

ARKANSAS SENATE
83rd General Assembly - Regular Session, 2001
Amendment Form

Subtitle of Senate Bill No. 570

"TO REQUIRE MUNICIPALITIES AND COUNTIES TO RECEIVE AUTHORIZATION BY
THE DEPARTMENT OF EDUCATION PRIOR TO DEALING IN OR DISPOSING OF LANDS
FOR THE PURPOSE OF DEVELOPING INDUSTRIES."

Amendment No. 3 to Senate Bill No. 570.

Amend Senate Bill No. 570 as engrossed, S3/21/01:

Page 1, delete lines 10 through 24 and substitute:

"AN ACT TO REQUIRE MUNICIPALITIES AND COUNTIES TO NEGOTIATE IN LIEU-OF-TAX PAYMENTS WHEN NEGOTIATING A CONTRACT FOR SALE OF PROPERTY OR LEASE OF PROPERTY TO A PRIVATE FOR PROFIT ENTITY; TO REQUIRE THE SENATE AND HOUSE INTERIM COMMITTEES ON EDUCATION, THE SENATE AND HOUSE INTERIM COMMITTEES ON INSURANCE AND COMMERCE, AND THE SENATE AND HOUSE INTERIM COMMITTEES ON REVENUE AND TAXATION TO CONDUCT A STUDY OF THE IMPACT OF IN-LIEU-OF-TAX PAYMENTS ON STATE FUNDING OF PUBLIC SCHOOLS; AND FOR OTHER PURPOSES."

AND

Page 1, delete lines 27 through 31 and substitute:

"REQUIRES MUNICIPALITIES AND COUNTIES TO NEGOTIATE IN LIEU-OF-TAX PAYMENTS WHEN NEGOTIATING A CONTRACT FOR SALE OF PROPERTY OR LEASE OF PROPERTY TO A PRIVATE FOR PROFIT ENTITY."

AND

Delete everything after the enacting clause and substitute:

"SECTION 1. Arkansas Code 14-164-703 is amended to read as follows:
14-164-703. Payments in lieu of taxes.

(a) In the event that a county or municipality and a lessee under a lease, or a purchaser under a contract of sale, enter into an agreement for payments in lieu of ad valorem taxes, each agreement shall provide, or, by virtue of this subchapter, shall be interpreted as providing, that all in-lieu-of-taxes payments shall be distributed to the political subdivisions which would have received ad valorem tax payments on the industrial facilities if the interest involved had not been exempt from ad valorem taxes in the proportions that the millage levied by each affected political subdivision bears to the millage levied by all affected political

subdivisions, unless all such political subdivisions, including the affected school district or districts, shall otherwise agree.

(b)(1) From July 1, 2001 through June 30, 2003, when any city or county enters into a lease of city or county property or enters into a contract for sale of city or county property to a private for-profit entity under this subchapter or any other provision of law or the Constitution of Arkansas for the purpose of securing and developing industry, the lease or contract for sale shall include an obligation that the lessee or purchaser make payments in lieu of property taxes in an amount as negotiated between the parties except the aggregate amount of the payments during the initial term of the lease or contract for sale shall be not less than thirty-five percent (35%) of the aggregate amount of ad valorem taxes that would be paid if the property were on the tax rolls, unless the Director of the Department of Economic Development and the Chief Fiscal Officer of the State approve a lesser amount.

(2) The obligation may be contained in a separate agreement at the option of the parties to the lease or contract for sale.

(c) From July 1, 2001 through June 30, 2003, prior to meeting of city or county officials where action might be taken regarding approval of in-lieu-of-tax payments, the city or county shall give at least ten (10) days notice to the superintendent of each school district in which all or any part of the property which is subject to the lease or contract of sale is located, and to the Chief Fiscal Officer of the State as to the date, time, and place of the meeting.

(d) Subsection (a) and (b) of this section shall not apply to:

(1) Any agreement existing prior to July 1, 2001;

(2) Any agreement entered into on or after July 1, 2001 pursuant to a memorandum of intent or agreement to issue bonds authorized by any city or county prior to July 1, 2001; and

(3) Any agreement entered into on or after July 1, 2001 related to a project covered by a financial incentive proposal from the Arkansas Department of Economic Development dated prior to July 1, 2001.

(b)(e) Nothing in this section shall be construed as affecting in any manner the rights or obligations of any of the parties to any such agreements existing on the date of enactment of this subchapter providing for payments in lieu of ad valorem taxes.

SECTION 3. The Senate and House Interim Committees on Education, the Senate and House Interim Committees on Insurance and Commerce, and the Senate and House Interim Committees on Revenue and Taxation, shall conduct a study of the impact of in-lieu-of-tax payments on state funding of the public schools and shall study the process of negotiating in-lieu-of-tax payments and draft any necessary legislation to improve the process.

SECTION 4. EMERGENCY. It is hereby found and determined by the General Assembly that the adequate funding of public schools is imperative; that the public schools are currently in dire need of additional funding; that this act will cause more resources to be made available to the public schools; that the sooner this act goes into effect, the sooner public schools will receive additional resources. Therefore an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on the date of its

approval by the Governor. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto.

The Amendment was read the first time, rules suspended and read the second time and _____

**By: Senator P. Malone
MG/VJF - 032920011613
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Secretary