

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

220

By: Senator Ingram

For An Act To Be Entitled

"AN ACT RELATING TO THE PAYMENT OF REAL PROPERTY TAXES BY ESCROW AGENTS; TO PRESCRIBE PENALTIES FOR ESCROW AGENTS WHICH FAIL TO COMPLY WITH THE PROVISIONS OF THIS ACT; AND FOR OTHER PURPOSES."

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

SECTION 1. All banks, savings and loan associations and other financial institutions and all persons, firms or corporations which collect and hold funds in escrow for payment of ad valorem taxes on real property covered by the respective accounts shall, if on August 1 of any year sufficient funds have accumulated in any account for the payment of the ad valorem taxes due on the real property covered by such account, pay such escrowed taxes to the county collector on or before August 15.

SECTION 2. Any bank, savings and loan association or other financial institution or any person, firm or corporation subject to the provisions of Section 1 which fails to comply with the provisions of Section 1 shall be subject to a penalty of ten percent (10%) of the amount of the total taxes due. All such penalties shall be paid from funds of the escrow agent and in no event shall penalties for failure to comply with Section 1 hereof be charged against the escrow account.

SECTION 3. All penalties collected by the county collector under Section 2 above shall be credited to the various taxing units of the county in the respective proportions that each taxing unit shares in real property taxes collected by the county.

SECTION 4. Nothing herein shall be construed to require escrow agents to

accelerate or increase monthly assessments for the collection of real property taxes, it being the intention of the General Assembly to provide for an earlier payment of said taxes to the county collector only in those instances where sufficient funds are accumulated in an escrow account by August 1 of each calendar year. All other escrowed real property taxes shall be paid in accordance with the provisions of Ark. Code Ann. §26-35-501(a)(1).

SECTION 5. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 6. Ark. Code Ann. §26-35-101 is hereby repealed.

SECTION 7. EMERGENCY. It is hereby found and determined by the General Assembly that earlier starting dates for public schools have created severe cash flow problems for certain school districts who must borrow funds against real property tax monies said districts are to receive later in the tax year and that earlier payment of a portion of said real estate taxes, already sufficiently accumulated in the possession of escrow holders, would greatly benefit the financial administration of the public schools. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.