

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative *Thicksten and McGinnis*

A Bill

HOUSE BILL 1739

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."

Subtitle

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

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

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.*
29 *For taxable years beginning on and after January 1, 1996 there is hereby*
30 *levied an income tax surcharge of ten percent (10%) of the tax liability of*
31 *every individual resident of each local school district not levying the base*
32 *millage 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*

1 his or her local school district subsequently levies the base millage between
2 December 1 of the certification year and the time the individual's tax return
3 for the taxable year following the certification year is required to be
4 filed.

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

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

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

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

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35 SECTION 6. All provisions of this act of a general and permanent

1 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
2 Code Revision Commission shall incorporate the same in the Code.

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

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

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/s/Rep. Thicksten, et al

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As Engrossed: 2/21/95 3/1/95 3/27/95 3/28/95 3/29/95

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