

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 *As Engrossed: S3/21/01 S3/30/01 S4/2/01 S4/2/01*

2 83rd General Assembly

A Bill

Act 1629 of 2001

3 Regular Session, 2001

SENATE BILL 570

4

5 By: Senators P. Malone, Beebe, Mahony, Riggs, Hill, Fitch, D. Malone, Bryles, Gwatney, Miller, Brown,
6 Bisbee, Baker, T. Smith

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For An Act To Be Entitled

10 *AN ACT TO REQUIRE MUNICIPALITIES AND COUNTIES TO*
11 *NEGOTIATE IN LIEU-OF-TAX PAYMENTS WHEN*
12 *NEGOTIATING A CONTRACT FOR SALE OF PROPERTY OR*
13 *LEASE OF PROPERTY TO A PRIVATE FOR PROFIT ENTITY;*
14 *TO REQUIRE THE SENATE AND HOUSE INTERIM*
15 *COMMITTEES ON EDUCATION, THE SENATE AND HOUSE*
16 *INTERIM COMMITTEES ON INSURANCE AND COMMERCE, AND*
17 *THE SENATE AND HOUSE INTERIM COMMITTEES ON*
18 *REVENUE AND TAXATION TO CONDUCT A STUDY OF THE*
19 *IMPACT OF IN-LIEU-OF-TAX PAYMENTS ON STATE*
20 *FUNDING OF PUBLIC SCHOOLS; AND FOR OTHER*
21 *PURPOSES.*

22

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Subtitle

24 *REQUIRES MUNICIPALITIES AND COUNTIES TO*
25 *NEGOTIATE IN LIEU-OF-TAX PAYMENTS WHEN*
26 *NEGOTIATING A CONTRACT FOR SALE OF PROPERTY*
27 *OR LEASE OF PROPERTY TO A PRIVATE FOR*
28 *PROFIT ENTITY.*

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

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32 *SECTION 1. Arkansas Code 14-164-703 is amended to read as follows:*
33 *14-164-703. Payments in lieu of taxes.*

34 *(a) In the event that a county or municipality and a lessee under a*
35 *lease, or a purchaser under a contract of sale, enter into an agreement for*
36 *payments in lieu of ad valorem taxes, each agreement shall provide, or, by*

1 virtue of this subchapter, shall be interpreted as providing, that all in-
2 lieu-of-taxes payments shall be distributed to the political subdivisions
3 which would have received ad valorem tax payments on the industrial
4 facilities if the interest involved had not been exempt from ad valorem taxes
5 in the proportions that the millage levied by each affected political
6 subdivision bears to the millage levied by all affected political
7 subdivisions, unless all such political subdivisions, including the affected
8 school district or districts, shall otherwise agree.

9 (b)(1) From July 1, 2001 through June 30, 2003, when any city or
10 county enters into a lease of city or county property or enters into a
11 contract for sale of city or county property to a private for-profit entity
12 under this subchapter or any other provision of law or the Constitution of
13 Arkansas for the purpose of securing and developing industry, the lease or
14 contract for sale shall include an obligation that the lessee or purchaser
15 make payments in lieu of property taxes in an amount as negotiated between
16 the parties except the aggregate amount of the payments during the initial
17 term of the lease or contract for sale shall be not less than thirty-five
18 percent (35%) of the aggregate amount of ad valorem taxes that would be paid
19 if the property were on the tax rolls, unless the Director of the Department
20 of Economic Development and the Chief Fiscal Officer of the State approve a
21 lesser amount.

22 (2) The obligation may be contained in a separate agreement at
23 the option of the parties to the lease or contract for sale.

24 (c) From July 1, 2001 through June 30, 2003, prior to meeting of city
25 or county officials where action might be taken regarding approval of in-
26 lieu-of-tax payments, the city or county shall give at least ten (10) days
27 notice to the superintendent of each school district in which all or any part
28 of the property which is subject to the lease or contract of sale is located,
29 and to the Chief Fiscal Officer of the State as to the date, time, and place
30 of the meeting.

31 (d) Subsection (b) and (c) of this section shall not apply to:

32 (1) Any agreement existing prior to July 1, 2001;

33 (2) Any agreement entered into on or after July 1, 2001 pursuant
34 to a memorandum of intent or agreement to issue bonds authorized by any city
35 or county prior to July 1, 2001;

36 (3) Any agreement entered into on or after July 1, 2001 related

1 to a project covered by a financial incentive proposal from the Arkansas
2 Department of Economic Development, or by resolution of the governing body of
3 a city or a county designating the project by name for the purposes of this
4 exemption, dated prior to July 1, 2001;

5 (4) Any reissue or refinancing of bonds which are subject to an
6 existing in-lieu-of-tax agreement; and

7 (5) Any lease or contract for sale with a qualified manufacturer
8 of steel as defined in § 26-52-901 or in Act 541 of 2001.

9 ~~(b)~~(e) Nothing in this section shall be construed as affecting in any
10 manner the rights or obligations of any of the parties to any such agreements
11 existing on the date of enactment of this subchapter providing for payments
12 in lieu of ad valorem taxes.

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14 SECTION 3. The Senate and House Interim Committees on Education, the
15 Senate and House Interim Committees on Insurance and Commerce, and the Senate
16 and House Interim Committees on Revenue and Taxation, shall conduct a study
17 of the impact of in-lieu-of-tax payments on state funding of the public
18 schools and shall study the process of negotiating in-lieu-of-tax payments
19 and draft any necessary legislation to improve the process.

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21 SECTION 4. EMERGENCY. It is hereby found and determined by the
22 General Assembly that the adequate funding of public schools is imperative;
23 that the public schools are currently in dire need of additional funding;
24 that this act will cause more resources to be made available to the public
25 schools; that the sooner this act goes into effect, the sooner public schools
26 will receive additional resources. Therefore an emergency is declared to
27 exist and this act being immediately necessary for the preservation of the
28 public peace, health and safety shall become effective on the date of its
29 approval by the Governor. If the bill is neither approved nor vetoed by the
30 Governor, it shall become effective on the expiration of the period of time
31 during which the Governor may veto the bill. If the bill is vetoed by the
32 Governor and the veto is overridden, it shall become effective on the date
33 the last house overrides the veto.

34 /s/ P. Malone

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36 APPROVED: 4/16/2001