

AN ORDINANCE CALLING A SPECIAL ELECTION IN THE CITY OF GASSVILLE, ARKANSAS ON THE QUESTION OF ISSUING BONDS UNDER AMENDMENT NO. 62 TO THE CONSTITUTION OF THE STATE OF ARKANSAS FOR THE PURPOSE OF FINANCING THE COSTS OF CAPITAL IMPROVEMENTS; LEVYING A ONE PERCENT (1%) SALES AND USE TAX FOR THE SOLE PURPOSE OF RETIRING SUCH BONDS; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council of the City of Gassville, Arkansas (the "City") has determined that it would be in the best interests of the City to acquire, construct and equip extensions, betterments and improvements to the City's sewer system (the "Sewer Improvements"); and

WHEREAS, the total estimated cost of the Sewer Improvements is \$1,755,000; and

WHEREAS, the City Council has determined that it would be in the best interest of the City to issue capital improvement bonds under the authority of Amendment No. 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 "Authorizing Legislation") in the maximum principal amount of \$1,800,000 (which sum includes a reasonable provision for contingencies) for the purpose of financing the Sewer Improvements; and

WHEREAS, such principal amount includes expenses of authorizing and issuing the capital improvement bonds and of funding a debt service reserve; and

WHEREAS, the City can pay the principal of and interest on the capital improvement bonds from (a) the proceeds of a new one percent (1%) sales and use tax to be levied under the authority of the Authorizing Legislation and (b) revenues of the City's water and sewer system (the "System"); and

WHEREAS, the purpose of this Ordinance is to submit to the electors of the City the question of issuing the capital improvement bonds for the Sewer Improvements under Amendment 62 and the Authorizing Legislation (the "Bonds") at a special election to be called for that purpose and to levy a sales and use tax at the rate of one percent (1%) on the receipts from the sales at retail within the City of all items which are subject to taxation under the Arkansas Gross Receipts Act of 1941, as amended (A.C.A. §§26-52-101, et seq.), and the receipts from storing, distributing, using or consuming within the City tangible personal property under the Arkansas Compensating Tax Act of 1949, as amended (A.C.A. §§26-

53-101, et seq.) (collectively, the "Bond Tax" or the "Sales and Use Tax");

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

Section 1. There is hereby called a special election to be held on June 5, 2001, at which election there shall be submitted to the electors of the City the question of issuing the Bonds under Amendment 62 and the Authorizing Legislation for the Sewer Improvements in the principal amount set forth above, to be payable from collections of the Sales and Use Tax remaining after the State of Arkansas deducts its administrative charges and from revenues of the System.

Section 2. In order to provide for the payment of the principal of and interest on the Bonds and all obligations of the City in connection therewith, there is hereby levied the Sales and Use Tax. The levy of the Sales and Use Tax shall not become effective until the special election called in Section 1 above has been held and the issuance of the Bonds is approved by the voters. The Sales and Use Tax shall be levied and collected only on the first \$2,500 of gross receipts, gross proceeds or sales price from each single transaction. "Single transaction" is defined according to the nature of the goods purchased as follows:

a. When two or more devices in which, upon which or by which any person or property is, or may be, transported or drawn, including but not limited to, on-road vehicles, whether required to be licensed or not, farm vehicles, off-road vehicles, airplanes, water vessels, motor vehicles, or non-motorized vehicles, and mobile homes, are sold to a person by a seller, each individual unit, whether part of a "fleet" sale or not, shall be treated as a single transaction for the purpose of the Sales and Use Tax.

b. The charges for any utility services, which are subject to the Sales and Use Tax, and which are furnished on a continuous service basis, whether such services are paid daily, weekly, monthly or annually, shall be computed in daily increments, and each such daily charge increment shall be considered to be a single transaction for the purpose of the Sales and Use Tax.

c. For sales of building materials and supplies to contractors, builders or other persons, a single transaction for the purpose of the Sales and Use Tax, shall be deemed to be any single sale which is reflected on a single invoice, receipt or statement, on which an aggregate sales (or use) tax figure has been reported and remitted to the State of Arkansas.

d. When two or more items of major household appliances, commercial appliances, major equipment and machinery are sold, each

individual unit shall be treated as a single transaction for the purpose of the Sales and Use Tax.

e. For groceries, drug items, dry goods and other tangible personal property and/or services not otherwise expressly covered in this Section 2, a single transaction shall be deemed to be any single sale which is reflected on a single invoice, receipt or statement, on which an aggregate sales tax figure has been reported and remitted to the State of Arkansas.

Section 3. The question of issuing the Bonds shall be placed on the ballot for the election in substantially the following form:

If bonds are approved, there will be levied within the City a new 1% sales and use tax, the net collections of which, after the State of Arkansas deducts its administrative charges, shall be used solely to retire the bonds and obligations of the City with respect thereto. The City will also pledge water and sewer system revenues to retire the bonds, to the extent that tax collections are not sufficient.

The tax will terminate upon discharge of the bonds.

Vote For or Against an issue of bonds of the City of Gassville in the maximum principal amount of \$1,800,000 for the purpose of financing costs of extensions, betterments and improvements to the City's sewer system, and, in order to pay the bonds, (a) the levy and pledge of a 1% local sales and use tax within the City and (b) the pledge of revenues of the City's water and sewer system.

FOR Sewer Improvement Bonds and Tax ☐

AGAINST Sewer Improvement Bonds and Tax ☐

Section 4. 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 city elections unless otherwise provided in the Authorizing Legislation and only qualified voters of the City shall have the right to vote at the election.

Section 5. The results of the election shall be proclaimed by the Mayor, and the Proclamation shall be published one time in a newspaper having a general circulation in the City, which Proclamation shall advise the public of the results of the election.

necessary election officials and supplies may be provided. A certified copy of this Ordinance shall also be provided to the Commissioner of Revenues of the State of Arkansas as soon as practical.

Section 7. The Mayor and City Recorder, for and on behalf of the City, be and they are hereby, authorized and directed to do any and all things necessary to call and hold the special election as herein provided and, if the issuance of the Bonds is approved by the electors, to cause the Sales and Use Tax to be collected in accordance with the Authorizing Legislation, and to perform all acts of whatever nature necessary to carry out the authority conferred by this Ordinance.

Section 8. The provisions of this Ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of this Ordinance.

Section 9. All ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

PASSED: April 17, 2001.

ATTEST:

APPROVED:

Wanda Watson
City Recorder

Danny Smith
Mayor

(SEAL)

CERTIFICATE

The undersigned, City Recorder of the City of Gassville, Arkansas, hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2001-06 passed at a regular session of the City Council of the City, held at the regular meeting place of the City Council at 7:00 o'clock p.m., on the 17 day of April, 2001, and that the Ordinance is of record in Ordinance Record Book No. 2, Page 269, now in my possession.

GIVEN under my hand and seal this 17 day of April, 2001.

Wanda Watson
City Recorder

(SEAL)