

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

# A Bill

HOUSE BILL 1902

5 By: Representative Moore  
6

## For An Act To Be Entitled

8 AN ACT TO ESTABLISH AN ADDITIONAL TAX ON DISTILLATE  
9 SPECIAL FUEL FOR THE IMPROVEMENT OF ARKANSAS STATE  
10 ROADS AND HIGHWAYS; TO AUTHORIZE THE ARKANSAS STATE  
11 HIGHWAY COMMISSION TO ISSUE STATE OF ARKANSAS FEDERAL  
12 HIGHWAY GRANT ANTICIPATION AND TAX REVENUE BONDS FOR  
13 THE PURPOSES OF CONSTRUCTING AND RENOVATING ROADS AND  
14 HIGHWAYS FOR THE CITIZENS OF THE STATE OF ARKANSAS;  
15 AUTHORIZING THAT THE REPAYMENT OF BONDS BE GUARANTEED  
16 BY THE FULL FAITH AND CREDIT OF THE STATE;  
17 PRESCRIBING THE TERMS AND CONDITIONS OF THE ISSUANCE  
18 OF BONDS; PROVIDING FOR A STATEWIDE ELECTION ON THE  
19 QUESTION OF LEVYING THE ADDITIONAL TAX ON DISTILLATE  
20 SPECIAL FUEL AND ISSUING BONDS; DECLARING AN  
21 EMERGENCY; AND FOR OTHER PURPOSES.  
22  
23

## Subtitle

24 THE ARKANSAS HIGHWAY FINANCING ACT OF  
25 2011.  
26  
27  
28

29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
30

31 SECTION 1. Arkansas Code 26-56-201(f), concerning distillate special  
32 fuel, is amended to read as follows:

33 (f) The additional taxes collected ~~pursuant to~~ under this section  
34 ~~shall be considered~~ are special revenues and shall be distributed as set  
35 forth in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.,  
36 subject to any requirements for the repayment of bonds issued under the



1 Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., ~~and~~ the Arkansas  
2 Interstate Highway Financing Act of 2007, § 27-64-401 et seq., and the  
3 Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.  
4

5 SECTION 2. Arkansas Code Title 26, Chapter 56 is amended to add a new  
6 subchapter to read as follows:

7 Subchapter 8 – Additional Tax on Distillate Special Fuel.  
8

9 26-56-801. Definition.

10 "Distillate special fuel" as used in this subchapter, means distillate  
11 special fuel as defined in § 26-56-102(6), except that distillate special  
12 fuel for purposes of the tax levied by this subchapter shall exclude  
13 distillate special fuel not intended for highway use.  
14

15 26-56-802. Additional tax on distillate special fuel.

16 (a)(1) In addition to all other taxes levied upon distillate special  
17 fuel, there is levied an additional tax on distillate special fuel of five  
18 cents (5¢) for each gallon of distillate special fuel sold or used in this  
19 state, or purchased for sale or use in this state.

20 (2) The additional tax on distillate special fuel applies only  
21 to distillate special fuel intended for highway use or to fuel a motor  
22 vehicle intended for highway use.

23 (b) The additional distillate special fuel tax under this section is  
24 subject to the exemptions under this chapter.

25 (c)(1) The levy of the additional tax on distillate special fuel by  
26 subsection (a)(1) of this section is conditioned upon the approval by a  
27 majority of the qualified electors of the state voting on the measure  
28 providing for the levy of the additional tax on distillate special fuel and  
29 the issuance of bonds in a statewide election held under the provisions of  
30 the Arkansas Highway Finance Act of 2011.

31 (2) If the levy of the additional tax on distillate special fuel  
32 and the issuance of the bonds is approved, the:

33 (A) Effective date of the additional tax on distillate  
34 special fuel by levied subsection (a)(1) of this section shall be the first  
35 day of the second month following the month in which the Secretary of State  
36 certifies the vote of the voters of the state approving the levy of the

1 additional tax on distillate special fuel and the issuance of bonds; and  
 2 (B) Additional tax on distillate special fuel levied by  
 3 subdivision (a)(1) of this section shall terminate and shall no longer be  
 4 collected upon certification by the Chairman of the Arkansas State Highway  
 5 Commission that the bonds issued under the Arkansas Highway Finance Act of  
 6 2011 have been paid in full and all obligations of the commission with  
 7 respect to such bonds have been performed in full.

8 (3) If the levy of the additional tax on distillate special fuel  
 9 and the issuance of the bonds are not approved, the levy of the additional  
 10 tax on distillate special fuel by subdivision (a)(1) shall terminate and the  
 11 additional tax shall not be collected.

12  
 13 26-56-803. Administration.

14 The tax on distillate special fuel levied by this subchapter shall be  
 15 administered in accordance with the provisions of the Arkansas Tax Procedure  
 16 Act, § 26-18-101 et seq.

17  
 18 26-56-804. Disposition.

19 The tax imposed by this subchapter is levied to provide revenue to be  
 20 used by the state to defray, in whole or in part, the cost of constructing,  
 21 widening, reconstructing, maintaining, resurfacing, and repairing the public  
 22 highways of this state and shall be distributed as set forth in the Arkansas  
 23 Highway Revenue Distribution Law, § 27-70-201 et seq. subject to any  
 24 requirements for the repayment of bonds issued under the Arkansas Highway  
 25 Financing Act of 2011.

26  
 27 SECTION 3. Arkansas Code Title 27, Chapter 64 is amended to add a new  
 28 subchapter to read as follows:

29 27-64-501. Title.

30 This subchapter may be referred to and cited as the “Arkansas Highway  
 31 Financing Act of 2011”.

32  
 33 27-64-502. Findings.

34 The General Assembly of the State of Arkansas finds that:

35 (1) There is an immediate need for highway improvements  
 36 throughout the State of Arkansas in order to provide for the health, safety,

1 and welfare of its citizens and to promote economic development within the  
2 state;

3 (2) Through revenues generated pursuant to the Arkansas Highway  
4 Financing Act of 1999, § 27-64-201 et seq., the State Highway Commission has  
5 been successful in completing the rehabilitation of much of the state's  
6 Interstate Highway System and that the rehabilitation has been carried out in  
7 an efficient, cost-effective manner;

8 (3) Continued improvement of the Interstate Highway System and  
9 other routes on the National Highway System is necessary and the best way to  
10 accomplish the improvements expeditiously is through the issuance of  
11 additional federal highway grant anticipation and tax revenue bonds to  
12 finance highway improvements; and

13 (4) Bonds should be payable from revenues currently designated  
14 by the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., including  
15 federal highway assistance funding and the proceeds from the Arkansas  
16 Distillate Special Fuel Excise Tax Act of 1999 and the Motor Fuel Excise Tax  
17 Act of 1999, §§ 26-55-1005, 26-55-1006, 26-56-201, and 27-72-305, and 26-56-  
18 801 et seq.; and

19 (5) The repayment of the bonds should be guaranteed by the full  
20 faith and credit of the state.

21  
22 27-64-503. Definitions.

23 As used in this subchapter:

24 (1) "Bonds" means the State of Arkansas Federal Highway Grant  
25 Anticipation and Tax Revenue Bonds, also known as "GARVEE bonds", as  
26 authorized in this subchapter;

27 (2) "Commission" means the State Highway Commission;

28 (3) "Debt service" means all amounts required for the payment of  
29 principal, interest, and premium, if any, due with respect to the bonds in  
30 any fiscal year along with all associated costs, including the fees and costs  
31 of paying agents and trustees, remarketing agent fees, credit enhancement  
32 costs, and other amounts necessary in connection with the bonds;

33 (4) "Designated revenues" means:

34 (A) The portion designated by the commission of funds  
35 received or to be received from the federal government as federal highway  
36 assistance funding allocated to the state; and

1                   (B) Revenues derived from the distillate special fuel tax  
2 levied under:

3                   (i) § 26-56-201(e) that are available for  
4 expenditure after any distributions required by the Arkansas Highway  
5 Financing Act of 1999, § 27-64-201 et seq., the Arkansas Interstate Highway  
6 Financing Act of 2005, § 27-64-301 et seq., and the Arkansas Interstate  
7 Financing Act of 2007, § 27-64-401 et seq.; and

8                   (ii) § 26-56-802; and  
9                   (5) “Highway improvements” or “highway improvement projects”  
10 means restoration and improvements to the Interstate Highway System and other  
11 routes within the National Highway System within the state, including  
12 roadways, bridges, or rights-of-way under the jurisdiction of the commission  
13 and includes the acquisition, construction, reconstruction, renovation of the  
14 Interstate System and other routes within the National Highway System within  
15 the state and facilities appurtenant or pertaining to the Interstate Highway  
16 System and other routes within the National Highway System.

17  
18                   27-64-504. Authorization – Purposes.

19                   (a)(1) Subject to the one-time approval of the voters in a statewide  
20 election, the State Highway Commission may issue State of Arkansas Federal  
21 Highway Grant Anticipation and Tax Revenue Bonds from time to time if the  
22 total principal amount outstanding from the issuance of the bonds, together  
23 with the total principal amount outstanding from the issuance of bonds  
24 pursuant to the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,  
25 the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq.,  
26 and the Arkansas Interstate Financing Act of 2007, § 27-64-401 et seq., does  
27 not at any time exceed one billion one hundred million dollars  
28 (\$1,100,000,000).

29                   (2) The bonds will be issued in one (1) or more series of  
30 various principal amounts with the last series being issued no later than  
31 December 31, 2017.

32                   (b) The purpose of the bond issuance shall be to:

33                   (1) Accelerate highway improvement projects already underway or  
34 scheduled;

35                   (2) Fund new highway improvement projects;

36                   (3) Finance the restoration, reconstruction, and renovation of

1 highway improvements within the State of Arkansas; and

2 (4) Pay the costs of issuance of the bonds or other credit  
3 enhancement.

4  
5 27-64-505. Election.

6 (a)(1) State of Arkansas Federal Highway Grant Anticipation and Tax  
7 Revenue Bonds shall not be issued under this subchapter unless the levy of  
8 the additional tax on distillate special fuel under § 26-56-802 and the  
9 authority of the State Highway Commission to issue the bonds from time to  
10 time are approved by a majority of the qualified electors of the state voting  
11 on the question at a statewide election called by proclamation of the  
12 Governor.

13 (2) The election may be in conjunction with a general election,  
14 or it may be a special election.

15 (b)(1) Notice of the election shall be:

16 (A) Published by the Secretary of State in a newspaper of  
17 general circulation in the state at least thirty (30) days prior to the  
18 election; and

19 (B) Mailed to each county board of election commissioners  
20 and the sheriff of each county at least sixty (60) days prior to the  
21 election.

22 (2) The notice of election shall state that the election is to  
23 be held for the purpose of submitting to the people the following proposition  
24 in substantially the following form:

25  
26 “Authorizing the State Highway Commission to issue State of Arkansas Federal  
27 Highway Grant Anticipation and Tax Revenue Bonds (the “Bonds”) if the total  
28 principal amount outstanding from the issuance of the bonds, together with  
29 the total principal amount outstanding from the issuance of bonds pursuant to  
30 the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., the Arkansas  
31 Interstate Highway Financing Act of 2005, § 27-64-301 et seq., and the  
32 Arkansas Interstate Financing Act of 2007, § 27-64-401 et seq. shall not, at  
33 any time, exceed one billion one hundred million dollars (\$1,100,000,000).  
34 If approved, the bonds will be issued in several series of various principal  
35 amounts from time to time, with the last series being issued no later than  
36 December 31, 2017, for the purpose of paying the cost of constructing and

1 renovating improvements to the Interstate Highway System and related  
2 facilities in the State of Arkansas and improvements to other routes on the  
3 National Highway System and related facilities in the State of Arkansas."

4  
5 "The bonds shall be general obligations of the State of Arkansas, payable  
6 from certain designated revenues including particularly and without  
7 limitation a new tax described below, and also secured by the full faith and  
8 credit of the State of Arkansas, including its general revenues."

9  
10 "Under the Arkansas Highway Financing Act of 2011 (the "Bond Act"), the bonds  
11 will be repaid first from: (1) revenues derived from federal highway  
12 assistance funding allocated to the State of Arkansas; (2) revenues derived  
13 from the excise tax levied on distillate special fuel (diesel) pursuant to  
14 Arkansas Code § 26-56-201(e) that are available for expenditure after any  
15 distributions required by the Arkansas Highway Financing Act of 1999, the  
16 Arkansas Interstate Highway Financing Act of 2005, and the Arkansas  
17 Interstate Financing Act of 2007; and (3) revenues derived from a new excise  
18 tax levied on distillate special fuel (diesel) pursuant to Arkansas Code §  
19 26-56-802 at the rate of five cents per gallon if the measure is approved. To  
20 the extent that designated revenues are insufficient to make timely payment  
21 of debt service on the bonds, the payment shall be made from the general  
22 revenues of the State of Arkansas. The bonds shall be issued pursuant to the  
23 authority of and the terms set forth in the Bond Act."

24  
25 "Under the Bond Act, the highway improvements to be financed are limited to  
26 the restoration and improvements to the Interstate Highway System and of  
27 other routes on the National Highway System within the state, including  
28 roadways, bridges, or rights-of-way under jurisdiction of the State Highway  
29 Commission, which shall also include the acquisition, construction,  
30 reconstruction, and renovation of the Interstate Highway System of other  
31 routes on the National Highway System and facilities appurtenant or  
32 pertaining thereto."

33  
34 "Under Arkansas Code § 26-56-802, there is levied, subject to approval of  
35 this measure, a new excise tax levied on distillate special fuel (diesel) at  
36 the rate of five cents per gallon. This tax shall not be levied unless this

1 measure is approved by the voters."

2  
3 "Under the Bond Act, "designated revenues" are defined as: (1) the portion  
4 designated by the commission of funds received or to be received from the  
5 federal government of the United States as federal highway assistance funding  
6 allocated to the state; (2) revenues derived from the excise tax levied on  
7 distillate special fuel (diesel) pursuant to Arkansas Code § 26-56-201(e)  
8 that are available for expenditure after any distributions required by the  
9 Arkansas Highway Financing Act of 1999, the Arkansas Interstate Highway  
10 Financing Act of 2005, and the Arkansas Interstate Financing Act of 2007; and  
11 (3) revenues derived from the excise tax levied on distillate special fuel  
12 (diesel) pursuant to Arkansas Code § 26-56-802, which is a new five cent per  
13 gallon tax to be levied upon the approval of this measure. The bonds are  
14 further secured by the full faith and credit of the State of Arkansas, and to  
15 the extent "designated revenues" are insufficient to make timely payment of  
16 debt service on the bonds, the general revenues of the state shall be used to  
17 pay debt service on the bonds."

18  
19 (c) The ballot title shall be "Issuance of State of Arkansas Federal  
20 Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and  
21 credit of the State of Arkansas, and the levy of an additional five cent per  
22 gallon tax on distillate special fuel (diesel)". On each ballot there shall  
23 be printed the title, the proposition set forth in subdivision (b)(2) of this  
24 section, and the following:

25  
26 "FOR authorizing the State Highway Commission to issue State of Arkansas  
27 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the  
28 total principal amount outstanding from the issuance of the bonds, together  
29 with the total principal amount outstanding from the issuance of bonds  
30 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate  
31 Highway Financing Act of 2005, and the Arkansas Interstate Financing Act of  
32 2007, shall not, at any time, exceed one billion one hundred million dollars  
33 (\$1,100,000,000); such bonds to be issued in one or more series of various  
34 principal amounts with the last series being issued no later than December  
35 31, 2017, and the pledge of the full faith and credit of the State of  
36 Arkansas to further secure the bonds, and the levy of an additional 5¢ per



1 gallon excise tax on distillate special fuel (diesel) to pay, as described  
2 above, along with other "designated revenues," as defined in the Arkansas  
3 Highway Financing Act of 2011, debt service on bonds . . . . . [ ]”

4  
5 “AGAINST authorizing the State Highway Commission to issue State of Arkansas  
6 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the  
7 total principal amount outstanding from the issuance of the bonds, together  
8 with the total principal amount outstanding from the issuance of bonds  
9 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate  
10 Highway Financing Act of 2005, and the Arkansas Interstate Financing Act of  
11 2007, shall not, at any time, exceed one billion one hundred million dollars  
12 (\$1,100,000,000); such bonds to be issued in one or more series of various  
13 principal amounts with the last series being issued no later than December  
14 31, 2017, and the pledge of the full faith and credit of the State of  
15 Arkansas to further secure the bonds, and the levy of an additional 5¢ per  
16 gallon excise tax on distillate special fuel (diesel) to pay, as described  
17 above, along with other "designated revenues," as defined in the Arkansas  
18 Highway Financing Act of 2011, debt service on bonds . . . . .  
19 [ ]”

20  
21 (d)(1) Each county board of election commissioners shall hold and  
22 conduct the election and may take any action with respect to the appointment  
23 of election officials and other matters as required by the laws of the state.

24 (2)(A) The vote shall be canvassed and the result of the vote  
25 declared in each county by the board.

26 (B) Within ten (10) days after the date of the election,  
27 the results shall be certified by the boards to the Secretary of State, who  
28 shall tabulate all returns received and certify to the Governor the total  
29 vote for and against the proposition submitted pursuant to this subchapter.

30 (e)(1) The result of the election shall be proclaimed by the Governor  
31 by the publication of the proclamation one (1) time in a newspaper of general  
32 circulation in the State of Arkansas.

33 (2) The results as proclaimed shall be conclusive unless a  
34 complaint is filed within thirty (30) days after the date of the publication  
35 in Pulaski County Circuit Court challenging the results.

36 (f)(1) If a majority of the qualified electors voting on the

1 proposition vote in favor of the proposition, then the commission may issue  
2 bonds from time to time in the manner and on the terms set forth in this  
3 subchapter.

4 (2) If a majority of the qualified electors voting on the  
5 proposition vote against the proposition, the commission shall have no  
6 authority to issue bonds.

7 (g) Subsequent elections may be called by the Governor if the  
8 proposition fails, but each subsequent election may be held no earlier than  
9 six (6) months after the date of the preceding election.

10  
11 27-64-506. Procedure for issuing State of Arkansas Federal Highway  
12 Grant Anticipation and Tax Revenue Bonds.

13 (a) Prior to the issuance of any series of State of Arkansas Federal  
14 Highway Grant Anticipation and Tax Revenue Bonds, the State Highway  
15 Commission shall adopt a resolution authorizing the issuance of the series of  
16 bonds.

17 (b) Each resolution shall contain those terms, covenants, and  
18 conditions as are desirable and consistent with this subchapter, including  
19 without limitation those pertaining to the establishment and maintenance of  
20 funds and accounts, the deposit and investment of the federal highway  
21 assistance payments and bond proceeds, and the rights and obligations of the  
22 state, its officers and officials, the commission, and the registered owners  
23 of the bonds.

24 (c)(1) The resolutions of the commission may provide for the execution  
25 and delivery by the commission of a trust indenture or trust indentures with  
26 one (1) or more banks or trust companies located within or without the state,  
27 containing any of the terms, covenants, and conditions required under  
28 subsection (b) of this section, and any other terms and conditions deemed  
29 necessary by the commission.

30 (2) The trust indenture or trust indentures are binding upon the  
31 commission and the state and their respective officers and officials.

32  
33 27-64-507. Terms of bonds.

34 The State of Arkansas Federal Highway Grant Anticipation and Tax  
35 Revenue Bonds shall be subject to the following terms and conditions:

36 (1)(A) The bonds shall be issued in series in amounts sufficient

1 to finance all or part of the costs of construction and maintenance of  
2 highway improvements.

3 (B) The respective series of bonds shall be designated by  
4 the year in which the bonds are issued.

5 (C) If more than one (1) series of bonds is to be issued  
6 in a particular year, the series shall be designated alphabetically;

7 (2)(A) The bonds of each series shall have the date or dates as  
8 the State Highway Commission shall determine.

9 (B) The bonds shall mature or be subject to mandatory  
10 sinking fund redemption over a period ending not later than twelve (12) years  
11 after the date of issue of each series;

12 (C) Refunding bonds issued under § 26-64-512 shall mature  
13 or be subject to mandatory sinking fund redemption over a period not ending  
14 later than twelve (12) years after the date of issue of the original bonds of  
15 each series;

16 (3)(A) The bonds of each series shall bear interest at the rate  
17 or rates determined by the commission at the sale of the bonds.

18 (B) The bonds may bear interest at either a fixed or a  
19 variable rate or may be convertible from one (1) interest rate mode to  
20 another.

21 (C) The interest shall be payable at the times as the  
22 commission shall determine;

23 (4) The bonds shall be issued in the form of bonds registered as  
24 to both principal and interest without coupons;

25 (5) The commission shall determine:

26 (A) The denominations of the bonds;

27 (B) Whether the bonds may be made exchangeable for bonds  
28 of another form or denomination bearing the same rate of interest;

29 (C) When the bonds may be made payable and the places  
30 within or without the state where the bonds may be payable;

31 (D) Whether the bonds may be made subject to redemption  
32 prior to maturity and the manner of and prices for redemption; and

33 (E) Any other terms and conditions; and

34 (6)(A) Each bond shall be executed with the facsimile signatures  
35 of the Chair of the State Highway Commission and the secretary of the  
36 commission, and the seal of the commission shall be affixed or imprinted on

1 the bond.

2 (B) Delivery of executed bonds shall be valid,  
3 notwithstanding any change in the persons holding the offices that occurs  
4 after the bonds have been executed.

5  
6 27-64-508. Sale of bonds.

7 (a)(1) The State of Arkansas Federal Highway Grant Anticipation and  
8 Tax Revenue Bonds may be sold in any manner, either at private or public  
9 sale, and upon terms as the State Highway Commission shall determine to be  
10 reasonable and expedient for effecting the purposes of this subchapter.

11 (2)(A) The bonds may be sold at a price acceptable to the  
12 commission.

13 (B) The price may include a discount or premium.

14 (b)(1) If the bonds are to be sold at public sale, the commission  
15 shall give notice of the offering of the bonds in a manner reasonably  
16 designed to notify participants in the public finance industry that the  
17 offering is being made.

18 (2) The commission shall set the terms and conditions of  
19 bidding, including the basis on which the winning bid will be selected.

20 (c) The commission may structure the sale of bonds utilizing financing  
21 techniques that are recommended by the commission's professional advisors in  
22 order to take advantage of market conditions and to obtain the most favorable  
23 interest rates consistent with the purposes of this subchapter.

24 (d) The commission may enter into any ancillary agreements in  
25 connection with the sale of the bonds as it deems necessary and advisable,  
26 including, without limitation, bond purchase agreements, remarketing  
27 agreements, and letter of credit reimbursement agreements.

28  
29 27-64-509. Employment of professionals.

30 The State Highway Commission may retain any professionals necessary to  
31 accomplish the issuance and sale of the State of Arkansas Federal Highway  
32 Grant Anticipation and Tax Revenue Bonds, including without limitation legal  
33 counsel, financial advisors, underwriters, trustees, paying agents, and  
34 remarketing agents.

35  
36 27-64-510. Sources of repayment.

1       (a) The State of Arkansas Federal Highway Grant Anticipation and Tax  
2 Revenue Bonds shall be general obligations of the State of Arkansas secured  
3 and payable from the designated revenues and the general revenues of the  
4 state.

5       (b) The bonds shall be payable first from the following designated  
6 revenues:

7           (1) The portion designated by the State Highway Commission of  
8 funds received or to be received from the federal government as federal  
9 highway assistance funding allocated to the state; and

10           (2) Revenues derived from the distillate special fuel tax levied  
11 under:

12                   (A) § 26-56-201(e) that are available for expenditure  
13 after any distributions required by the Arkansas Highway Financing Act of  
14 1999, the Arkansas Interstate Financing Act of 2005, and the Arkansas  
15 Interstate Financing Act of 2007; and

16                   (B) § 26-56-802.

17       (c) If the amount of designated revenues is insufficient to make  
18 timely payment of debt service on the bonds, the payment shall be made from  
19 the general revenues of the State of Arkansas.

20       (d)(1) In order to secure the payment of debt service, any trust  
21 instrument, resolution, or other document setting forth the security for the  
22 bondholders may provide for the direct payment of the federal highway  
23 assistance funds that are designated revenues directly into a trust fund or  
24 to a paying agent for the payment of debt service on the bonds.

25           (2) It is not necessary for the funds to be deposited into the  
26 State Treasury.

27       (e) The additional distillate special fuel tax levied under § 26-56-  
28 802 shall terminate as provided under § 26-56-802(c)(3).

29  
30       27-64-511. Investment of proceeds.

31       (a) Designated revenues and proceeds of the State of Arkansas Federal  
32 Highway Grant Anticipation and Tax Revenue Bonds held pending disbursement on  
33 highway improvements shall be invested by the State Highway Commission to the  
34 full extent practicable pending disbursement for the purposes intended.

35       (b) Notwithstanding any other provision of law, the investments shall  
36 be in accordance with the terms of the resolution or trust indenture

1 authorizing or securing the series of bonds to which the designated revenues  
2 or bond proceeds appertain to the extent that the terms of the resolution or  
3 trust indenture are applicable.

4  
5 27-64-512. Refunding bonds.

6 (a) The State Highway Commission may issue bonds for the purpose of  
7 refunding the State of Arkansas Federal Highway Grant Anticipation and Tax  
8 Revenue Bonds previously issued pursuant to this subchapter if the total  
9 amount of bonds outstanding after the refunding is completed does not exceed  
10 the total amount authorized by this subchapter.

11 (b) The refunding bonds shall be general obligations of the State of  
12 Arkansas and shall be secured and sold in accordance with the provisions of  
13 this subchapter.

14  
15 27-64-513. Tax exemption.

16 (a) All State of Arkansas Federal Highway Grant Anticipation and Tax  
17 Revenue Bonds issued under this subchapter and interest on the bonds shall be  
18 exempt from all taxes of the State of Arkansas, including income,  
19 inheritance, and property taxes.

20 (b) The bonds shall be eligible to secure deposits of all public funds  
21 and shall be legal for investment of municipal, county, bank, fiduciary,  
22 insurance company, and trust funds.

23  
24 27-64-514. Powers of the State Highway Commission.

25 (a) All powers granted to the State Highway Commission under this  
26 subchapter are in addition to the powers of the commission under Arkansas  
27 Constitution, Amendment 42 and the laws of the State of Arkansas.

28 (b) No member of the commission shall be liable personally for any  
29 reason arising from the issuance of the State of Arkansas Federal Highway  
30 Grant Anticipation and Tax Revenue Bonds pursuant to this subchapter unless  
31 the member acts with corrupt intent.