

State of Arkansas

96th General Assembly

Regular Session, 2027

A Bill

SENATE BILL ____

By: Joshua P. Irby

For An Act To Be Entitled

AN ACT TO ESTABLISH THE INFRASTRUCTURE INVESTMENT AND RENEWAL ACT; TO FUND STRATEGIC INFRASTRUCTURE PROJECTS USING STATE SURPLUS RESERVES WITHOUT RAISING TAXES; TO LAY A STRONG FOUNDATION FOR ARKANSAS'S FUTURE.

Subtitle

TO CREATE THE INFRASTRUCTURE INVESTMENT AND RENEWAL ACT; TO ESTABLISH A STATE INFRASTRUCTURE FUND USING SURPLUS REVENUE TO SUPPORT CRITICAL PUBLIC PROJECTS.

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

SECTION 1. TITLE.

This act shall be known and may be cited as the *“Infrastructure Investment and Renewal Act.”*

SECTION 2. FINDINGS AND PURPOSE.

(a) The General Assembly finds that:

1. Arkansas’s infrastructure is critical to public safety, economic opportunity, and future growth;
2. Many regions face chronic underinvestment in roads, broadband, utilities, and planning capacity;
3. Strategic, proactive infrastructure investment strengthens long-term resilience, lowers future costs, and supports job creation;
4. The current state budget surplus presents an opportunity to make transformative investments without raising taxes;
5. Arkansas must prepare now for population shifts, extreme weather, and economic

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demands with resilient, future-ready infrastructure.

(b) The purpose of this act is to:

1. Use a designated portion of the state surplus to fund need-based infrastructure grants across Arkansas;
2. Prioritize projects that improve transportation networks, broadband expansion, water systems, utility resilience, and essential community needs;
3. Promote local-state collaboration while avoiding unfunded mandates or new tax burdens on Arkansans.

SECTION 3. INFRASTRUCTURE GRANT FUND ESTABLISHED.

(a) The Infrastructure Investment and Renewal Fund (“the Fund”) is hereby created within the State Treasury.

(b) The General Assembly shall annually allocate up to three hundred million dollars (\$300,000,000) or fifteen percent (15%) of the certified year-end unencumbered General Revenue Surplus, whichever is less, to the Fund. The unencumbered surplus shall be determined by the Department of Finance and Administration based on the official year-end revenue forecast and closeout report issued pursuant to Arkansas law.

(c) No new taxes, fees, or bonded debt shall be used to finance the Fund. All appropriations shall come solely from surplus revenue.

(d) The Fund shall be used exclusively for grants to public infrastructure projects as authorized under this Act.

(e) To ensure long-term sustainability and annual fund growth, total disbursements from the Fund in any fiscal year shall not exceed the sum of:

1. Eighty percent (80%) of the actual annual deposit into the Fund for the current fiscal year, as allocated under subsection (b); and
2. Fifty percent (50%) of net investment earnings from the previous fiscal year.
3. The principal balance of the Fund at the end of the previous fiscal year shall not be reduced except under subsection (f).

(f) The Department of Finance and Administration may propose an exception to the disbursement limit in subsection (e) in the event of a declared state infrastructure emergency. A state infrastructure emergency may be declared by the Governor pursuant to existing emergency powers under Arkansas Code § 12-75-101 et seq., or jointly by concurrent

resolution of the General Assembly.

(g) The Fund shall be invested under the management of the State Treasurer in accordance with the prudent investment standards set forth in Arkansas Code § 19-3-518 et seq., or any successor statutes. The Treasurer shall:

1. Seek to preserve capital while generating stable returns; and
2. Reinvest no less than fifty percent (50%) of net investment earnings each year into the Fund's principal to ensure compounding growth.

(h) The Department of Finance and Administration shall submit an annual report to the General Assembly and make it publicly available. This report shall include:

1. Annual deposits, disbursements, and net investment earnings;
2. The Fund's current balance and projected five-year growth path;
3. A statement on whether the Fund is on track to meet its long-term growth and grantmaking goals.

SECTION 4. ELIGIBLE USES.

Funds may be awarded as grants to local governments, regional partnerships, or qualifying public entities for the following categories:

(a) Transportation Infrastructure:

1. Road and bridge modernization;
2. Safety and capacity upgrades;
3. Multi-modal and rural access;
4. Planning and feasibility studies for commuter rail and regional corridors.

(b) Broadband Expansion:

1. High-speed internet in underserved areas;
2. Public-private partnerships to increase access and reliability;
3. Infrastructure to reduce digital isolation and enhance connectivity.

(c) Water, Energy, and Utility Systems:

1. Drinking water and wastewater repair or expansion;
2. Stormwater drainage and flood protection;
3. Grid modernization, energy storage, and renewable integration;
4. Hardening power systems against outages and extreme weather.

(d) Critical Community Infrastructure:

1. Emergency response infrastructure including tornado sirens, storm shelters, and fire/EMS readiness;
2. Animal control and public health safety facilities;
3. Local infrastructure supporting public schools or essential government services;
4. Natural disaster resilience and climate risk mitigation;
5. Other critical infrastructure needs identified by local jurisdictions as essential to community wellbeing.
6. The Department of Finance and Administration shall issue annual guidance to define criteria and application procedures for evaluating eligibility under subdivision (d)(5).

(e) Strategic Growth Planning:

1. Long-range infrastructure coordination for housing and economic development;
2. Site-readiness for industrial and workforce expansion;
3. Regional or intergovernmental infrastructure collaboration.

SECTION 5. GRANT ADMINISTRATION.

(a) The Department of Finance and Administration (DFA), in coordination with the Arkansas Department of Transportation (ARDOT), the Arkansas Department of Agriculture, and other relevant agencies, shall administer the Fund.

(b) A competitive, merit-based grant application process shall be used, with priority given to:

1. Projects with regional or high-impact reach;
2. Urgent safety, health, or environmental need;
3. Readiness for implementation;
4. Rural or economically distressed areas.

(c) Matching local or federal funds shall be encouraged but not required.

(d) DFA shall publish an annual report detailing awards, implementation timelines, and performance outcomes.

SECTION 6. LOCAL AND PRIVATE SECTOR PARTNERSHIPS.

(a) Public-private collaboration is encouraged where appropriate, especially in broadband, utilities, and energy projects.

(b) All projects must comply with Arkansas procurement, environmental, and labor standards.

SECTION 7. NO STATE-IMPOSED TAX INCREASE OR DEBT MANDATE.

(a) Nothing in this Act shall authorize or require the imposition of any new tax, fee, or bonded debt by the State of Arkansas or by any political subdivision as a condition for receiving funds. All appropriations for the Infrastructure Investment and Renewal Fund shall come solely from the unencumbered General Revenue Surplus of the State of Arkansas.

(b) This Act shall not prohibit local governments, at their own discretion and consistent with existing state law, from utilizing locally approved revenue sources or bond measures to supplement infrastructure projects funded in part by this Act.

SECTION 8. SEVERABILITY.

If any provision of this act or its application is held invalid, such invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.