1	State of Arkansas	A Bill	
2	84th General Assembly	A DIII	
3	Regular Session, 2003		HOUSE BILL 1290
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5	By: Representative Childers		
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7		For An Act To Be Entitled	
8	AN ACT TO AMEND THE DEFINITION OF MAXIMUM LAWFUL		
9	RATE FOR SCHOOL BONDS; AND FOR OTHER PURPOSES.		
10 11	KAIL FOR SO	CHOOL BONDS; AND FOR OTHER FO	KPUSES.
12		Subtitle	
13	AN ACT '	TO AMEND THE DEFINITION OF	
14		LAWFUL RATE FOR SCHOOL BONDS	
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16			
17	BE IT ENACTED BY THE GENE	ERAL ASSEMBLY OF THE STATE OF	ARKANSAS:
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19	SECTION 1. Arkansa	as Code § 6-20-806(c), concern	ning revolving loan
20	bonds and certificates of indebtedness for school bonds, is amended to read		
21	as follows:		
22	(c) As used in thi	is section, "maximum lawful ra	ate" means a rate of
23	interest equal to five percent (5%) per annum above the $\frac{Federal\ Reserve\ Board}{}$		
24	discount rate on ninety-day commercial paper rate for primary credit, or its		
25	<u>functional equivalent</u> in	effect at the Federal Reserve	e bank in the Federal
26	Reserve district in which	n Arkansas is located at the t	time an application for
27	a loan is approved.		
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29	SECTION 2. Arkansa	as Code § 6-20-1001 is amended	d to read as follows:
30	6-20-1001. Definit	ion.	
31	As used in this sub	ochapter, unless the context o	otherwise requires,
32	"maximum lawful rate" mea	ans a rate of interest equal t	to five percent (5%) per
33	annum above the Federal F	Reserve Board discount rate or	n ninety-day commercial
34		cedit, or its functional equiv	
35		the Federal Reserve district i	in which Arkansas is
36	located at the time a bid	l for bonds is accepted.	

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2	SECTION 3. Arkansas Code § 6-20-1206(b), concerning school bonds, is		
3	amended to read as follows:		
4	(b) As used in this section, "maximum lawful rate" means a rate of		
5	interest equal to five percent (5%) per annum above the Federal Reserve Board		
6	discount rate on ninety day commercial paper rate for primary credit, or its		
7	functional equivalent in effect at the Federal Reserve bank in the Federal		
8	Reserve district in which Arkansas is located at the time a bid for bonds is		
9	accepted.		
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11	SECTION 4. EMERGENCY CLAUSE. It is found and determined by the		
12	General Assembly of the State of Arkansas that revolving loan bonds,		
13	revolving loan certificates of indebtedness, and negotiable bonds are		
14	utilized for the financing of school districts in the state; that legislation		
15	is needed to amend the definition of maximum lawful rate in order to clarify		
16	that revolving loan bonds, revolving loan certificates of indebtedness, and		
17	negotiable bonds are utilized for the financing of school districts in the		
18	state; that legislation is needed to amend the definition of maximum lawful		
19	rate in order to clarify the maximum lawful rate of interest allowed on such		
20	indebtedness prior to the next annual school elections or special election		
21	called by the school district to comply with recent court orders, and that		
22	this act is immediately necessary because school districts need to		
23	restructure their debt in order to comply with recent court orders.		
24	Therefore, an emergency is declared to exist and this act being immediately		
25	necessary for the preservation of the public peace, health, and safety shall		
26	become effective on:		
27	(1) The date of its approval by the Governor;		
28	(2) If the bill is neither approved nor vetoed by the Governor,		
29	the expiration of the period of time during which the Governor may veto the		
30	<pre>bill; or</pre>		
31	(3) If the bill is vetoed by the Governor and the veto is		
32	overridden, the date the last house overrides the veto.		
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