

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: S3/8/01
A Bill

Act 1202 of 2001
SENATE BILL 604

5 By: Senators Mahony, D. Malone
6 By: Representatives Cook, Bond, Cleveland
7

8
9 **For An Act To Be Entitled**

10 AN ACT TO AMEND VARIOUS SECTIONS OF TITLE 26 OF
11 THE ARKANSAS CODE RELATIVE TO THE DETERMINATION
12 OF THE UNIFORM RATE OF TAX; TO DECLARE AN
13 EMERGENCY; AND FOR OTHER PURPOSES.
14

15 **Subtitle**

16 AN ACT TO AMEND VARIOUS SECTIONS OF
17 TITLE 26 OF THE ARKANSAS CODE RELATIVE
18 TO THE DETERMINATION OF THE UNIFORM RATE
19 OF TAX.
20
21

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

24 SECTION 1. Arkansas Code 26-80-201(b)(1), pertaining to the
25 calculation of the uniform rate of tax, is amended to read as follows:

26 (b)(1) The initial compliance shall be calculated by taking the
27 ~~weighted average~~ millage rate of the school district submitted by the county
28 clerk minus the debt service millage required plus the millage derived from
29 the ratio of the debt service funding supplements for the calendar year over
30 the total assessment shown on the abstract of assessment.
31

32 SECTION 2. Arkansas Code 26-80-204 is amended to read as follows:
33 26-80-204. Definitions.

34 As used in this subchapter and subchapter 1 of this chapter:

35 (1) "Additional mills for maintenance and operation" means millage
36 levied by the electors of a local school district for maintenance and

1 operation in excess of those allocated to the uniform rate of tax;

2 (2) "Available for maintenance and operation millages" means millage
3 levied for maintenance and operation, millage levied as dedicated maintenance
4 and operation millage, excess debt service millage, and the millage derived
5 from the ratio of debt service funding supplements divided by the total
6 assessment, which may be included in the calculation for the uniform rate of
7 tax as specified in this subchapter, if needed;

8 (3)(A) "Average daily membership" means the total number of days
9 attended plus the total number of days absent by students in grades
10 kindergarten through twelve (K-12) during the first three (3) quarters of
11 each school year divided by the number of school days actually taught in the
12 district during that period of time rounded up to the nearest hundredth;

13 (B) In those instances in which the average daily membership for
14 less than three (3) quarters is specified, the number of days used in the
15 calculation shall be the days in the specified period of time.

16 (C) As applied to this subchapter, students who may be counted
17 for average daily membership are:

18 (i) Students who reside within the boundaries of the
19 school district and are enrolled within a public school operated by the
20 district or a private school for special education students, with such
21 attendance resulting from a written tuition agreement approved by the
22 Department of Education;

23 (ii) Legally transferred students living outside the
24 district but attending a public school in the district; and

25 (iii) Students who reside within the boundaries of the
26 school district and are enrolled in the Arkansas National Guard Youth
27 Challenge Program, so long as the students are participants in the program;

28 (4) "Base local revenue per student" means:

29 (A) As applied under Acts 1995, No. 917, as such may be amended
30 from time to time, if Category 1 is fully funded, the local revenue per
31 student in the local school district with the highest amount of local revenue
32 per student.

33 (B) If Category 1 is not fully funded, the term means the
34 revenue per student to which the state equalizes calculated by taking the sum
35 of:

36 (i) The total available state aid for state equalization

1 funding per student;

2 (ii) Ninety-eight percent (98%) of the uniform rate of tax
3 times the total state assessed valuation; and

4 (iii) Seventy-five percent (75%) of the average
5 miscellaneous funds collected in the previous five (5) years or the previous
6 year, whichever is less, and by dividing the sum by the total state average
7 daily membership for the previous year;

8 (5) "Debt service funding supplements" means the state financial aid
9 provided to qualifying local school districts for the purpose of reducing
10 existing debt service burdens and increasing the amount of local revenue
11 available for maintenance and operation expenditures and calculated as
12 follows: for each mill of eligible debt service millage required, the local
13 school shall be provided a dollar amount of no less than fifteen dollars
14 (\$15.00) per average daily membership times the state wealth index;

15 (6) "Debt service millage" means the total number of mills voted by
16 the electors of a school district to be pledged as security for the
17 retirement of bonded indebtedness;

18 (7) "Debt service millage required" means the calculated millage rate
19 equal to the amount of millage pledged to mandatory callable bonds plus the
20 result of the scheduled calendar year bonded debt payment divided by the
21 total assessed value of real, personal, and utility property in the local
22 school district;

23 (8) "Eligible debt service millage required" means, in the computation
24 of the debt service funding supplement, the debt service millage required for
25 bonds issued before May 30 of each year;

26 (9) "Excess debt service millage" means the difference between the
27 debt service millage levied and the debt service millage required. This
28 amount shall be presumed to be available for maintenance and operation but
29 may be used for other school purposes, provided that the district is in
30 compliance with the uniform rate of tax;

31 (10) "Local revenue per student" means as applied under Acts 1995, No.
32 917 as such may be amended from time to time, in each year ninety-eight
33 percent (98%) of the amount of revenue available, whether or not collected,
34 in a local school district solely from the levy of the uniform rate of tax
35 plus seventy-five percent (75%) of the average miscellaneous funds collected
36 in the previous five (5) years or the previous year, whichever is less,

1 divided by the average daily membership of such local school district for the
2 previous year;

3 (11) "Mandatory callable bonds" means a bond issue in which all net
4 proceeds from debt service millage used to secure the issuance of that bond
5 must apply to payment of the issue and cannot be used for any other purpose;

6 (12) "Millage rate" means the millage rate listed in the most recent
7 tax ordinance approved by the county quorum court under the authority of §
8 14-14-904;

9 ~~(12)~~ (13) "Miscellaneous funds" means those funds received by a local
10 school district from federal forest reserves, federal grazing rights, federal
11 mineral rights, federal impact aid, federal flood control, wildlife refuge
12 funds, severance taxes, funds received by the district in lieu of taxes, and
13 local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et
14 seq., 26-74-301 et seq., and 14-164-301 et seq.;

15 ~~(13)~~ (14) "Net revenues" means actual revenues from taxes due and
16 owing after January 1, 1997, rounded to the nearest one hundredth (0.01)
17 minus any commission fees authorized by law to be collected or withheld for
18 later distribution by the county offices. No additional fees shall be charged
19 for transmittal or redistribution of funds by any county or state office in
20 carrying out the procedures established to comply with the requirements of
21 Arkansas Constitution, Amendment 74;

22 ~~(14)~~ (15) "Previous year" means the school year immediately preceding
23 the school year in which funds are allocated;

24 ~~(15)~~ (16) "State equalization funding per student" means as applied
25 under Acts 1995, No. 917 as such may be amended from time to time, the amount
26 of state financial aid per average daily membership for the previous year
27 provided to each local school district calculated by subtracting the local
28 revenue per student from the base local revenue per student;

29 ~~(16)~~ (17) "State wealth index" means the result of one (1) minus the
30 ratio of local revenue per student divided by state equalization funding per
31 student;

32 ~~(17)~~ (18) "Uniform rate of tax" means a uniform rate of ad valorem
33 property tax of twenty-five (25) mills to be levied on the assessed value of
34 all taxable real, personal, and utility property in the state to be used
35 solely for maintenance and operation of the schools. In calculating the
36 uniform rate of tax imposed by Arkansas Constitution, Article 14, § 3, as

1 amended by Arkansas Constitution, Amendments 11, 40, and 74, the following
2 categories of millage may be utilized to meet the minimum base millage
3 requirement:

4 (A) The local school district's maintenance and operation
5 millage;

6 (B) The dedicated maintenance and operation millage;

7 (C) Excess debt service millage; and

8 (D) The millage derived from the ratio of the debt service
9 funding supplements divided by the total assessment; ~~and~~

10 ~~(18) "Weighted average millage rate" means a millage rate calculated
11 by taking the sum of:~~

12 ~~(A) The millage levied on real property times the real property
13 assessment base; plus~~

14 ~~(B) The millage levied on personal property times the personal
15 property assessment base; plus~~

16 ~~(C) The millage levied on utility property times the utility property
17 assessment base, and dividing by the total assessed value on taxable real,
18 personal, and utility property.~~

19
20 SECTION 3. The catch line of Arkansas Code 26-80-206 is amended to
21 read as follows:

22 26-80-206. Security and ~~average~~ coverage of bond issues.

23
24 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly that changes to the determination of the uniform rate of tax
26 must take place prior to June 15, 2001, and that if the changes do not take
27 effect by that date confusion as to tax rates would exist throughout the
28 school districts of this state. Therefore, an emergency is declared to exist
29 and this act being immediately necessary for the preservation of the public
30 peace, health and safety shall become effective on the date of its approval
31 by the Governor. If the bill is neither approved nor vetoed by the Governor,
32 it shall become effective on the expiration of the period of time during
33 which the Governor may veto the bill. If the bill is vetoed by the Governor
34 and the veto is overridden, it shall become effective on the date the last
35 house overrides the veto.

/s/ Mahony

APPROVED: 3/30/2001

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