

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**

A Bill

ACT 916 OF 1995
HOUSE BILL 1739

4 **By: Representative *Thicksten and McGinnis***

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For An Act To Be Entitled

8 "AN ACT TO LEVY AN INDIVIDUAL INCOME TAX SURCHARGE FOR THE
9 EQUALIZATION OF PUBLIC SCHOOL FUNDING; AND FOR OTHER
10 PURPOSES."

11

Subtitle

12
13 "LEVIES AN INDIVIDUAL INCOME TAX
14 SURCHARGE FOR SCHOOL FUNDING."

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

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18 SECTION 1. *As used in this act,*

19 (a) "Base Millage" means 25 mills excluding mills used to service
20 debt.

21 (b) "Local School District" means a class of school district which
22 conducts the daily affairs of public schools pursuant to the supervisory
23 authority vested in them by the General Assembly.

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25 SECTION 2. (a) On or before December 1, 1995, and on or before each
26 subsequent December 1 thereafter, the Director of the Department of Education
27 shall certify to the Director of the Department of Finance the name of any
28 local school district which has failed to levy at least the base millage. For
29 taxable years beginning on and after January 1, 1996 there is hereby levied an
30 income tax surcharge of ten percent (10%) of the tax liability of every
31 individual resident of each local school district not levying the base millage
32 prior to December 1 of the preceding year ("certification year").

33 (b) The tax surcharge levied in subsection (a) of this section shall
34 apply to tax liability for the taxable year following the certification year.
35 An individual shall not be relieved of liability for the tax surcharge if his
36 or her local school district subsequently levies the base millage between

1 December 1 of the certification year and the time the individual_s tax return
2 for the taxable year following the certification year is required to be filed.

3 (c) If an individual is a resident of an Arkansas border city described
4 in § 26-52-601, et seq., and a local school district within the border city
5 does not levy the base millage, the individual shall be liable for the income
6 tax surcharge levied in subsection (a) of this section. The surcharge shall
7 be computed on the tax liability that would have been due had the income tax
8 exemption of § 26-52-601, et seq. not been available. The income tax
9 exemption of § 2126-52-601, et seq. shall not apply to the income tax levied
10 in subsection (a) of this section.

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12 SECTION 3. There is hereby created on the books of the State Treasurer
13 a fund to known as the "Public School Support Fund." The income tax surcharge
14 levied in subsection (a) of Section 2 of this act shall be special revenues
15 and shall be deposited in the State Treasury and credited to the Public School
16 Support Fund.

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18 SECTION 4. At the end of each month the State Treasurer shall certify
19 to the Department of Education such amounts as have accrued in the Public
20 School Support Fund and shall transfer such amounts to the Public School Fund
21 where the Department of Education shall distribute those additional funds to
22 the Local School Districts that failed to levy the base millage in a fashion
23 that, when combined with the revenues produced by the millage available for
24 maintenance and operation actually levied by each local school district,
25 provides the same amount of revenues as would have been provided by levying
26 the base millage in such local school district.

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28 SECTION 5. Notwithstanding the provision of any other act of this 80th
29 General Assembly, the enforcement mechanisms of this act shall constitute the
30 exclusive sanctions against a local school district for failure to levy the
31 basic millage.

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

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

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

/s/Rep. Thicksten, et al

APPROVED: 4-5-95

