

Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.

1 State of Arkansas *As Engrossed: H3/2/99 H3/31/99*
2 82nd General Assembly
3 Regular Session, 1999
4
5 By: Representatives T. Thomas, R. Smith, Harris, Lynn, Sheppard, Salmon
6
7

HJR 1012

HOUSE JOINT RESOLUTION

9 " A PROPOSED AMENDMENT TO THE ARKANSAS CONSTITUTION;
10 TO AUTHORIZE CITIES AND COUNTIES TO FORM REDEVELOPMENT
11 DISTRICTS AND TO ISSUE BONDS FOR REDEVELOPMENT
12 PROJECTS IN THE DISTRICTS; TO AUTHORIZE THE DIVISION
13 OF AD VALOREM TAXES LEVIED BY ANY TAXING UNIT AGAINST
14 PROPERTY IN THE DISTRICT SO THAT THE AD VALOREM TAXES
15 LEVIED AGAINST ANY INCREASE IN THE ASSESSED VALUE OF
16 PROPERTY IN THE DISTRICT SHALL BE USED TO PAY THE
17 BONDS; TO DEFINE REDEVELOPMENT PROJECTS; TO LIMIT THE
18 EFFECT OF ARTICLE XVI, SECTION 14; TO PROVIDE THAT
19 MUNICIPALITIES AND COUNTIES MAY INCUR SHORT-TERM
20 FINANCING OBLIGATIONS HAVING A TERM NOT TO EXCEED FIVE
21 (5) YEARS AND BEARING INTEREST AT EITHER A FIXED OR
22 VARIABLE RATE, FOR THE PURPOSE OF ACQUIRING,
23 CONSTRUCTING, INSTALLING OR RENTING REAL PROPERTY OR
24 TANGIBLE PERSONAL PROPERTY HAVING AN EXPECTED USEFUL
25 LIFE OF MORE THAN ONE (1) YEAR; TO PROVIDE THAT THE
26 MAXIMUM LAWFUL RATE OF INTEREST FOR FIXED RATE
27 OBLIGATIONS IS THE FORMULA RATE IN EFFECT WHEN THE
28 OBLIGATION IS INCURRED, AND THAT THE MAXIMUM LAWFUL
29 RATE OF INTEREST FOR VARIABLE RATE OBLIGATIONS IS THE
30 FORMULA RATE IN EFFECT WHEN THE INTEREST ACCRUES; TO
31 DEFINE "FORMULA RATE" AS THAT RATE OF INTEREST WHICH
32 IS FIVE PERCENTAGE POINTS (5%) ABOVE THE EQUIVALENT
33 BOND YIELD OF ONE YEAR U. S. TREASURY BILLS OFFERED BY
34 THE U. S. TREASURY AT THE LAST AUCTION DURING THE
35 IMMEDIATELY PRECEDING CALENDAR QUARTER, CALCULATED BY
36 ROUNDING UP TO THE NEAREST ONE-FOURTH OF ONE

JMB063

0205990318. JMB063

1 PERCENTAGE POINT (0.25%) AND ANNOUNCED BY THE STATE
 2 BANK COMMISSIONER FROM TIME TO TIME; TO PROVIDE THAT
 3 THE AGGREGATE PRINCIPAL AMOUNT OF SHORT-TERM FINANCING
 4 OBLIGATIONS INCURRED BY A MUNICIPALITY OR A COUNTY
 5 PURSUANT TO THIS AMENDMENT SHALL NOT EXCEED FIVE
 6 PERCENT (5%) OF THE ASSESSED VALUE OF TAXABLE PROPERTY
 7 LOCATED WITHIN THE MUNICIPALITY OR TWO AND ONE HALF
 8 PERCENT (2½ %) OF THE ASSESSED VALUE OF TAXABLE
 9 PROPERTY LOCATED WITHIN THE COUNTY; TO PROVIDE THAT
 10 THE TOTAL ANNUAL PRINCIPAL AND INTEREST PAYMENTS IN
 11 EACH FISCAL YEAR ON ALL OUTSTANDING OBLIGATIONS
 12 PURSUANT TO THIS AMENDMENT SHALL BE PAID FROM THE
 13 GENERAL REVENUES FOR SUCH FISCAL YEAR; TO PROVIDE THAT
 14 THE AUTHORITY CONFERRED BY THIS AMENDMENT SHALL BE IN
 15 ADDITION TO THE AUTHORITY OF MUNICIPALITIES AND
 16 COUNTIES TO ISSUE BONDS AND OTHER DEBT OBLIGATIONS
 17 PURSUANT TO OTHER PROVISIONS OF THE CONSTITUTION AND
 18 LAWS OF THE STATE; TO DEFINE OTHER TERMS IN THE
 19 AMENDMENT; AND TO PROVIDE THAT THE AMENDMENT SHALL BE
 20 SELF-EXECUTING. "

Subtitle

21
 22
 23 "THE CITY AND COUNTY GOVERNMENT
 24 REDEVELOPMENT BOND AND SHORT TERM
 25 FINANCING AMENDMENT. "

26
 27
 28 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-SECOND
 29 GENERAL ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY
 30 OF ALL MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

31
 32 That the following is hereby proposed as an amendment to the
 33 Constitution of the State of Arkansas, and upon being submitted to the
 34 electors of the state for approval or rejection at the next general election
 35 for Senators and Representatives, if a majority of the electors voting thereon
 36 at such election adopt such amendment, the same shall become a part of the

1 Constitution of the State of Arkansas, to wit:

2
3 SECTION 1. *Redevelopment Projects.*

4 (a) Any city or county may form a redevelopment district for the purpose
5 of financing one (1) or more redevelopment projects within the district.

6 (b) A city or county which has formed a redevelopment district may issue
7 bonds for the purpose of financing capital improvements for redevelopment
8 projects within the district. The bonds may be secured by and be payable from
9 all or a portion of the division of ad valorem taxes in the district provided
10 for in (d) below. The bonds shall not be considered in calculating debt limits
11 for bonds issued pursuant to Article XII, Section 4, of the Arkansas
12 Constitution and shall not be subject to the provisions of Article XVI,
13 Section 1 of the Arkansas Constitution or Amendments 62 or 65 to the Arkansas
14 Constitution.

15 (c) For purposes of this section, the term "redevelopment project" means
16 an undertaking for eliminating, or preventing the development or spread of,
17 slums or blighted, deteriorated, or deteriorating areas, for discouraging the
18 loss of commerce, industry, or employment, or for increasing employment, or
19 any combination thereof, as may be defined by the General Assembly.

20 (d) The General Assembly may provide that the ad valorem taxes levied by
21 any taxing unit, in which is located all or part of an area included in a
22 redevelopment district, may be divided so that all or part of the ad valorem
23 taxes levied against any increase in the assessed value of property in the
24 area obtaining after the effective date of the ordinance approving the
25 redevelopment plan for the district shall be used to pay any indebtedness
26 incurred for the redevelopment project; provided, however, there shall be
27 excluded from the division all ad valorem taxes for debt service approved by
28 voters in a taxing unit prior to the effective date of this amendment.

29 (e) After the effective date of an ordinance approving the redevelopment
30 plan for the district, no increase in the assessed value of property in a
31 redevelopment district shall be taken into account for purposes of calculating
32 increases in the aggregate value of taxable real and personal property in a
33 taxing unit pursuant to Article XVI, Section 14 of the Arkansas Constitution.

34 (f) Any provision of the Constitution of the State of Arkansas in
35 conflict with this section is repealed insofar as it is in conflict with this
36 amendment.

1 (g) The General Assembly shall provide for the implementation of this
2 section by law.

3
4 SECTION 2. (a) For the purpose of acquiring, constructing,
5 installing or renting real property or tangible personal property having an
6 expected useful life of more than one (1) year, municipalities and counties
7 may incur short-term financing obligations maturing over a period of, or
8 having a term, not to exceed five (5) years. Such obligations may bear
9 interest at either:

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

14 (2) a rate which may vary at such times and under such
15 circumstances as the parties may agree, whether or not the interest rate in
16 fact varies, but not to exceed the maximum lawful rate of interest for
17 variable rate obligations. The maximum lawful rate of interest for fixed rate
18 obligations is the formula rate in effect on the date the obligation is
19 incurred, regardless of when such interest is to begin to accrue. The maximum
20 lawful rate of interest for variable rate obligations is the formula rate in
21 effect on the date such interest accrues. The aggregate principal amount of
22 short-term financing obligations incurred by a municipality or a county
23 pursuant to this section shall not exceed five percent (5%) of the assessed
24 value of taxable property located within the municipality or two and one half
25 percent (2½ %) of the assessed value of taxable property located within the
26 county, as determined by the last tax assessment completed before the last
27 obligation was incurred by the city or county. The total annual principal and
28 interest payments in each fiscal year on all outstanding obligations of a
29 municipality or a county pursuant to this section shall be charged against and
30 paid from the general revenues for such fiscal year, which may include road
31 fund revenues. Tax revenues earmarked for solid waste disposal purposes may be
32 used to pay printing and other costs associated with bonds issued under this
33 amendment for solid waste disposal purposes.

34 (b) As used here:

35 (1) "Short-term financing obligation" means a debt, a note, an
36 installment purchase agreement, a lease, a lease-purchase contract, or any

1 other similar agreement, whether secured or unsecured; provided, that the
2 obligation shall mature over a period of, or have a term, not to exceed five
3 (5) years;

4 (2) "Formula rate" means that rate of interest which is five
5 percentage points (5%) above the equivalent bond yield of one year United
6 States Treasury Bills offered by the United States Treasury at the last
7 auction during the immediately preceding calendar quarter, calculated by
8 rounding up to the nearest one-fourth of one percentage point (0.25%) (unless
9 the equivalent bond yield is already by a multiple of one-fourth of one
10 percentage point), and announced by the State Bank Commissioner (or such
11 successor official who may be performing substantially the same duties) from
12 information available from the Federal Reserve System of the United States.
13 The calculation of the formula rate shall be made on or before the tenth
14 (10th) day of each calendar quarter. The formula rate so calculated shall be
15 effective on the eleventh (11th) day of the calendar quarter and shall
16 continue in effect until the formula rate for the succeeding calendar quarter
17 shall have been calculated and becomes effective. If, for any reason, the
18 United States ceases to issue one year Treasury Bills, such calculation shall
19 be made using a debt instrument of the United States having substantially the
20 same general character and maturity. The calculation and announcement of the
21 formula rate by the State Bank Commissioner shall be final.

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

23
24 SECTION 3. The authority conferred by this amendment shall be in
25 addition to the authority of municipalities and counties to issue bonds and
26 other debt obligations pursuant to Amendments 62, 65, and 72, and other
27 provisions of the Constitution and laws of the state.

28
29 SECTION 4. This amendment becomes effective on January 1, 2001.

30 /s/ T. Thomas, et al
31
32
33
34
35
36