

State of Arkansas
84th General Assembly
Regular Session, 2003

A Bill

HOUSE BILL 1290

By: Representative Childers

For An Act To Be Entitled

AN ACT TO AMEND THE DEFINITION OF MAXIMUM LAWFUL
RATE FOR SCHOOL BONDS; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO AMEND THE DEFINITION OF
MAXIMUM LAWFUL RATE FOR SCHOOL BONDS.

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

SECTION 1. Arkansas Code § 6-20-806(c), concerning revolving loan bonds and certificates of indebtedness for school bonds, is amended to read as follows:

(c) As used in this section, "maximum lawful rate" means a rate of interest equal to five percent (5%) per annum above the ~~Federal Reserve Board discount rate on ninety-day commercial paper~~ rate for primary credit, or its functional equivalent in effect at the Federal Reserve bank in the Federal Reserve district in which Arkansas is located at the time an application for a loan is approved.

SECTION 2. Arkansas Code § 6-20-1001 is amended to read as follows:
6-20-1001. Definition.

As used in this subchapter, unless the context otherwise requires, "maximum lawful rate" means a rate of interest equal to five percent (5%) per annum above the ~~Federal Reserve Board discount rate on ninety-day commercial paper~~ rate for primary credit, or its functional equivalent in effect at the Federal Reserve bank in the Federal Reserve district in which Arkansas is located at the time a bid for bonds is accepted.



SECTION 3. Arkansas Code § 6-20-1206(b), concerning school bonds, is amended to read as follows:

(b) As used in this section, "maximum lawful rate" means a rate of interest equal to five percent (5%) per annum above the ~~Federal Reserve Board discount rate on ninety-day commercial paper~~ rate for primary credit, or its functional equivalent in effect at the Federal Reserve bank in the Federal Reserve district in which Arkansas is located at the time a bid for bonds is accepted.

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that revolving loan bonds, revolving loan certificates of indebtedness, and negotiable bonds are utilized for the financing of school districts in the state; that legislation is needed to amend the definition of maximum lawful rate in order to clarify that revolving loan bonds, revolving loan certificates of indebtedness, and negotiable bonds are utilized for the financing of school districts in the state; that legislation is needed to amend the definition of maximum lawful rate in order to clarify the maximum lawful rate of interest allowed on such indebtedness prior to the next annual school elections or special election called by the school district to comply with recent court orders, and that this act is immediately necessary because school districts need to restructure their debt in order to comply with recent court orders. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.