

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

As Engrossed: H3/3/97

A Bill

ACT 778 OF 1997
HOUSE BILL 1908

4

5 *By: Representatives Malone, Lancaster, Mullenix, Allison, Baker, Terry Smith, Johnson, Hall, Hausam, Cunningham, Simmons, Simon,*
6 *Faris, and Rodgers*

7 *By: Senators Ross, Scott, and Hunter*

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For An Act To Be Entitled

10 "AN ACT TO AMEND THE INDUSTRIAL REVENUE BOND GUARANTY LAW,
11 TITLE 15, CHAPTER 4, SUBCHAPTER 6 OF THE ARKANSAS CODE, TO
12 AMEND THE REQUIREMENTS FOR GUARANTIES OF ACT NO. 9 BONDS
13 ISSUED BY MUNICIPALITIES AND COUNTIES; DECLARING AN
14 EMERGENCY; AND FOR OTHER PURPOSES."

15

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Subtitle

17 "AMEND THE INDUSTRIAL REVENUE BOND
18 GUARANTY LAW, TITLE 15, CHAPTER 4,
19 SUBCHAPTER 6, TO AMEND THE REQUIREMENTS
20 FOR GUARANTIES OF ACT NO. 9 BONDS ISSUED
21 BY MUNICIPALITIES AND COUNTIES."

22

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

24

25 SECTION 1. Arkansas Code 15-4-602 is amended to read as follows:

26 "15-4-602. Definition. As used in this subchapter, unless the context
27 otherwise requires, ~~the phrase:~~

28 (1) Act No. 9 bonds means revenue bonds issued in accordance with the
29 provisions of the Municipalities and Counties Industrial Development Revenue
30 Bond Law, Title 14, Chapter 164, Subchapter 2.

31 (2) ADFA bonds means revenue bonds issued by the Arkansas Development
32 Finance Authority in accordance with the Arkansas Development Finance
33 Authority Act, Title 15, Chapter 5, Subchapters 1, 2 and 3.

34 (3) amortization payments means periodic, which may be monthly,
35 semiannual, annual, etc., payments of interest, and ~~installments~~ payments of
36 principal, whether such principal is payable in installments or otherwise

1 (including principal required to be prepaid upon the happening of certain
2 events), as required by an Act No. 9 bond or ADFA indenture or ~~an Arkansas~~
3 ~~Development Finance Authority bond indenture~~ resolution.

4 (4) user means the lessee or other principal user of the industrial
5 project to be financed, in whole or in part, with the proceeds of Act 9 bonds
6 or ADFA bonds."

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8 SECTION 2. Arkansas Code 15-4-603 is amended to read as follows:

9 "15-4-603. Commission empowered to grant or deny guaranty bonds. The
10 Arkansas Industrial Development Commission, called the commission, in
11 addition to all the duties and functions defined in ~~AA~~ 15-4-101, 15-4-102,
12 15-4-201 - 15-4-204, 15-4-206, 15-4-209, ~~15-4-212~~, and 15-4-501 - 15-4-525,
13 is empowered to approve or deny by majority vote of the membership of the
14 commission the guaranty as provided herein of amortization payments on Act 9
15 bonds or ADFA bonds, ~~industrial revenue bonds issued by counties or~~
16 ~~municipalities in accordance with the provisions of AA 14-164-201 - 14-164-206~~
17 ~~and 14-164-208 - 14-164-224, which are called Act No. 9 bonds, or revenue~~
18 ~~bonds issued by the Arkansas Development Finance Authority in accordance with~~
19 ~~AA 15-5-101 - 15-5-105, 15-5-201 - 15-5-211, and 15-5-301 - 15-5-316, which~~
20 ~~are called ADFA bonds~~, subject to the provisions, restrictions, and
21 conditions set forth in this subchapter."

22

23 SECTION 3. Arkansas Code 15-4-604 is amended to read as follows:

24 "15-4-604. When bonds may be guaranteed - Standards and regulations
25 for evaluations.

26 (a) Amortization payments on Act No. 9 bonds and ~~Arkansas Development~~
27 ~~Finance Authority~~ ADFA bonds may be guaranteed in instances when:

- 28 (1) Substantial employment is involved;
- 29 (2) The total principal amount of all outstanding Act No. 9 bonds
30 and ~~Arkansas Development Finance Authority~~ ADFA bonds under guaranty is not
31 in excess of ~~fifty million dollars (\$50,000,000) except with the prior~~
32 ~~approval of the State Board of Finance or any successor thereof and in~~
33 ~~no event in excess of~~ one hundred million dollars (\$100,000,000);

- 34 (3) No one (1) issue or series of Act No. 9 bonds or ~~Arkansas~~
35 ~~Development Finance Authority~~ ADFA bonds guaranteed under this section
36 shall exceed ~~two million dollars (\$2,000,000)~~ four million dollars

1 (\$4,000,000) in principal amount;

2 (4) ~~A lessee~~ The user of the industrial project involved is not permitted
3 to purchase or own at any time any of such bonds;

4 (5) ~~A lessee~~ The user is found to be financially responsible and that
5 ~~sufficient rental income may reasonably be expected to amortize in an~~
6 ~~orderly manner the interest and principal amount of the bonds~~ the full payment
7 of the interest and principal amount of the bonds may reasonably be expected.

8 (b) The commission shall promulgate standards and regulations for
9 the evaluation of the financial condition and business history of
10 ~~lessees and shall require the attachment to each application for~~
11 ~~guaranty under this subchapter a financial report and evaluation by an~~
12 ~~independent certified public accountant firm, in addition to such~~
13 ~~examination and evaluation as the commission may make, in determining~~
14 ~~whether the lessee meets prescribed minimum standards and~~
15 ~~qualifications before entering into any guaranty under this~~
16 ~~subchapter~~ users."

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18 SECTION 4. Arkansas Code 15-4-606(a)(1)(A) is amended to read as
19 follows:

20 "(A) Each county or municipality requesting a guaranty hereunder
21 shall submit to the Arkansas Industrial Development Commission
22 ~~supporting documents, instruments, contractor's costs or estimated~~
23 ~~cost of improvements, land costs, and other~~ evidence showing
24 conformity with §§ 14-164-201 - 14-164-206 and 14-164-208 -
25 14-164-224, as identified in this subchapter and such other supporting
26 documents as the commission shall require. Such application and documentation
27 may be submitted by the user of the industrial project involved."

28

29 SECTION 5. 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.

32

33 SECTION 6. 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 7. All laws and parts of laws in conflict with this act are
4 hereby repealed.

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6 SECTION 8. EMERGENCY. It is hereby found and determined by the General
7 Assembly that there is an immediate need to facilitate the guaranty of revenue
8 bonds by the Arkansas Industrial Development Commission for the purpose of
9 securing and developing industry. Therefore, an emergency is declared to
10 exist and this act being immediately necessary for the preservation of the
11 public peace, health and safety shall become effective on the date of its
12 approval by the Governor. If the bill is neither approved nor vetoed by the
13 Governor, it shall become effective on the expiration of the period of time
14 during which the Governor may veto the bill. If the bill is vetoed by the
15 Governor and the veto is overridden, it shall become effective on the date the
16 last house overrides the veto.

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/s/Rep. Malone et al

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APPROVED:3-24-97

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