Restricted Reserve Fund as established in Section 3(a)(27);

(b) All unobligated and unallocated monies remaining in the "Development and Enhancement Fund" on June 30, 2025 which are not required to finance projects to be financed therefrom pursuant to appropriations enacted by the General Assembly, or which have not been reappropriated or reallocated for financing from the "Development and Enhancement Fund" by the 95th General Assembly;

(c)(1) All General Revenue Funds recovered from remaining fund balances

in the "General Revenue Allotment Reserve Fund" from monies accruing thereto during the 2023-2024 fiscal year which are not required to finance enactments of the 95th General Assembly that do not expire on June 30, 2024, including all General Revenue Funds recovered from remaining fund balances;

(2) Any unobligated or unallocated funds remaining on July 2, 2025 in the "General Revenue Allotment Reserve Fund" which are not required to finance enactments of the 95th General Assembly that do not expire on June 30, 2025, including all General Revenue Funds recovered from remaining fund balances;

(3) All General Revenue Funds recovered from remaining fund balances in the "General Revenue Allotment Reserve Fund" which are not required to finance enactments of the 95th General Assembly that do not expire on June 30, 2026, including all General Revenue Funds recovered from remaining fund balances;

(d) Those special revenues credited to the Development and Enhancement Fund from estate taxes as set out in Arkansas Code § 19-6-301(171); and

(e) Other revenues as may be transferred or authorized by law.

SECTION 3. DO NOT CODIFY. TRANSFERS, RESTRICTED RESERVE FUND DISTRIBUTION AND SET-ASIDES. After having made transfers as authorized in this Act, and after having transferred or set-aside the obligations as set out in §19-5-202(b)(2)(B)(iii) as determined by the Chief Fiscal Officer of the State, for those funds transferred and credited to the Restricted Reserve Fund as authorized in Section 2 of this Act, and that are unobligated for other Set-Asides established by the General Assembly, the State Treasurer shall transfer funds or establish sub-fund set-asides, or transfer funds to existing sub-fund set-asides in the Restricted Reserve Fund, referred to and established as "Set-Asides" in the Restrict Reserve fund herein, which shall be funded as funds are available:

(a) Set-Aside four hundred thirty-six million seven hundred ninety-four thousand four hundred thirty-three dollars (\$436,794,433) or so much as is available for the "Restricted Reserve Fund Set-Asides" as enumerated in subsections (a)(2) through (a)(12) of this section, not inclusive of funds authorized in subsection (a)(1) that is to be transferred effective upon passage and approval of this Act, for purpose as set out in each Set-Aside, to be funded in the following order;

(1) For a fund transfer upon the effective date of this subsection, the Chief Fiscal Officer of the State shall transfer on his or her books and those of the State Treasurer and the Auditor of the State the sum of one hundred and thirty-six million dollars (\$136,000,000) from the General Revenue Allotment Reserve Fund to the State Captive Insurance Program Trust Fund;

(2) Medicaid Sustainability Set-Aside, for the Department of Human Services for transfers from time to time as determined by the Chief Fiscal Officer of the State for Medicaid Expenses, as authorized in 19-5-1263 (c), in a sum not to exceed \$100,000,000;

(3) Children's Educational Freedom Account Set-Aside, for the Department of Education - Division of Elementary and Secondary Education, for transfers from time to time to the Arkansas Children's Educational Freedom Account Fund, as authorized in 19-5-1263 (c), in a sum not to exceed \$90,000,000;

(4)(A) Various General Discretionary Majority Vote Set-Aside, for transfers from time to time as determined by the Chief Fiscal Officer of the State, in a sum not to exceed \$45,994,433;

(B) Funds transferred to the Various General Discretionary Majority Vote Set-Aside herein shall be in addition to those remaining balances currently available as established in Section 3(a)(18) of Act 561 of 2023 and any other funds made available by the General Assembly;

(C) Notwithstanding other provisions of law as set out in 19-5-1263(c) the Various General Discretionary Majority Vote Set-Aside authorized in subsections (a)(4) herein shall only require a majority affirmative vote as set out in the rules of the Legislative Council or the Joint Budget Committee during a legislative session of the General Assembly for prior approval of all disbursements;

(5)(A) Educational Facilities Set-Aside, for the Department of Education - Division of Public School Academic Facilities and Transportation, Educational Facilities Partnership Fund Account, Academic Facilities Partnership Program, as authorized in 19-5-1263 (c), in a sum not to exceed \$45,000,000;

(B) Funds transferred to the Educational Facilities Set-Aside herein shall be in addition to those remaining balances currently available as established in Section 3(a)(1) of Act 561 of 2023 and any other funds made available by the General Assembly;

(C) All funds held in the Educational Facilities Set-Aside in the

Restricted Reserve Fund shall be invested and reinvested at the direction of the State Board of Finance to maximize returns using any investments authorized for use by the Treasurer of State; and Interest Earnings or other earnings on moneys in the fund shall be allocated and retained in addition to existing balances in the Educational Facilities Set-Aside;

(6)(A) Teacher Academy Scholarship Set-Aside, for the Department of Education - Division of Higher Education, for transfers from time to time for the Arkansas Teacher Academy Scholarship Program Fund, as authorized in 19-5-1263 (c), in a sum not to exceed \$12,000,000;

(B) Funds transferred to the Teacher Academy Scholarship Set-Aside herein shall be in addition to those remaining balances currently available as established in Sections 3(a)(8) and 3(b)(4) of Act 561 of 2023 and any other funds made available by the General Assembly;

(7)(A) Motor Vehicle Set-Aside, for transfers from time to time as determined by the Chief Fiscal Officer of the State, as authorized in 19-5-1263 (c), in a sum not to exceed \$4,700,000;

(B) Funds transferred to the Motor Vehicle Set-Aside herein shall be in addition to those remaining balances currently available as established in Sections 3(a)(9) of Act 561 of 2023 and any other funds made available by the General Assembly;

(8) Economic Stimulus Programs Set-Aside, for transfers from time to time to the Department of Commerce - Arkansas Economic Development Commission to fund or fund accounts as determined by the Chief Fiscal Officer of the State for Site Infrastructure Grants and Economic Stimulus Activities throughout the state, as authorized in 19-5-1263 (c), in a sum not to exceed \$50,000,000;

(9) Arkansas School for the Deaf/Blind Set-Aside, for transfers from time to time as determined by the Chief Fiscal Officer of the State, as authorized in 19-5-1263 (c), in a sum not to exceed \$35,000,000;

(10) State Capitol HVAC Upgrade Set-Aside, for the Secretary of State, for transfers from time to time as determined by the Chief Fiscal Officer of the State, as authorized in 19-5-1263 (c), in a sum not to exceed \$9,100,000;

(11) For a transfer upon the effective date of this subsection, the Chief Fiscal Officer of the State shall transfer on his or her books and those of the State Treasurer and the Auditor of the State the sum of twenty-five million dollars (\$25,000,000) to the Economic Development Incentive Quick

Action Closing Fund, for the Department of Commerce – Arkansas Economic Development Commission; and

(12) For a transfer upon the effective date of this subsection, the Chief Fiscal Officer of the State shall transfer on his or her books and those of the State Treasurer and the Auditor of the State the sum of twenty million dollars (\$20,000,000) to the Arkansas Major Historic Rehabilitation Trust Fund, for the Department of Parks, Heritage, and Tourism - Division of Arkansas Heritage.

(b) After all the disbursements, transfers, or funds deposited in Restricted Reserve Fund Set-Aside sub-funds as authorized in this Act, other enactments by the General Assembly for Restricted Reserve Fund Set-Asides or transfers out of the Restricted Reserve Fund to Fund or Fund Accounts are completed, any remaining unobligated balances, future collections, deposits, and transfers authorized in Section 2 of this Act shall be transferred and credited to the General Revenue Allotment Reserve Fund.

SECTION 4. Arkansas Code § 19-5-905(a)(12), concerning the uses of the Securities Reserve Fund, is amended to read as follows:

(12) After all distributions and transfers under this section, less one hundred thousand dollars (\$100,000) under § 19-3-521(a)(2), for a transfer by the Chief Fiscal Officer of the State on the last business day of the fiscal year ~~for that fiscal year~~ of the fund balances ~~to the Catastrophe Reserve Fund~~ shall be held in a sub-fund as necessary to be distributed as follows:

(A) On September 1, 2025:

(i) After any other transfers authorized by the General Assembly, the lesser of the remaining fund balance or twenty-five million dollars (\$25,000,000) to the Water and Sewer Treatment Facilities Grant Program Fund; and

(ii) Any remaining fund balance after the transfer under subdivision (a)(12)(A)(i) of this section to the General Revenue Allotment Reserve Fund;

(B) On July 2, 2026:

(i) After any other transfers authorized by the General Assembly, the lesser of the remaining fund balance or twenty-five million dollars (\$25,000,000) to the Water and Sewer Treatment Facilities

Grant Program Fund; and

(ii) Any remaining fund balance after the transfer under subdivision (a)(12)(B)(i) of this section to the General Revenue Allotment Reserve Fund; and

(C) On July 1, 2027:

(i) After any other transfers authorized by the General Assembly, the lesser of the remaining fund balance or twenty-five million dollars (\$25,000,000) to the Water and Sewer Treatment Facilities Grant Program Fund; and

(ii) Any remaining fund balance after the transfer under subdivision (a)(12)(C)(i) of this section to the General Revenue Allotment Reserve Fund; and

(D) For fiscal years beginning on or after July 1, 2028, on the last business day of the fiscal year the remaining fund balance to the General Revenue Allotment Reserve Fund.

SECTION 5. DO NOT CODIFY. Conditions and Audit. (a) Transfer of funds from the "Restricted Reserve Fund" shall be made only after the Chief Fiscal Officer of the State has determined that all criteria or pre-conditions established in the appropriation act to receive the transfer have been met and that a Method of Finance has been filed with the Office of Accounting in the Department of Finance and Administration, if required.

(b) Any matching funds as may be provided in law shall be certified to the Chief Fiscal Officer of the State prior to the commencement of the project.

(c) Any recipient of the funds appropriated herein are also subject to an audit by the Arkansas Legislative Audit of the Legislative Joint Auditing Committee in order to determine that the use of the funds was in compliance with the intent and appropriated purposes of the General Assembly.

SECTION 6. DO NOT CODIFY. Funding Authority. (a) Any enactment of the 95th General Assembly in either regular, fiscal or extraordinary session appropriating, transferring or allocating funds to the "Restricted Reserve Fund" may be deemed to be payable from the "Restricted Reserve Fund".

(b) Appropriations which are not enumerated in this Act may be financed from monies accruing to the "Restricted Reserve Fund" to fund

appropriations authorized by the General Assembly and as set out in law.

SECTION 7. EMERGENCY CLAUSE. It is found and determined by the General Assembly, that the Constitution of the State of Arkansas prohibits the appropriation of funds for more than a one (1) year period; that the effectiveness of this Act on July 1, 2025 is essential to allow transfers which can provide an additional funding mechanism for the operation of state departments, agencies and institutions of higher education, as well as to address unforeseen needs of the state through the disbursement of state funds with the Restricted Reserve Fund as authorized in this Act; with the exception that Section 3 Subsection (a)(1) and Section 4 in this Act shall be in full force and effect from and after the date of its passage and approval, and that in the event of an extension of the Regular Session, the delay in the effective date of this Act beyond July 1, 2025, with the exception that Section 3 Subsection (a)(1) and Section 4 in this Act shall be in full force and effect from and after the date of its passage and approval, could work irreparable harm upon the proper the proper transfer of funds, administration and provision of essential governmental programs. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 2025; with the exception that Section 3 Subsection (a)(1) and Section 4 in this Act shall be in full force and effect from and after the date of its passage and approval.