ANRC Takes Next Step Toward Implementing Arkansas's New Water and Sewer Grant Program

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The Arkansas Natural Resources Commission voted unanimously on April 2, 2026, to recommend new finance rules that will govern how millions of dollars in water and sewer infrastructure funding are distributed, and the implications for utilities, municipalities, and water authorities across the state are significant.

On April 2, 2026, the Arkansas Natural Resources Commission held a special meeting at which a commission committee presented newly finalized rules for recommendation. These rules are the implementing framework for two pieces of landmark legislation signed by the Governor in April 2025: Act 812 of 2025 (H.B. 1681, codified at Ark. Code Ann. §§ 19-5-1288, 25-43-203) and Act 736 of 2025 (S.B. 420, codified at Ark. Code Ann. §§ 4-35-101 to -306, 15-5-901, 15-5-909). During the brief meeting, the commission unanimously approved a motion to recommend the new finance rules. The commission also voted separately to repeal the existing Drinking Water State Revolving Fund rules (15 Ark. Admin. Code Pt. 25) and the Clean Water State Revolving Fund rules (15 Ark. Admin. Code Pt. 26), which will be consolidated into the amended Financial Assistance rules (15 Ark. Admin. Code Pt. 2) if ultimately adopted. All three votes passed unanimously. Importantly, the rules must still go through a public comment period — open now through May 5, 2026, at 5:00 p.m., before they can take effect.

These developments mark a critical milestone for water and sewer providers throughout Arkansas. Entities that are eligible, or newly eligible, for state funding should pay close attention to what these two acts do and what the rulemaking process means for them going forward.

What Act 812 Does: The Water and Sewer Treatment Facilities Grant Program

Act 812 (H.B. 1681) establishes the Water and Sewer Treatment Facilities Grant Program, to be administered by the ANRC. The program creates a dedicated fund — the Water and Sewer Treatment Facilities Grant Program Fund, on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State. According to the Governor's office, the program is expected to provide approximately $25 million per year from interest earnings over three years, with individual grant awards capped at $1,000,000.

The program provides matching grants to eligible water and sewer treatment facilities for "shovel-ready" infrastructure and improvement projects, meaning recipients must be prepared to begin their projects within one year of receiving their grant award. Applicants must submit a project priority list application to the Department of Agriculture at least sixty days prior to submitting a funding application, and those

applications are scored to determine ranking for funding consideration. A recipient is not eligible for another grant until its current award has been fully closed out.

Funding is allocated according to a specific formula: eighty percent of available funds are designated for projects serving populations over 1,200, while the remaining twenty percent is reserved for smaller communities serving 1,200 or fewer people, ensuring that both larger municipalities and rural communities have access to funding. The Act took effect immediately upon the Governor's signature on April 17, 2025, and expires five years from that date.

What the Proposed Rules Do: Consolidation and Modernization

Beyond implementing the Act 812 grant program, the proposed amendments serve a broader modernization purpose: they incorporate the new programs, remove discontinued programs, adjust for inflation, streamline the application process, and fold all financial assistance rules into one consolidated rule — 15 Ark. Admin. Code Part 2. The proposed rules also include scoring criteria designed to direct funding toward communities with demonstrable need — for example, applicants in counties that have experienced a population change of more than ten percent in the past decade, or that have not received program funding in the last two years, receive additional points.

What Act 736 Does: Expanding Who Can Access State Water Funding

Act 736 (S.B. 420) is the companion legislation that significantly broadens the universe of entities eligible for state water development programs. Before Act 736, only nonprofit corporations formed under Arkansas's nonprofit corporation statutes could convert to a public water authority and access the funding advantages that come with that status.

Act 736 expands the definition of "qualified corporation" to include not only traditional nonprofit water corporations, but also governmental entities, municipal nonprofit entities, municipal authorities, governmental authorities, investor-owned water or wastewater utilities, improvement districts, and rural development authorities that provide, distribute, transmit, treat, pump, or store raw or potable water for the public. The expanded definition also confirms that qualified corporations include entities that construct, expand, operate, or maintain wastewater projects or wastewater treatment plants.

By converting to a public water authority, these newly eligible entities gain the ability to access the tax-exempt capital markets directly rather than through a conduit issuer, which can result in meaningful interest rate savings on borrowings for infrastructure projects. The Act also streamlines the conversion process and amends the Construction Assistance Revolving Loan Fund provisions to broaden both the scope of eligible environmental projects and the definition of "owner" to include private owners or prospective owners, rather than limiting it to public entities.

Who Benefits and Why It Matters Now

The combined effect of Act 812 and Act 736 is substantial. Act 812 creates the new grant program and its funding mechanism, while Act 736 ensures that a much broader range of water and sewer providers can participate in state programs, including the new grant program.

The entities most directly impacted include municipalities with aging infrastructure, rural water and wastewater systems, improvement districts, investor-owned utilities seeking to convert to public water authority status, and nonprofit water corporations. Smaller communities in particular stand to benefit from the twenty-percent funding set-aside in Act 812, which creates a dedicated stream for systems serving 1,200 or fewer people.

What Happens Next

The April 2 vote was an important step, but it is not the final one. The public comment period is open now through May 5, 2026, at 5:00 p.m. Comments may be submitted by email to ANRC@agriculture.arkansas.gov or by mail to the Arkansas Department of Agriculture, Attn: Matthew M. Ford, 1 Natural Resources Drive, Little Rock, AR 72205. The full text of all proposed rules is available here.

Entities that believe they may be eligible, whether as traditional applicants or as newly eligible entities under Act 736, should begin evaluating their infrastructure needs and project readiness now. The program's emphasis on "shovel-ready" projects means that applicants who have already completed planning, design, and permitting work will be best positioned to secure funding once the rules are finalized.