RESOLUTION NO. 2010-25

A RESOLUTION SUPPORTING AMENDMENTS TO THE CONSTITUTION OF THE STATE OF ARKANSAS: (1) TO ELIMINATE CONSTITUTIONAL LIMITS ON INTEREST RATES FOR GOVERNMENT BONDS AND LOANS, REVISE INTEREST RATE LIMITS ON OTHER LOANS, AND AUTHORIZE THE FINANCING OF ENERGY SAVINGS PROJECTS – (ISSUE #2 AT NOVEMBER 2010 GENERAL ELECTION); AND (2) TO MODIFY AND IMPROVE THE FINANCING ALTERNATIVES AVAILABLE TO THE STATE IN SUPPORT OF MAJOR ECONOMIC DEVELOPMENT PROJECTS IN ARKANSAS (ISSUE #3 AT NOVEMBER 2010 GENERAL ELECTION).

WHEREAS, provisions of the Arkansas Constitution that authorize bond financing by Arkansas municipal governments, such as Amendment 62 for tax secured bonds and Amendment 65 for revenue bonds, have interest rate limits substantially below market requirements that severely restrict and in many cases have halted the financing of essential projects to support the public welfare of citizens of Arkansas cities and towns; and,

WHEREAS, the interest rate limits in Amendment 60 of the Arkansas Constitution currently restrict options for consumer financing that may be offered by businesses operating solely or primarily within the State of Arkansas, and that such limits have been preempted by Federal legislation for businesses conducting interstate operations, and that such circumstances produce a significant disadvantage for Arkansas businesses and limit the availability of affordable financing for their consumer customers, which has a significant negative impact on the economic vitality on Arkansas cities and towns where they operate; and,

WHEREAS, the current Constitutional interest rate limits have created difficulties for Elkins in relation to financing replacement and upgrades to the ongoing Hwy. 16 waterline project.

WHEREAS, expanded financing options should be available for projects that can provide savings in energy costs for Arkansas municipal governments; and,

WHEREAS, the financing authority for State support provided by Amendment 82 of the Arkansas Constitution for major economic development projects should be more flexible, while maintaining existing restrictions on the total State support that may be committed, in order to facilitate the financing of more projects over a wider area of the State, thus enhancing the economic benefit for the State and its citizens; and,

WHEREAS, the effectiveness of current state law on municipal and economic development financing is unduly restrictive and in need of updating in order to promulgate economic growth and to allow municipalities and the State to be better stewards of taxpayer dollars.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ELKINS:

SECTION 1: That the Council does hereby express its support and endorsement for Issues #2 and #3, which were referred by the 2009 Arkansas General Assembly as amendments to the Arkansas Constitution, and strongly encourages voters to approve these proposals at the November 2010 general election. These amendments will help city and town governments in Arkansas secure timely financing for important public improvements in a cost effective manner, improve stewardship and save taxpayer dollars, and stimulate and promote economic development.

SECTION 2: Additionally, following approval at the November 2010 general election, the Council also supports expeditious adoption by the Arkansas General Assembly in 2011 of Arkansas statutory revisions required to implement the amendments.

SECTION 3: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED this 8th day of October, 2010.

Jack Ladyman

JACK LADYMAN, Mayor

ATTEST:

Sunny Ledford

SUNNY LEDFORD, Recorder-Treasurer