

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4

As Engrossed: H1/31/23

# A Bill

HOUSE BILL 1031

5 By: Representative L. Fite  
6 By: Senator K. Hammer  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS HIGHWAY REVENUE  
10 DISTRIBUTION LAW CONCERNING DISTRIBUTIONS TO COUNTY  
11 AID FUNDS AND MUNICIPAL AID FUNDS; AND FOR OTHER  
12 PURPOSES.  
13  
14

## Subtitle

15 TO AMEND THE ARKANSAS HIGHWAY REVENUE  
16 DISTRIBUTION LAW CONCERNING DISTRIBUTIONS  
17 TO COUNTY AID FUNDS AND MUNICIPAL AID  
18 FUNDS.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 *SECTION 1. Arkansas Code § 27-70-207(b) and (c), concerning*  
25 *distributions to county and city funds, are amended to read as follows:*

26 *(b)(1)(A) ~~With the exception of those revenues transferred pursuant to~~*  
27 *~~Section 2 of the Highway Improvement Revenue Act of 2007, all All highway~~*  
28 *revenues transferred to the County Aid Fund under this subchapter shall be*  
29 *paid over by the Treasurer of State to the treasurers of the respective*  
30 *counties of this state for credit to the county highway fund, there to be*  
31 *used for transportation projects as deemed beneficial by the county to*  
32 *include without limitation:*

33 *(i) The maintenance, construction, and*  
34 *reconstruction of roads and bridges in the county highway system and for*  
35 *other surface transportation;*

36 *(ii) Public transportation; or*



1 (iii) Any other transportation system improvement or  
2 service within the political subdivision, including without limitation those  
3 projects defined as a transportation system under § 27-76-103 regardless of  
4 whether or not the political subdivision is a member of a regional mobility  
5 authority.

6 (B) A county may also use these funds to construct and  
7 maintain parking for county courthouses, county administration buildings,  
8 county health units, and county parks and to construct and maintain sidewalks  
9 that serve county courthouses, county administration buildings, county health  
10 units, county parks, public schools, and other publicly owned property.

11 (C) A county may use these funds to pay for local projects  
12 eligible for funding under state programs of the Arkansas Department of  
13 Transportation and the State Highway Commission and under federal programs of  
14 the Federal Highway Administration and the Federal Transit Administration.

15 (D) Furthermore, the funds may be used to install and  
16 maintain traffic signals where needed to preserve public health, safety, and  
17 welfare.

18 (E) A county may provide these funds to a regional  
19 mobility authority to match federal transportation funds for the financing of  
20 surface transportation system improvements on state highways, county roads,  
21 and city streets.

22 ~~(2)(A) Funds disbursed to the County Aid Fund pursuant to~~  
23 ~~Section 2 of the Highway Improvement Revenue Act of 2007 may be expended by~~  
24 ~~the counties on any legitimate county purpose and are not limited to the uses~~  
25 ~~set forth in subdivision (b)(1) of this section.~~

26 ~~(B) Funds disbursed to the County Aid Fund pursuant to~~  
27 ~~Section 2 of the Highway Improvement Revenue Act of 2007 shall be distributed~~  
28 ~~to the various counties as are other funds contained in the County Aid Fund~~  
29 ~~pursuant to subdivision (b)(3) of this section.~~

30 ~~(3)(2)~~ The Treasurer of State shall on or before the tenth day  
31 next following the last day of each calendar month make distribution of the  
32 revenues on the following basis:

33 (A) Thirty-one percent (31%) of the amount according to  
34 area, with each county to receive the proportion that its area bears to the  
35 area of the state;

36 (B) Seventeen and one-half percent (17.5%) of the amount

1 according to the amount of state motor vehicle license fees collected in the  
2 calendar year next preceding any distribution as certified to the Treasurer  
3 of State by the Secretary of the Department of Finance and Administration,  
4 with each county to receive the proportion that the total of fees collected  
5 from the county bears to the total of fees collected in the state;

6 (C) Seventeen and one-half percent (17.5%) of the amount  
7 according to population based upon the most recent federal decennial census,  
8 with each county to receive the proportion that its population bears to the  
9 population of the state;

10 (D) Thirteen and one-half percent (13.5%) of the amount  
11 according to rural population based upon the most recent federal decennial  
12 census, with each county to receive the proportion that its rural population  
13 bears to the rural population of the state; and

14 (E) Twenty and one-half percent (20.5%) of the amount  
15 shall be divided equally among the seventy-five (75) counties.

16 (c)(1)(A) ~~With the exception of those revenues transferred pursuant to~~  
17 ~~Section 2 of the Highway Improvement Revenue Act of 2007, all All highway~~  
18 ~~revenues transferred to the Municipal Aid Fund under this subchapter shall be~~  
19 ~~paid over by the Treasurer of State by direct deposit to the treasurers of~~  
20 ~~the respective cities of the first class, cities of the second class, and~~  
21 ~~incorporated towns for credit to the street fund, there to be used for~~  
22 ~~transportation projects as deemed beneficial by the governing body of the~~  
23 ~~political subdivision to include without limitation:~~

24 (i) The maintenance, construction, and  
25 reconstruction of streets that are not continuations of state highways and  
26 for other surface transportation;

27 (ii) Public transportation; or

28 (iii) Any other transportation system improvement or  
29 service within the political subdivision, including without limitation those  
30 projects defined as a transportation system under § 27-76-103, regardless of  
31 whether or not the political subdivision is a member of a regional mobility  
32 authority.

33 (B) A city may provide these funds to a regional mobility  
34 authority to match federal transportation funds for the financing of surface  
35 transportation system improvements on state highways, county roads, and city  
36 streets.

1                   (C) A city may use these funds to construct and maintain  
2 parking for city administration buildings, city recreation buildings, and  
3 city parks, and to construct and maintain sidewalks that serve city  
4 administration buildings, city recreational buildings, city-owned parking  
5 lots, city-owned parking decks, and city parks.

6                   (2)(A) The Treasurer of State shall on or before the tenth day  
7 next following the last day of each calendar month make distribution of the  
8 funds on the basis of population according to the most recent federal census,  
9 with the amount to be paid over to each city or incorporated town in the  
10 proportion that its population bears to the total population of all cities  
11 and towns.

12                   (B) If a municipality incorporates during a year in which  
13 a federal decennial census is conducted, then for purposes of this section  
14 and until data from a federal decennial or special census is made available  
15 to the municipality, the population of the municipality shall be based on the  
16 most recent federal decennial census as calculated by the Arkansas Geographic  
17 Information Systems Office.

18                   (3)(A)(i) As used in this subdivision (c)(3), "general revenue"  
19 means any revenue deposited into a general fund account that is not:

20   (a) Restricted by the source of that revenue;

21 or

22   (b) Transferred from another municipal fund  
23 account.

24                   (ii) Beginning on July 28, 2021, if a city or  
25 incorporated town has spent funds credited to the street fund in a manner  
26 inconsistent with the purposes required by subdivision (c)(1) of this  
27 section, the city or incorporated town shall repay the funds that were not  
28 used in accordance with subdivision (c)(1) of this section to the street fund  
29 from the city's or incorporated town's general revenue by the end of the  
30 following fiscal year.

31                   (B) A city or incorporated town is not eligible to receive  
32 highway revenues under subdivision (c)(1) of this section until the city or  
33 incorporated town:

34   (i) Repays the entirety of the funds owed to the  
35 street fund, including any funds owed prior to July 28, 2021, as required  
36 under subdivision (c)(3)(A) of this section; or

1                   (ii) Passes an ordinance or a resolution committing  
2 to pay and pays ten percent (10%) of the city's or incorporated town's  
3 general revenue to the street fund each year until the funds owed are repaid.

4                   (C) However, if a city or incorporated town is unable to  
5 repay the funds owed as required by subdivision (c)(3)(B) of this section,  
6 the city or incorporated town may request the approval of the Legislative  
7 Joint Auditing Committee to pass an ordinance or resolution committing to pay  
8 a percentage less than ten percent (10%) of the city's or incorporated town's  
9 general revenue to the street fund each year until the funds owed are repaid.

10                  (4)(A) If the Legislative Joint Auditing Committee is presented  
11 with a finding that a city or incorporated town spent funds credited to the  
12 street fund in a manner inconsistent with the purposes specified in  
13 subdivision (c)(1) of this section or that the city or incorporated town  
14 failed to make a repayment owed under subdivision (c)(3)(B)(ii) or  
15 subdivision (c)(3)(C) of this section, the Legislative Joint Auditing  
16 Committee may provide notice of the finding to the:

17                   (i) Treasurer of State; and

18                   (ii) The city's or incorporated town's officials or  
19 employees authorized to prevent or correct the inconsistent spending.

20                  (B) Upon notice of a finding from the Legislative Joint  
21 Auditing Committee under subdivision (c)(4)(A) of this section, the Treasurer  
22 of State shall:

23                   (i) Confirm with Arkansas Legislative Audit within  
24 thirty (30) days of being notified by the Legislative Joint Auditing  
25 Committee that a city or incorporated town spent funds credited to the street  
26 fund in a manner inconsistent with the purposes required by subdivision  
27 (c)(1) of this section or failed to make a repayment owed under subdivision  
28 (c)(3)(B)(ii) or subdivision (c)(3)(C) of this section; and

29                   (ii) Withhold highway revenues under subdivision  
30 (c)(1) of this section until the entirety of the funds owed are repaid by the  
31 city or incorporated town to the street fund.

32                  ~~(5)(A) Funds disbursed to the Municipal Aid Fund pursuant to~~  
33 ~~Section 2 of the Highway Improvement Revenue Act of 2007 may be expended by~~  
34 ~~the cities on any legitimate municipal purpose and are not limited to the~~  
35 ~~uses set forth in subdivision (e)(1) of this section.~~

36                  ~~(B) Funds disbursed to the Municipal Aid Fund pursuant to~~

1 ~~Section 2 of the Highway Improvement Revenue Act of 2007 shall be distributed~~  
2 ~~to the various cities as are other funds contained in the Municipal Aid Fund~~  
3 ~~pursuant to subdivision (c)(2) of this section.~~

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5 /s/L. Fite  
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