

ARKANSAS SENATE
88th General Assembly - Regular Session, 2011
Amendment Form

Subtitle of Senate Joint Resolution No. 5

PROPOSING AN AMENDMENT TO THE ARKANSAS CONSTITUTION CONCERNING
FINANCIAL REFORM FOR COUNTIES AND MUNICIPALITIES.

Amendment No. 3 to Senate Joint Resolution No. 5

Amend Senate Joint Resolution No. 5 as engrossed, S3/14/11 (version: 03/14/2011 04:05:41 PM)

Page 4, line 7, delete "sales tax" and substitute "sales and use tax"

AND

Page 6, delete lines 11 through 36 and substitute the following:

"SECTION 3. Section 2 of Amendment 78 to the Arkansas Constitution is amended to read as follows:

§ 2. [Short-term financing obligations].

(a)(1) For the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one (1) year, municipalities and counties may incur short-term financing obligations maturing over a period of, or having a term, not to exceed five (5) years. ~~Such obligations may bear interest at either:~~

~~(1) a fixed rate throughout the term thereof, including a fixed interest rate which is to be determined by reference to an index or other formula, but not to exceed the maximum lawful rate of interest for fixed rate obligations, or~~

~~(2) a rate which may vary at such times and under such circumstances as the parties may agree, whether or not the interest rate in fact varies, but not to exceed the maximum lawful rate of interest for variable rate obligations. The maximum lawful rate of interest for fixed rate obligations is the formula rate in effect on the date the obligation is incurred, regardless of when such interest is to begin to accrue. The maximum lawful rate of interest for variable rate obligations is the formula rate in effect on the date such interest accrues. The aggregate principal amount of short-term financing obligations incurred by a municipality or a county pursuant to this section shall not exceed five percent (5%) of the assessed value of taxable property located within the municipality or two and one half percent (2.5%) of the assessed value of taxable property located within the county, as determined by the last tax assessment completed before the last obligation was incurred by the city or county. The ~~total~~ annual principal and~~



interest payments in each fiscal year on ~~all~~ outstanding obligations of a municipality or a county pursuant to this section shall be charged against and paid from ~~the~~ general revenues for such fiscal year, ~~which may include road fund revenues. Tax revenues earmarked for solid waste disposal purposes may be used to pay printing and other costs associated with bonds issued under this amendment for solid waste disposal purposes and special revenues authorized to be used to acquire, construct, install, or rent the property financed by such obligations.~~

(b) As used here~~+~~,

~~(1) "Short term~~ "short-term financing obligation" means a debt, a note, an installment purchase agreement, a lease, a lease-purchase contract, or any other similar agreement, whether secured or unsecured; provided, that the obligation shall mature over a period of, or have a term, not to exceed five (5) years~~;~~

~~(2) "Formula rate" means that rate of interest which is five percentage points (5%) above the equivalent bond yield of one year United States Treasury Bills offered by the United States Treasury at the last auction during the immediately preceding calendar quarter, calculated by rounding up to the nearest one fourth of one percentage point (0.25%) (unless the equivalent bond yield is already by a multiple of one fourth of one percentage point), and announced by the State Bank Commissioner (or such successor official who may be performing substantially the same duties) from information available from the Federal Reserve System of the United States. The calculation of the formula rate shall be made on or before the tenth (10th) day of each calendar quarter. The formula rate so calculated shall be effective on the eleventh (11th) day of the calendar quarter and shall continue in effect until the formula rate for the succeeding calendar quarter shall have been calculated and becomes effective. If, for any reason, the United States ceases to issue one year Treasury Bills, such calculation shall be made using a debt instrument of the United States having substantially the same general character and maturity. The calculation and announcement of the formula rate by the State Bank Commissioner shall be final.~~

(c) The provisions of this section shall be self-executing."

AND

Page 7, delete lines 1 through 32

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator Files
MBM/BGS - 03/15/11 08:04
MBM363

Secretary