

**ARKANSAS SENATE**  
84th General Assembly - Regular Session, 2003  
**Amendment Form**

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**Subtitle of Senate Joint Resolution No. 6**

"PROPOSING A CONSTITUTIONAL AMENDMENT CONCERNING PUBLIC SCHOOL  
FINANCING."

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**Amendment No. 1 to Senate Joint Resolution No. 6.**

Amend Senate Joint Resolution No. 6 as originally introduced:

Page 1, delete lines 9 through 18, and substitute the following:

"PROPOSING A CONSTITUTIONAL AMENDMENT CONCERNING PUBLIC SCHOOL FINANCING WHICH AUTHORIZES A STATE-BASED AD VALOREM PROPERTY TAX STRUCTURE, AUTHORIZES THE STATE TO LEVY A STATEWIDE AD VALOREM PROPERTY TAX FOR BOTH MAINTENANCE AND OPERATION AND BONDED INDEBTEDNESS TO THE PUBLIC SCHOOLS, PROVIDES THAT THE SCHOOL DISTRICTS WITHIN LIMITATIONS SHALL BE AUTHORIZED TO LEVY AN ADDITIONAL SCHOOL DISTRICT AD VALOREM PROPERTY TAX FOR DISTRICT MAINTENANCE AND OPERATIONS, ALLOWS THE STATE TO ISSUE BONDS AND OTHER EVIDENCE OF INDEBTEDNESS FOR THE CONSTRUCTION AND REPAIR OF SCHOOL FACILITIES, AND PROVIDES THAT THE STATE ASSUMES ALL BONDED INDEBTEDNESS OF PUBLIC SCHOOLS AND IS AUTHORIZED TO ISSUE BONDS TO PROVIDE FOR THEIR PAYMENT; TO AMEND AMENDMENT 47 TO THE ARKANSAS CONSTITUTION; REPEALING AMENDMENT 74 TO THE CONSTITUTION; AND OTHER PURPOSES."

AND

Page 1, delete lines 35 through 36, and substitute the following:

"SECTION 1. (a) Under current circumstances there is a need to restructure the financing mechanism pursuant to which Arkansas public schools are presently funded.

(b)(1) To support public schools the state is authorized to levy a statewide ad valorem property tax. The General Assembly may increase or decrease the uniform rate of ad valorem property tax to be levied on the assessed value of all taxable real, personal and regulated carrier property in the state to be used solely for maintenance and operation of the public schools within the state, which shall be in addition to and exclusive of any ad valorem property tax levied by the state for the purposes of funding debt service or debt retirement, by a two-thirds (2/3rds) vote of the total membership of each house of the General Assembly and proper enactment thereof; provided, however, that the uniform rate of ad valorem property tax for maintenance and operation of the public schools shall initially be set at and may not be less than twenty-five (25) mills.



(2) Except as provided in this subsection, the uniform rate of ad valorem property tax for maintenance and operation shall not be an additional levy for maintenance and operation of the schools but shall replace the existing rate of tax levied by each school district available for maintenance and operation of schools in the school district which shall be in addition to and exclusive of any ad valorem property tax levied by the state for the purposes of funding debt service or debt retirement.

(3) The uniform rate of ad valorem property tax for maintenance and operation shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the uniform rate of ad valorem property tax for maintenance and operation shall be remitted to the State Treasurer and distributed by the state to the school districts as provided by law. The revenues so distributed shall be used solely for maintenance and operation of schools pursuant to law.

(c)(1) In addition to, and not in replacement of, the uniform rate of ad valorem property tax for maintenance and operation provided in subsection (b), school districts are authorized to levy, by a vote of the qualified electors respectively thereof, an additional annual ad valorem property tax on the assessed value of taxable real, personal, and regulated carrier property within the district for the further maintenance and operation of district schools. The maximum revenue generated by the additional, annual ad valorem property tax which may be levied by a school district for maintenance and operation of the school shall be determined by a majority vote of both houses of the General Assembly and proper enactment thereof.

(2) The Board of Directors shall submit the proposed tax at the annual school election or at such other time as may be provided by law. If a majority of the qualified voters in the school district voting in the school election approve the additional ad valorem districtwide property tax proposed by the Board of Directors, then the additional ad valorem districtwide property tax at the rate approved plus the uniform rate of ad valorem property tax for maintenance and operation authorized in subsection (a) shall be collected as provided by law. In the event a majority of the qualified electors voting in the school election disapprove the proposed additional ad valorem property tax, then the ad valorem property tax shall be collected at the established uniform rate of ad valorem property tax for maintenance and operation together with any additional ad valorem districtwide property tax for maintenance and operation previously approved pursuant to this subsection (c).

(3) A district may continue to collect an additional, districtwide annual ad valorem property tax at the rate which was validly levied under prior law until the General Assembly takes appropriate action to set the maximum revenue which may be generated by the additional, districtwide annual ad valorem property tax. In the event a majority of the qualified electors do not approve an additional, districtwide annual ad valorem property tax pursuant to subsection (c)(2) hereof after the General Assembly has set the maximum revenue which may be generated by the additional, districtwide annual ad valorem property tax pursuant to (c)(1), then the additional, districtwide ad valorem property tax shall be levied at the rate which was validly levied under prior law or if such rate generates revenue in excess of the maximum provided for by the General Assembly, then such rate shall be decreased to be in compliance with the maximum revenue established by the General Assembly.

(4) For the purposes of this section, "maintenance and operation" means such expenses for the general maintenance and operation of schools as shall be defined by law.

(d)(1) The General Assembly shall establish, increase or decrease the uniform rate of ad valorem property tax to be levied on the assessed value of all taxable real, personal, and regulated carrier property in the state to be used solely for debt service related to capital improvement projects and the retirement of bonded indebtedness which is issued for the purpose of benefiting the public schools within the state by a two-thirds (2/3rds) vote of the total membership of each house of the General Assembly and proper enactment thereof. Provided, however, no reduction in the uniform rate of ad valorem property tax for debt service shall be approved so long as bonded indebtedness is outstanding to which the existing uniform rate of ad valorem property tax is pledged.

(2) As determined by the General Assembly, the state or an agency of the state may issue bonded indebtedness or tax anticipation notes for the purpose of financing capital improvements for the public schools of the state. Such indebtedness shall be secured by a pledge of the uniform rate of ad valorem property tax for debt service. For the purposes of this section, "capital improvement projects" means such capital improvement projects for schools as shall be defined by law. The General Assembly shall adopt implementing legislation which shall govern the issuance of such indebtedness and the expenditure of bond proceeds.

(e) Notwithstanding the provisions of Section 12 of Article 12 of the Constitution of the State of Arkansas, the State is given specific authority to assume the bonded indebtedness of local school districts. The State of Arkansas shall assume the outstanding bonded indebtedness of all school districts within the state to which ad valorem property taxes are pledged. The state or a state agency, as determined by the General Assembly, is authorized to issue bonded indebtedness, which shall be secured by a pledge of the general obligation of the state, for the purpose of assuming this indebtedness. The bonds hereby authorized shall be in such amounts as are necessary to assume the outstanding bonded indebtedness of all school districts to which ad valorem property taxes are pledged as of the date this amendment is adopted together with a reasonably required reserve and the costs of issuing the bonds. The General Assembly shall designate a specific source of revenue by which this bonded indebtedness shall be secured. The approval herein granted is intended to and hereby does satisfy the requirements of Article 20 of the Constitution of the State of Arkansas. The General Assembly shall adopt legislation which implements these provisions.

(f) While state bonded indebtedness which is secured by an ad valorem property tax herein authorized is outstanding, the state-based ad valorem property tax pledged thereto shall remain in place.

SECTION 2. Amendment 47, State Ad Valorem Tax Prohibition, of the Arkansas Constitution is amended to read as follows:

§1. State ad valorem tax prohibited.

Except as provided by Section 3 of Article 14, as amended, no ad valorem tax shall be levied upon property by the State.

SECTION 3. Effective December 31, 2005, Section 3 of Article 14, of the Arkansas Constitution, as amended by Amendments 11, 14, and 74 is

repealed.

~~Amendment 74. School tax — Budget — Approval of tax rate (Const., Art. 14, § 3, as amended by Const. Amend. 11 and Const. Amend. 40, amended).~~

~~(a) The General Assembly shall provide for the support of common schools by general law. In order to provide quality education, it is the goal of this state to provide a fair system for the distribution of funds. It is recognized that, in providing such a system, some funding variations may be necessary. The primary reason for allowing such variations is to allow school districts, to the extent permissible, to raise additional funds to enhance the educational system within the school district. It is further recognized that funding variations or restrictions thereon may be necessary in order to comply with, or due to, other provisions of this Constitution, the United States Constitution, state or federal laws, or court orders.~~

~~(b)(1) There is established a uniform rate of ad valorem property tax of twenty-five (25) mills to be levied on the assessed value of all taxable real, personal, and utility property in the state to be used solely for maintenance and operation of the schools.~~

~~(2) Except as provided in this subsection the uniform rate of tax shall not be an additional levy for maintenance and operation of the schools but shall replace a portion of the existing rate of tax levied by each school district available for maintenance and operation of schools in the school district. The rate of tax available for maintenance and operation levied by each school district on the effective date of this amendment shall be reduced to reflect the levy of the uniform rate of tax. If the rate of tax available for maintenance and operation levied by a school district on the effective date of this amendment exceeds the uniform rate of tax, the excess rate of tax shall continue to be levied by the school district until changed as provided in subsection (c)(1). If the rate of tax available for maintenance and operation levied by a school district on the effective date of this amendment is less than the uniform rate of tax, the uniform rate of tax shall nevertheless be levied in the district.~~

~~(3) The uniform rate of tax shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the uniform rate of tax shall be remitted to the State Treasurer and distributed by the state to the school districts as provided by law. No portion of the revenues from the uniform rate of tax shall be retained by the state. The revenues so distributed shall be used by the school districts solely for maintenance and operation of schools.~~

~~(4) The General Assembly may by law propose an increase or decrease in the uniform rate of tax and submit the question to the electors of the state at the next general election. If a majority of the electors of the state voting on the issue vote "For" the proposed increase or decrease in the uniform rate of tax, the uniform rate of tax shall be increased or decreased as approved. If a majority of the electors of the state voting on the issue vote "Against" the proposed increase or decrease in the uniform rate of tax, the uniform rate of tax shall continue to be levied at the rate for the year in which the election is held.~~

~~(c)(1) In addition to the uniform rate of tax provided in subsection (b), school districts are authorized to levy, by a vote of the qualified electors respectively thereof, an annual ad valorem property tax on the assessed value of taxable real, personal, and utility property for the maintenance and operation of schools and the retirement of indebtedness. The~~

~~Board of Directors of each school district shall prepare, approve and make public not less than sixty (60) days in advance of the annual school election a proposed budget of expenditures deemed necessary to provide for the foregoing purposes, together with a rate of tax levy sufficient to provide the funds therefor, including the rate under any continuing levy for the retirement of indebtedness. The Board of Directors shall submit the tax at the annual school election or at such other time as may be provided by law. If a majority of the qualified voters in the school district voting in the school election approve the rate of tax proposed by the Board of Directors, then the tax at the rate approved shall be collected as provided by law. In the event a majority of the qualified electors voting in the school election disapprove the proposed rate of tax, then the tax shall be collected at the rate approved in the last preceding school election. However, if the rate last approved has been modified pursuant to subsection (b) or (c)(2) of this section, then the tax shall be collected at the modified rate until another rate is approved.~~

~~(2) The tax levied by a school district pursuant to subsection (c)(1) of this section may be reduced pursuant to procedures provided by law if the tax would cause the state or district to be out of compliance with any other provision of this Constitution, the United States Constitution, state or federal law, or court order.~~

~~(3) No tax levied pursuant to subsection (c)(1) of this section shall be appropriated to any other district than that for which it is levied.~~

~~(d) For the purposes of this section, "maintenance and operation" means such expenses for the general maintenance and operation of schools as may be defined by law.~~

SECTION 4. Any provision of the Constitution of the State of Arkansas in conflict with this Amendment is repealed in so far as it is in conflict with this Amendment.

SECTION 5. Unless otherwise provided herein, this Amendment shall become effective on adoption and shall apply to taxes due in 2006 and thereafter."

AND

Page 2, delete lines 2 through 13 entirely

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator Argue  
KAS/VJF - 040920030759  
VJF904

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Secretary