

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

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

SJR 4

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5 By: Senator Wooldridge

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8 **SENATE JOINT RESOLUTION**

9 PROPOSING AN AMENDMENT TO THE ARKANSAS
10 CONSTITUTION TO AMEND SECTION 1 OF AMENDMENT 78
11 CONCERNING CITY AND COUNTY REDEVELOPMENT
12 PROJECTS.

13
14 **Subtitle**

15 PROPOSING AN AMENDMENT TO THE ARKANSAS
16 CONSTITUTION CONCERNING CITY AND COUNTY
17 REDEVELOPMENT PROJECTS.

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20 BE IT RESOLVED BY THE SENATE OF THE EIGHTY-FIFTH GENERAL ASSEMBLY OF THE
21 STATE OF ARKANSAS AND BY THE HOUSE OF REPRESENTATIVES, A MAJORITY OF ALL
22 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

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24 That the following is proposed as an amendment to the Constitution of
25 the State of Arkansas, and upon being submitted to the electors of the state
26 for approval or rejection at the next general election for Senators and
27 Representatives, if a majority of the electors voting thereon at the
28 election, adopt the amendment, the amendment shall become a part of the
29 Constitution of the State of Arkansas, to wit:

30
31 SECTION 1. Section 1 of Amendment 78 to the Arkansas Constitution is
32 amended to read as follows:

33 1. Redevelopment Projects.

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



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

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

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

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

30 (f) Any provision of the Constitution of the State of Arkansas in
 31 conflict with this section is repealed insofar as it is in conflict with this
 32 amendment.

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

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 36 2. [Short-term financing obligations].

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

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

10 (2) a rate which may vary at such times and under such
 11 circumstances as the parties may agree, whether or not the interest rate in
 12 fact varies, but not to exceed the maximum lawful rate of interest for
 13 variable rate obligations. The maximum lawful rate of interest for fixed
 14 rate obligations is the formula rate in effect on the date the obligation is
 15 incurred, regardless of when such interest is to begin to accrue. The
 16 maximum lawful rate of interest for variable rate obligations is the formula
 17 rate in effect on the date such interest accrues. The aggregate principal
 18 amount of short-term financing obligations incurred by a municipality or a
 19 county pursuant to this section shall not exceed five percent (5%) of the
 20 assessed value of taxable property located within the municipality or two and
 21 one half percent (2.5%) of the assessed value of taxable property located
 22 within the county, as determined by the last tax assessment completed before
 23 the last obligation was incurred by the city or county. The total annual
 24 principal and interest payments in each fiscal year on all outstanding
 25 obligations of a municipality or a county pursuant to this section shall be
 26 charged against and paid from the general revenues for such fiscal year,
 27 which may include road fund revenues. Tax revenues earmarked for solid waste
 28 disposal purposes may be used to pay printing and other costs associated with
 29 bonds issued under this amendment for solid waste disposal purposes.

30 (b) As used here:

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

36 (2) "Formula rate" means that rate of interest which is five

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

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

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 20 3. [Scope of authority to incur debt].

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

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