

⑥ City of Conway - enw

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ORDINANCE NO. 0-11

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351388

D. C.

AN ORDINANCE CALLING AND SETTING A DATE FOR A SPECIAL ELECTION ON THE QUESTIONS OF (1) THE LEVY OF A GENERAL LOCAL SALES AND USE TAX AT THE RATE OF ONE-EIGHTH OF ONE PERCENT (0.125%) WITHIN THE CITY, AND (2) THE ISSUANCE OF NOT TO EXCEED \$6,000,000 OF REFUNDING BONDS BY THE CITY FOR THE PURPOSE OF REDEEMING THE CITY'S OUTSTANDING SALES AND USE TAX CAPITAL IMPROVEMENT BONDS, SERIES 2006B; LEVYING THE GENERAL LOCAL SALES AND USE TAX AT THE RATE OF ONE-EIGHTH OF ONE PERCENT (0.125%) WITHIN THE CITY TO BE PLEDGED TO THE PAYMENT OF THE BONDS AS NEEDED; LEVYING A SPECIAL LOCAL SALES AND USE TAX AT THE RATE OF ONE-EIGHTH OF ONE PERCENT (0.125%) WITHIN THE CITY TO BE PLEDGED TO THE PAYMENT OF THE BONDS, WHICH TAX SHALL CEASE UPON RETIREMENT OF THE BONDS; PRESCRIBING OTHER MATTERS PERTAINING THERETO; AND DECLARING AN EMERGENCY.

**WHEREAS**, the City of Conway, Arkansas (the "City") has previously issued and there are presently outstanding its Sales and Use Tax Capital Improvement Bonds, Series 2006B, in the aggregate principal amount of \$6,040,000 (the "Prior Bonds"); and

**WHEREAS**, the City Council of the City has determined that significant debt service savings can be realized and additional revenues can be obtained to finance critical City operations by restructuring existing City indebtedness secured by sales and use tax receipts through the refunding of the Prior Bonds; and

**WHEREAS**, Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Municipal General Sales and Use Tax Act") authorizes the levy of general citywide sales and use taxes of up to one percent (1.000%) in increments of one-eighth of one percent (0.125%); and

**WHEREAS**, Amendment 62 to the Constitution of the State of Arkansas ("Amendment 62") and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Local Government Bond Act") authorize the issuance of capital improvement bonds by municipalities, which bonds may be secured by the pledge of (i) all or a portion of the receipts of the general citywide sales and use tax prescribed by the Municipal General Sales and Use Tax Act and (ii) all of the receipts of the special citywide sales and use tax prescribed by the Local Government Bond Act; and

**WHEREAS**, if approved by the electors of the City, the City has determined to issue its refunding bonds in principal amount not to exceed \$6,000,000 (the "Refunding Bonds") for the purpose of redeeming all of the outstanding Prior Bonds, which Refunding Bonds are to be secured by a pledge of and lien upon (i) all of the receipts of a one-eighth of one percent (0.125%) special citywide sales and use tax (the "Special Sales and Use Tax") and (ii) all of the receipts of a one-eighth of one percent (0.125%) general citywide sales and use tax (the "General Sales and Use Tax"), all as authorized by the Local Government Bond Act; and

**WHEREAS**, receipts of the General Sales and Use Tax will be utilized to the extent needed, after application of the receipts of the Special Sales and Use Tax, for the payment of scheduled debt service on the Refunding Bonds, and thereafter may be utilized at the direction of the City Council for any permitted municipal purpose; and

**WHEREAS**, the purpose of this Ordinance is to call a special election on the levy by the City of the General Sales and Use Tax and the issuance by the City of the Refunding Bonds;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Conway, Arkansas:

**Section 1.** That under the authority of the Municipal General Sales and Use Tax Act and subject to approval by the electors of the City of both questions set forth in Section 5 below, there is hereby levied (i) a sales tax at the rate of one-eighth of one percent (0.125%) on the gross receipts from the sale at retail within the City of all items and services which are subject to taxation under the Arkansas Gross Receipts Act of 1941, as amended (Arkansas Code of 1987 Annotated §26-52-101 *et seq.*), and (ii) an excise (or use) tax at the rate of one-eighth of one percent (0.125%) on the storage, use, distribution or other consumption within the City of tangible personal property or taxable services subject to taxation under the Arkansas Compensating Tax Act of 1949, as amended (Arkansas Code of 1987 Annotated §26-53-101 *et seq.*), on the sale price of the property or, in the case of leases or rentals, on the lease or rental price (collectively, the "General Sales and Use Tax"). The General Sales and Use Tax shall be levied, and the net collections received after deduction of the administrative charges of the State of Arkansas and required rebates shall be utilized for the payment of debt service on the Refunding Bonds, to the extent needed after application of the net collections of the Special Sales and Use Tax, and shall thereafter be distributed only to the City for use as directed by the City Council for any permitted municipal purpose. The General Sales and Use Tax shall be levied and collected only on the gross receipts, gross proceeds or sales price in the maximum amount allowed from time to time under Arkansas law, subject to rebates and limitation as required for certain "single transactions" as from time to time required by Arkansas statutes. The levy and collection of the General Sales and Use Tax shall commence on and as of such date as provided in the Municipal General Sales and Use Tax Act.

**Section 2.** That under the authority of the Local Government Bond Act and subject to approval by the electors of the City of both questions set forth in Section 5 below, there is hereby levied (i) a sales tax at the rate of one-eighth of one percent (0.125%) on the gross receipts from the sale at retail within the City of all items and services which are subject to taxation under the Arkansas Gross Receipts Act of 1941, as amended (Arkansas Code of 1987 Annotated §26-52-101 *et seq.*), and (i) an excise (or use) tax at the rate of one-eighth of one percent (0.125%) on the storage, use, distribution or other consumption within the City of tangible personal property or taxable services subject to taxation under the Arkansas Compensating Tax Act of 1949, as amended (Arkansas Code of 1987 Annotated §26-53-101 *et seq.*), on the sale price of the property or, in the case of leases or rentals, on the lease or rental price (collectively, the "Special Sales and Use Tax"). The Special Sales and Use Tax shall be levied, and the net collections received after deduction of the administrative charges of the State of Arkansas and required rebates shall be utilized only for the payment of debt service on the Refunding Bonds. The Special Sales and Use Tax shall be levied and collected only on the gross receipts, gross

proceeds or sales price in the maximum amount allowed from time to time under Arkansas law, subject to rebates and limitation as required for certain "single transactions" as from time to time required by Arkansas statutes. The levy and collection of the Special Sales and Use Tax shall commence on and as of such date as provided in the Local Government Bond Act and shall cease upon retirement in full of the Refunding Bonds.

**Section 3.** That under the authority of Amendment 62 and the Local Government Bond Act and subject to approval by the electors of the City of both questions as provided in Section 5 below, there is hereby authorized the issuance of the City's refunding bonds in the aggregate principal amount of not to exceed \$6,000,000 (the "Refunding Bonds") for the purpose of redeeming the City's outstanding Sales and Use Tax Capital Improvement Bonds, Series 2006B (the "Prior Bonds"). If approved by the electors of the City and issued, the Refunding Bonds shall be secured by a pledge of and a lien upon all of the receipts of the Special Sales and Use Tax and the General Sales and Use Tax, as authorized by the Local Government Bond Act.

**Section 4.** That there be, and there is hereby called, a special election to be held on Tuesday, May 10, 2011, at which election there shall be submitted to the electors of the City the question of the levy of the General Sales and Use Tax and the question of the issuance of the Refunding Bonds.

**Section 5.** That the questions shall be placed on the ballot for the special election in substantially the following forms:

#### **SPECIAL ELECTION ON CITY SALES AND USE TAX LEVY AND BOND ISSUANCE**

Upon approval of both Questions 1 and 2, and upon the issuance of the Refunding Bonds (defined in Question 2), the City's existing levy of a one-quarter of one percent (0.250%) special sales and use tax securing the Prior Bonds (defined in Question 2) shall cease and such tax will be replaced by the one-eighth of one percent (0.125%) General Sales and Use Tax (defined in Question 1) and the one-eighth of one percent (0.125%) Special Sales and Use Tax (defined in Question 2).

##### Question One:

There is submitted to the qualified electors of the City of Conway, Arkansas, the question of the levy of a general citywide sales and use tax at the rate of one-eighth of one percent (0.125%) (the "General Sales and Use Tax") pursuant to Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Municipal General Sales and Use Tax Act"). If approved by the electors of the City, receipts of the General Sales and Use Tax will be utilized to the extent needed, after application of the receipts of the Special Sales and Use Tax (defined in Question 2 below), for the payment of scheduled debt service on the Refunding Bonds (defined in Question 2 below), and thereafter may be utilized at the direction of the City Council for any permitted municipal purpose. If approved, the levy and collection of the General Sales and Use Tax shall commence on and as of October 1, 2011. If the issuance of the Refunding Bonds (defined in

Question 2 below) is not approved, the General Sales and Use Tax will not be levied.

Vote on the question by placing an "X" in one of the squares following the question, either for or against:

FOR adoption of a one-eighth of one percent (0.125%) local sales and use tax within the City of Conway, Arkansas.....

AGAINST adoption of a one-eighth of one percent (0.125%) local sales and use tax within the City of Conway, Arkansas.....

Question Two:

There is also submitted to the qualified electors of the City of Conway, Arkansas, the question of the issuance of refunding bonds in principal amount not to exceed \$6,000,000 (the "Refunding Bonds") pursuant to Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Local Government Bond Act") for the purpose of refunding the City's outstanding Sales and Use Tax Capital Improvement Bonds, Series 2006B (the "Prior Bonds"). If the issuance of the Refunding Bonds is approved, the Refunding Bonds shall be secured by a pledge of and lien upon (i) all of the receipts of a special citywide sales and use tax at the rate of one-eighth of one percent (0.125%) levied pursuant to the Local Government Bond Act (the "Special Sales and Use Tax") and (ii) all of the receipts of the General Sales and Use Tax (defined in Question 1 above). If the issuance of the Refunding Bonds is approved, the levy and collection of the Special Sales and Use Tax shall commence on and as of October 1, 2011, and shall cease upon retirement of the Refunding Bonds. Upon the issuance of the Refunding Bonds, the City's existing levy of one-quarter of one percent (0.250%) sales and use tax securing the Prior Bonds shall cease as provided in the Local Government Bond Act. If the levy of the General Sales and Use Tax is not approved, the Refunding Bonds will not be issued and the Special Sales and Use Tax will not be levied.

Vote on the question by placing an "X" in one of the squares following the question, either for or against:

FOR the issuance of Refunding Bonds in principal amount not to exceed \$6,000,000 .....

AGAINST the issuance of Refunding Bonds in principal amount not to exceed \$6,000,000 .....

**Section 6.** That the election shall be held and conducted and the vote canvassed and the results declared under the law and in the manner now provided for Arkansas municipal elections unless otherwise provided in the Local Government Bond Act, and only qualified voters of the City shall have the right to vote at the election. The City Clerk is hereby directed to

give notice of the special election by one advertisement in *The Log Cabin Democrat*, the publication to be not less than ten (10) days prior to the date of the election.

**Section 7.** That a copy of this Ordinance shall be given to the Faulkner County Board of Election Commissioners so that the necessary election officials and supplies may be provided. A certified copy of this Ordinance shall also be provided to the Director of the Department of Finance and Administration of the State of Arkansas as soon as practical, and at least forty-five (45) days prior to the date of the special election.

**Section 8.** That the results of the special election shall be proclaimed by the Mayor, and his proclamation shall be published one time in *The Log Cabin Democrat*. The proclamation shall advise that the results as proclaimed shall be conclusive unless attacked in the Circuit Court of Faulkner County within thirty (30) days after the date of publication of the proclamation.

**Section 9.** That the Mayor and the City Clerk, for and on behalf of the City, be, and they hereby are authorized and directed to do any and all things necessary to call and hold the special election as herein provided and, if the levy of the General Sales and Use Tax and the issuance of the Refunding Bonds are approved by the electors, to cause the General Sales and Use Tax and the Special Sales and Use Tax to be collected in accordance with the Municipal General Sales and Use Tax Act and the Local Government Bond Act, respectively, and to perform all acts of whatever nature necessary to carry out the authority conferred by this Ordinance.

**Section 10.** That all ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

**Section 11.** That it is hereby ascertained and declared that there is a critical need to restructure the City's outstanding indebtedness through the refunding of the Prior Bonds and to obtain an additional source of revenue to finance critical City operations, all in order to promote and protect the health, safety and welfare of the inhabitants of the City. It is, therefore, declared that an emergency exists and this Ordinance being necessary for the immediate preservation of public peace, health and safety shall be in force and effect immediately from and after its passage.

PASSED AND APPROVED this 8<sup>th</sup> day of March, 2011.

APPROVED:

By:   
Mayor

ATTEST:

By:   
City Clerk

(S E A L)