

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995

A Bill

SENATE BILL 110

4 By: Senators Hardin and Gwatney

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For An Act To Be Entitled

8 "AN ACT TO REVISE ARKANSAS CODE ANNOTATED § 15-5-405 TO
9 ELIMINATE THE ANNUAL DEBT SERVICE LIMITATION IN ORDER TO
10 ENABLE THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY TO
11 PROVIDE SHORT TERM, VARIABLE RATE FINANCING AT THE LOWEST
12 POSSIBLE INTEREST COST; AND FOR OTHER PURPOSES."

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Subtitle

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15 "REVISE ARK. CODE §15-5-405 TO ELIMINATE
16 THE ANNUAL DEBT SERVICE LIMITATION IN
17 ORDER TO ENABLE THE ARKANSAS DEVELOPMENT
18 FINANCE AUTHORITY TO PROVIDE SHORT TERM,
19 VARIABLE RATE FINANCING AT THE LOWEST
20 POSSIBLE INTEREST COST."

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

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24 SECTION 1. Arkansas Code Annotated § 15-5-405 is amended to read as
25 follows:

26 "§ 15-5-405. When bonds may be guaranteed.

27 Amortization payments on qualified bonds may be guaranteed in instances
28 when:

29 (1) The authority deems the utilization of the guaranty is in
30 the best interest of the economic development of the State of Arkansas;

31 (2) The total amount of qualified bonds guaranteed at any time
32 under this subchapter will be the lesser of:

33 (A) One hundred fifty million dollars (\$150,000,000); or

34 (B) An amount equal to ten (10) times the amount on
35 deposit at that time in the Guaranty Reserve Account.

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(3) The developer of the project involved is not permitted to purchase or own at any time any of such bonds;

(4) The developer is found to be financially responsible and that sufficient income may reasonably be expected to amortize in an orderly manner amortization payments of the qualified bonds; and

(5) A financial institution participates in the financing necessary to accomplish the project; however, the authority may waive this requirement in the exercise of its sound discretion, upon a sufficient showing by the developer that such participation cannot be obtained, or is not feasible because of justifiable circumstances, and the project involved otherwise meets the other conditions of this section and § 15-5-406."

SECTION 2. 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 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 5. EMERGENCY. It is hereby found and determined by the General Assembly that the present annual debt service limitation on the amount of bond guarantees under the Arkansas Development Finance Authority Bond Guarantee Act of 1985 in effect precludes the Authority from making short term, variable rate and working capital loans for economic development which are necessary for the continued expansion of industry within the state; that an acute shortage of working capital financing presently exists which is detrimental to the economic development of the state, and that the economic well being of the citizens of the state of Arkansas will be enhanced by

1 providing short term, variable rate, and working capital loans for economic
2 development at the lowest possible interest cost. Therefore, an emergency is
3 hereby declared to exist and this act being necessary for the immediate
4 preservation of the public peace, health and safety shall be in full force
5 and effect from and after its passage and approval.

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