

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4 By: Senator Fitch

As Engrossed: S3/26/97

A Bill

ACT 1173 OF 1997
SENATE BILL 618

For An Act To Be Entitled

"AN ACT TO REPEAL RELEVANT PROVISIONS FOUND IN ARKANSAS
CODE ANNOTATED § 6-20-312 AND UNCODIFIED SUBSECTIONS OF
SECTION 7 OF ACT 917 OF 1995 DEALING WITH ENFORCEMENT
MECHANISMS FOR LOCAL SCHOOL DISTRICTS AND RESIDENTS
THEREOF THAT FAILED TO LEVY THE BASE MILLAGE REQUIRED BY
ACTS 916 AND 917 OF 1995; TO REPEAL ARKANSAS CODE
ANNOTATED § 19-6-481 CONCERNING THE DISTRIBUTION OF
REVENUES GENERATED FROM THESE ENFORCEMENT MECHANISMS; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

"TO REPEAL ENFORCEMENT MECHANISMS FOR
LOCAL SCHOOL DISTRICTS AND RESIDENTS
THEREOF THAT FAILED TO LEVY THE BASE
MILLAGE REQUIRED BY ACTS 916 AND 917 OF
1995."

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

SECTION 1. LEGISLATIVE PURPOSE. At the 1996 general election, the
voters of Arkansas approved Proposed Amendment One to the Arkansas
Constitution, establishing a statewide property tax of twenty-five (25) mills
for support of the public schools. As a result, individual school districts
no longer have the option of deciding whether to levy a millage of less than
twenty-five (25) mills. Consequently, those sections of the Arkansas Code and
uncodified subsections of Act 917 of 1995 that provide enforcement mechanisms
for local school districts and residents thereof that fail to meet statutory
base millage requirements are obsolete and should be repealed.

1 SECTION 2. Arkansas Code Annotated § 6-20-312 is repealed.
2 ~~§ 6-20-3312. Tax surcharge.~~
3 ~~(a) As used in this section:~~
4 ~~(1) "Base millage" means twenty-five (25) mills, excluding mills used to~~
5 ~~service debt; and~~
6 ~~(2) "Local school district" means a class of school districts which~~
7 ~~conduct the daily affairs of public schools pursuant to the supervisory~~
8 ~~authority vested in them by the General Assembly.~~
9 ~~(b) On or before December 1, 1995, and on or before each subsequent~~
10 ~~December 1 thereafter, the Director of the Department of Education shall~~
11 ~~certify to the Director of the Department of Finance and Administration the~~
12 ~~name of any local school district which has failed to levy at least the base~~
13 ~~millage.~~
14 ~~(c) For taxable years beginning on and after January 1, 1996, there is~~
15 ~~hereby levied an income tax surcharge of ten percent (10%) of the tax~~
16 ~~liability of every individual resident of each local school district not~~
17 ~~levying the base millage prior to December 1, of the preceding year, or~~
18 ~~"certification year".~~
19 ~~(d)(1) The tax surcharge levied in subsection (c) of this section shall~~
20 ~~apply to tax liability for the taxable year following the certification year.~~
21 ~~(2) An individual shall not be relieved of liability for the tax~~
22 ~~surcharge if his or her local school district subsequently levies the base~~
23 ~~millage between December 1 of the certification year and the time the~~
24 ~~individual's tax return for the taxable year following the certification year~~
25 ~~is required to be filed.~~
26 ~~(e)(1)(A) If an individual is a resident of an Arkansas border city~~
27 ~~described in § 26-52-6-1 et seq., and a local school district within the~~
28 ~~border city does not levy the base millage, the individual shall be liable for~~
29 ~~the income tax surcharge levied in subsection (c) of this section.~~
30 ~~(B) The surcharge shall be computed on the tax liability that would have~~
31 ~~been due had the income tax exemption of § 26-52-601 et seq. not been~~
32 ~~available.~~
33 ~~(2) The income tax exemption of § 26-52-601 et seq. shall not apply to~~
34 ~~the income tax levied in subsection (c) of this section.~~
35 ~~(f) However, this section shall not apply to any district which has a~~
36 ~~local revenue per student in excess of the base local revenue per student.~~

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SECTION 3. Arkansas Code Annotated § 19-6-481 is repealed.

~~§ 19-6-481. Public School Support Fund.~~

~~(a)(1) There is hereby created on the books of the Treasurer of State a fund to known as the "Public School Support Fund".~~

~~(2) The income tax surcharge levied in § 6-20-312(c) shall be special revenues and shall be deposited in the State Treasury and credited to the Public School Support Fund.~~

~~(b) At the end of each month, the Treasurer of State shall certify to the Department of Education such amounts as have accrued in the Public School Support Fund and shall transfer such amounts to the Public School Fund, where the Department of Education shall distribute those additional funds to the local school districts that failed to levy the base millage in a fashion that, when combined with the revenues produced by the millage available for maintenance and operation actually levied by each local school district, provides the same amount of revenues as would have been provided by levying the base millage in such local school district. (c) As used in this section:~~

~~(1) "Base millage" means twenty-five (25) mills, excluding mills used to service debt; and~~

~~(2) "Local school district" means a class of school districts which conduct the daily affairs of public schools pursuant to the supervisory authority vested in them by the General Assembly.~~

SECTION 4. Uncodified subsections (a), (b), and (c) of Section 7 of Act 917 of 1995 are repealed.

~~(a) If the Department of Education determines that a Local School District has failed to levy at least the Base Millage, the Director of the Department of Education shall so certify to the State Treasurer, the State Auditor, and the Chief Fiscal Officer of the State. Upon such certification the State Treasurer, the State Auditor, and the Chief Fiscal Officer of the State shall transfer on their books and the State Treasurer shall cause to be transferred from such sources as are enumerated herein, to the Public School Fund created by Ark. Code Ann. § 19-5-305 an amount which, when combined with the revenues produced by the millage actually levied by the Local School District, provides the same amount of revenues as would have been produced by~~

1 ~~levying the Base Millage in the Local School District. Such transfer shall be~~
2 ~~made from and shall not exceed the funded amounts available from the following~~
3 ~~sources that would otherwise be distributed to the counties and municipalities~~
4 ~~within which the Local School District is located:~~

5 ~~_____ (1) The monthly distribution of County Aid provided for under~~
6 ~~Ark. Code Ann. § 19-5-602(b) derived from the revenues provided in Ark. Code~~
7 ~~Ann. § 19-5-602(a).~~

8 ~~_____ (2) The monthly distribution of Municipal Aid provided for in~~
9 ~~Ark. Code Ann. § 19-5-601(b) derived from the revenues provided in Ark. Code~~
10 ~~Ann. § 19-5-601(a).~~

11 ~~_____ (3) Such funds as may be provided by appropriations of the~~
12 ~~General Assembly for County Jail/Medical Reimbursements under the provisions~~
13 ~~of Ark. Code Ann. § 12-27-114 et seq.~~

14 ~~_____ (b) The Department of Education shall distribute any funds transferred~~
15 ~~pursuant to subsection (a) of this section to the Local School District that~~
16 ~~failed to levy the Base Millage in a fashion that, when combined with the~~
17 ~~revenues produced by the millage available for maintenance and operations~~
18 ~~actually levied by the Local School District, provides the same amount of~~
19 ~~revenues as would have been provided by levying the Base Millage in the Local~~
20 ~~School District.~~

21 ~~_____ (c) For purposes of this section, a Local School District located in~~
22 ~~two or more counties shall be considered located within the county,~~
23 ~~municipality or political subdivision within which resides the greater number~~
24 ~~of registered voters of the Local School District.~~

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26 SECTION 5. The provisions of this act shall be effective for taxable
27 years beginning on January 1, 1997, and following.

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29 SECTION 6. All provisions of this act of a general and permanent nature
30 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
31 Revision Commission shall incorporate the same in the Code.

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33 SECTION 7. If any provision of this act or the application thereof to
34 any person or circumstance is held invalid, such invalidity shall not affect
35 other provisions or applications of the act which can be given effect without
36 the invalid provision or application, and to this end the provisions of this

1 act are declared to be severable.

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3 SECTION 8. All laws and parts of laws in conflict with this act are
4 hereby repealed.

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6 SECTION 9. EMERGENCY. It is found and determined by the Eighty First
7 General Assembly of the State of Arkansas that, in light of voter approval at
8 the 1996 general election of Proposed Amendment One to the Arkansas
9 Constitution, which establishes a statewide property tax of twenty-five (25)
10 mills for the support of public schools, those provisions of the Arkansas Code
11 and uncodified portions of Act 917 of 1995 that provide enforcement mechanisms
12 for individual school districts and residents thereof that fail to levy a base
13 millage of twenty-five (25) mills are obsolete and should be repealed
14 immediately so as to eliminate confusion. Therefore an emergency is declared
15 to exist and this act being immediately necessary for the preservation of the
16 public peace, health and safety shall become effective on the date of its
17 approval by the Governor. If the bill is neither approved nor vetoed by the
18 Governor, it shall become effective on the expiration of the period of time
19 during which the Governor may veto the bill. If the bill is vetoed by the
20 Governor and the veto is overridden, it shall become effective on the date the
21 last house overrides the veto.

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/s/Fitch

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APPROVED: 4-08-97

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