

"AN ACT TO REQUIRE ANY BANK, SAVINGS AND LOAN ASSOCIATION, AND PERSON, FIRM, OR CORPORATION HOLDING ESCROW FUNDS BELONGING TO ANOTHER FOR THE PAYMENT OF REAL PROPERTY TAXES TO REMIT THE SAME TO THE COUNTY COLLECTOR OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED WITHIN THE TIMES PRESCRIBED HEREIN; AND FOR OTHER PURPOSES."

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

SECTION 1. All banks, savings and loan associations, and other financial institutions, and all persons, firms, or corporations which are holders of escrow funds for payment of real property taxes shall, within thirty (30) days after sufficient funds have accumulated in each such account for the payment of property taxes notify the county collector. Provided, that if sufficient funds for the payment of one year's taxes on such real estate have accumulated within an escrow account prior to the commencement of the period in which the collector may collect real property taxes for the year in which due, said notification shall be made within thirty (30) days after the collector is authorized by law to commence collecting real property taxes during said year. Further, those holders of escrow funds must, in the year 1988, remit payment for property taxes within ninety (90) days of receipt of the tax bills from the collector, and must, in the year 1989 and each year thereafter, remit payment for property taxes within sixty (60) days of receipt of the tax bills from the collector. Any bank, savings and loan association, or other financial institution, or any person, firm, or corporation holding escrow funds for the payment of real property taxes due on properties belonging to persons for whom said escrow accounts are being held, which fails to pay to the county collector the real property taxes on said property within the time limitation imposed by this Act, shall be subject to a penalty of ten percent (10%) of the amount of the total taxes due with such penalties to be paid from funds belonging to the holder of the escrow account. Provided, in no event shall monies paid as penalties for late payment of real property taxes under the provisions of this Act be charged against the escrow account. All penalties collected by the county collector under this Act shall be credited to the various taxing units of the county in the respective proportions that each taxing unit shares in real property taxes collected by the county.

SECTION 2. The provisions of this Act shall be applicable with respect to taxes payable in 1988 and each year thereafter.

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that thousands of dollars of funds are being accumulated in escrow accounts being held by banks, savings and loan associations, and other financial institutions, or by persons, firms, or corporations who maintain such escrow accounts for the payment of real property taxes on lands belonging to others, and that it is in the public interest that whenever a full year's taxes have accumulated in the escrow account for payment of real property taxes during said year, the payment be remitted to the county collector within a reasonable time after said amount has been accumulated thereby enabling the cities, counties and school districts of this State to have the prompt benefit of the payment of taxes for which said escrow accounts are maintained; that many cities, counties and school districts are suffering a severe cash flow

problem due to the lack of receiving said funds promptly upon the same being accumulated within the said escrow accounts; and that the immediate passage of this Act is necessary to assure that taxpayer funds accumulating in such escrow accounts be promptly remitted to the county collectors for distribution to the various taxing units for which said funds were intended. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after its passage and approval.