

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025

# A Bill

SENATE BILL 367

4  
5 By: Senator Irvin  
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## For An Act To Be Entitled

8  
9 AN ACT TO REPEAL THE SMALL BUSINESS REVOLVING LOAN  
10 FUND FOR POLLUTION CONTROL AND PREVENTION  
11 TECHNOLOGIES ACT; TO REPEAL THE SMALL BUSINESS  
12 REVOLVING LOAN FUND; AND FOR OTHER PURPOSES.  
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14

## Subtitle

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16 TO REPEAL THE SMALL BUSINESS REVOLVING  
17 LOAN FUND FOR POLLUTION CONTROL AND  
18 PREVENTION TECHNOLOGIES ACT; AND TO  
19 REPEAL THE SMALL BUSINESS REVOLVING LOAN  
20 FUND.  
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. Arkansas Code Title 8, Chapter 5, Subchapter 8, is  
25 repealed.

26 ~~Subchapter 8 — Small Business Revolving Loan Fund for Pollution Control and~~  
27 ~~Prevention Technologies Act~~  
28

29 ~~8-5-801. Title.~~

30 ~~This subchapter may be called the “Small Business Revolving Loan Fund~~  
31 ~~for Pollution Control and Prevention Technologies Act”.~~  
32

33 ~~8-5-802. Purpose.~~

34 ~~It is the purpose of this subchapter to authorize the Division of~~  
35 ~~Environmental Quality to establish and administer a revolving loan fund to~~  
36 ~~encourage the investment in pollution control and prevention technologies in~~



1 ~~Arkansas. The fund will promote sustainable economic development in Arkansas~~  
 2 ~~by establishing a publicly capitalized fund to make loans to small businesses~~  
 3 ~~for projects to meet regulatory mandates in pollution control, to adopt~~  
 4 ~~pollution prevention technologies, or to implement waste reduction practices.~~

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 6 ~~8-5-803. Definitions.~~

7 ~~As used in this subchapter:~~

8 ~~(1) "Applicant" means any business concern operating within the~~  
 9 ~~State of Arkansas that meets the criteria of a person, corporation,~~  
 10 ~~partnership, or other business organization;~~

11 ~~(2) "Commission" means the Arkansas Pollution Control and~~  
 12 ~~Ecology Commission;~~

13 ~~(3)(A) "Pollution prevention" means reducing or eliminating the~~  
 14 ~~generation of pollutants and waste at the source.~~

15 ~~(B) "Pollution prevention" includes:~~

16 ~~(i) Process modifications and equipment acquisitions~~  
 17 ~~that promote the recovery and reuse of pollutants; and~~

18 ~~(ii) The acquisition and installation of capital~~  
 19 ~~equipment, a process change, or a combination of capital equipment and~~  
 20 ~~process change.~~

21 ~~(C) "Pollution prevention" does not include investments in~~  
 22 ~~waste treatment processes or equipment, unless the waste treatment involves~~  
 23 ~~the recovery and reuse of pollutants; and~~

24 ~~(4)(A) "Waste reduction" means handling or processing waste~~  
 25 ~~materials in a way that ultimately reduces the total quantity of waste~~  
 26 ~~disposed.~~

27 ~~(B) "Waste reduction" includes process modifications and~~  
 28 ~~equipment acquisitions that promote the recovery, reuse, or recycling of~~  
 29 ~~pollutants and wastes.~~

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 31 ~~8-5-804. Eligible activities.~~

32 ~~(a) Moneys deposited into the Small Business Revolving Loan Fund~~  
 33 ~~within the Division of Environmental Quality may be:~~

34 ~~(1) Loaned to eligible participants to pay the direct costs of~~  
 35 ~~projects which are designed to correct or avoid violations of federal~~  
 36 ~~environmental regulations or state environmental rules and have received a~~

1 ~~certificate of need from the division; or~~

2 ~~(2) Expended to pay costs incurred by the division to provide~~  
3 ~~management of lending activities.~~

4 ~~(b)(1) It is the purpose of this subchapter to authorize the division~~  
5 ~~to establish and administer a revolving loan fund to encourage the investment~~  
6 ~~in pollution control, pollution prevention, and waste reduction practices in~~  
7 ~~Arkansas.~~

8 ~~(2) Such a fund will promote sustainable economic development in~~  
9 ~~Arkansas by establishing a publicly capitalized revolving loan fund to make~~  
10 ~~loans to small businesses for projects to meet regulatory mandates in~~  
11 ~~pollution control or to adopt pollution prevention technologies.~~

12 ~~(3) Operating expenses associated with proofing a process change~~  
13 ~~or equipment modification would be an eligible loan activity.~~

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15 ~~8-5-805. Eligible applicants.~~

16 ~~(a) An eligible applicant shall:~~

17 ~~(1) Employ one hundred (100) or fewer individuals, including~~  
18 ~~both full-time and part-time employees, through direct hiring or contract,~~  
19 ~~including affiliates and subsidiaries, at the time an application for a loan~~  
20 ~~is received by the Division of Environmental Quality;~~

21 ~~(2) Provide proof of profitable operations and a demonstrated~~  
22 ~~ability to repay the loan; and~~

23 ~~(3) Submit an application supplied by the division including any~~  
24 ~~supporting documents, instruments, or other documents requested by the~~  
25 ~~division for the purposes of recommending approval or disapproval of a loan~~  
26 ~~described in this section.~~

27 ~~(b)(1) Until all delinquent fees stated in this subsection or~~  
28 ~~otherwise owed to the division are paid in full and no balance is due, the~~  
29 ~~Director of the Division of Environmental Quality shall not approve any loan~~  
30 ~~application.~~

31 ~~(2) The delinquent fees include, but are not limited to:~~

32 ~~(A) Permit fees;~~

33 ~~(B) Permit modification fees;~~

34 ~~(C) License fees;~~

35 ~~(D) Certification fees;~~

36 ~~(E) Registration fees;~~

- 1                   ~~(F) Variance application fees;~~  
 2                   ~~(G) Civil penalties;~~  
 3                   ~~(H) Emergency response reimbursements;~~  
 4                   ~~(I) Loan payments; and~~  
 5                   ~~(J) Review fees.~~

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 7       ~~8-5-806. Terms of the revolving loan.~~

8       ~~(a)(1) The maximum loan amount shall be:~~

- 9                   ~~(A) Forty five thousand dollars (\$45,000) per mandated~~  
 10 ~~pollution control project;~~  
 11                   ~~(B) Forty five thousand dollars (\$45,000) per pollution~~  
 12 ~~prevention project; and~~  
 13                   ~~(C) Forty five thousand dollars (\$45,000) per waste~~  
 14 ~~reduction project.~~

15                   ~~(2) The maximum allowable amount to be loaned shall not exceed~~  
 16 ~~sixty five thousand dollars (\$65,000) per individual applicant.~~

17       ~~(b) The maximum term of the loan shall be ten (10) years per mandated~~  
 18 ~~pollution control project and ten (10) years per pollution prevention or~~  
 19 ~~waste reduction project.~~

20       ~~(c) The interest rate shall be:~~

21                   ~~(1) Established by the Division of Environmental Quality at or~~  
 22 ~~below market rate; and~~

23                   ~~(2) Fixed for the term of each loan at the rate that is in~~  
 24 ~~effect when the loan application is received or when the loan is closed,~~  
 25 ~~whichever is lower.~~

26       ~~(d)(1) The borrower shall be required to make level monthly amortizing~~  
 27 ~~payments to retire the debt by the end of the loan term.~~

28                   ~~(2) Loan principal may be repaid in part or in full at any time~~  
 29 ~~without penalty.~~

30       ~~(e)(1) The division may:~~

31                   ~~(A) Make secured or unsecured loans with a promissory~~  
 32 ~~note;~~

33                   ~~(B) Collect interest on any loans issued; and~~

34                   ~~(C) Assess penalties on late loan payments.~~

35                   ~~(2) Loans issued under this subchapter may contain an~~  
 36 ~~acceleration clause.~~

1           ~~(f) The division may bring any lawful action to recover any loan that~~  
2 ~~is in default.~~

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4           ~~8-5-807. Small Business Revolving Loan Fund.~~

5           ~~(a) There is created within the Division of Environmental Quality a~~  
6 ~~revolving loan fund:~~

7                   ~~(1) Which shall be designated the "Small Business Revolving Loan~~  
8 ~~Fund";~~

9                   ~~(2) Into which shall be transferred or deposited the moneys to~~  
10 ~~be provided by law for the Small Business Revolving Loan Fund; and~~

11                   ~~(3) To be used as a revolving fund by the division for making~~  
12 ~~loans to eligible participants to pay the direct costs of projects that are~~  
13 ~~designed to correct or avoid violations of federal environmental law or~~  
14 ~~regulation or state environmental rules and have received a certificate of~~  
15 ~~need from the division or to pay costs incurred by the division to provide~~  
16 ~~management of lending activities.~~

17           ~~(b)(1) There is established on the books of the Treasurer of State,~~  
18 ~~the Auditor of State, and the Chief Fiscal Officer of the State a fund to be~~  
19 ~~known as the "Small Business Revolving Loan Fund".~~

20                   ~~(2) The Small Business Revolving Loan Fund shall consist of the~~  
21 ~~following:~~

22                           ~~(A) All funds transferred from the General Improvement~~  
23 ~~Fund or its successor fund or fund accounts, including the Development and~~  
24 ~~Enhancement Fund, to be otherwise provided by law for the Small Business~~  
25 ~~Revolving Loan Fund;~~

26                           ~~(B) All moneys received by the division upon repayment of~~  
27 ~~loans made from the furnishing of funds for loans under the program created~~  
28 ~~by this subchapter;~~

29                           ~~(C) Interest earned upon any money in the Small Business~~  
30 ~~Revolving Loan Fund; and~~

31                           ~~(D) All sums recovered upon by the Small Business~~  
32 ~~Revolving Loan Fund for losses to the Small Business Revolving Loan Fund or~~  
33 ~~for loan losses under the loan program created in this subchapter and all~~  
34 ~~other moneys received for the Small Business Revolving Loan Fund from any~~  
35 ~~source.~~

36           ~~(c)(1) Subject to the provisions of this subchapter, the division is~~

1 ~~vested with full power, authority, and jurisdiction over the Small Business~~  
 2 ~~Revolving Loan Fund, including all moneys and property or securities~~  
 3 ~~belonging to the Small Business Revolving Loan Fund.~~

4 ~~(2) The division may invest the Small Business Revolving Loan~~  
 5 ~~Fund in direct general obligations of the United States, in certificates of~~  
 6 ~~deposit or savings accounts in an amount not to exceed the capital funds,~~  
 7 ~~represented by capital, surplus, and undivided profits in financial~~  
 8 ~~institutions located in Arkansas that are insured by an agency of the United~~  
 9 ~~States Government, and in repurchase agreements that are collateralized by~~  
 10 ~~direct general obligations of the United States or by bonds, notes,~~  
 11 ~~debentures, participation certificates, or other obligations issued by an~~  
 12 ~~agency of the United States, the principal and interest of which are~~  
 13 ~~guaranteed by the agency or the United States.~~

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 15 ~~8-5-808. Administration of program.~~

16 ~~The Division of Environmental Quality will manage the program through~~  
 17 ~~its Small Business Assistance Program. The program is authorized to delegate~~  
 18 ~~the management of the Small Business Revolving Loan Fund. The division shall~~  
 19 ~~retain the power to issue certificates of need for eligible projects and~~  
 20 ~~shall not delegate such authority.~~

21  
 22 SECTION 2. Arkansas Code § 19-5-1105 is repealed.

23 ~~19-5-1105. Small Business Revolving Loan Fund.~~

24 ~~(a) There is established on the books of the Treasurer of State, the~~  
 25 ~~Auditor of State, and the Chief Fiscal Officer of the State a fund to be~~  
 26 ~~known as the "Small Business Revolving Loan Fund".~~

27 ~~(b)(1) The Small Business Revolving Loan Fund shall consist of moneys~~  
 28 ~~transferred from the General Improvement Fund or its successor fund or fund~~  
 29 ~~accounts, including the Development and Enhancement Fund, interest earnings,~~  
 30 ~~repayment of loans, and moneys recovered for loan losses under the loan~~  
 31 ~~program created in the Small Business Revolving Loan Fund for Pollution~~  
 32 ~~Control and Prevention Technologies Act, § 8-5-801 et seq., and any other~~  
 33 ~~moneys made available by law or from any other source.~~

34 ~~(2) The Small Business Revolving Loan Fund shall be administered~~  
 35 ~~by the Division of Environmental Quality and used exclusively for those~~  
 36 ~~purposes set out in the Small Business Revolving Loan Fund for Pollution~~

1 ~~Control and Prevention Technologies Act, § 8-5-801 et seq.~~

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