

1 State of Arkansas
2 95th General Assembly
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4

As Engrossed: H4/1/25

A Bill

SENATE BILL 367

5 By: Senator Irvin
6 *By: Representative Gramlich*
7

For An Act To Be Entitled

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.
13

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25 repealed.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~~
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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”.~~
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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.~~

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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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/s/ Irvin