

ORDINANCE NO. 744

AN ORDINANCE PROVIDING FOR THE LEVY OF A ONE PERCENT (1%) SALES AND USE TAX IN THE CITY OF MONTICELLO, ARKANSAS FOR THE PURPOSE OF PUBLIC INFRASTRUCTURE, CAPITAL IMPROVEMENTS, YOUTH ACTIVITIES, ECONOMIC DEVELOPMENT, SECURING AND REPAYMENT OF CAPITAL IMPROVEMENT BONDS, OTHER LAWFUL PURPOSES AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City of Monticello, Arkansas (the "City") is a City of the first class duly organized and existing under the laws of the State of Arkansas; and

WHEREAS, a one percent (1%) sales and use tax (the "1997 Tax") is currently levied in the City and is dedicated to public infrastructure, capital improvements, youth activities, economic development and for facilities for other uses selected by the City Council; and

WHEREAS, the 1997 Tax will expire on December 31, 2007; and

WHEREAS, the City Council of the City has determined that there exists in the City a need for (a) immediate improvement of public infrastructure, capital improvements, youth activities, economic development and a stable source of revenue to finance such needed municipal improvements and for other lawful purposes, and/or (b) to secure and provide for the repayment of bonds approved by the voters of the City and issued from time to time by the City to fund capital improvements including a new City Hall, Recreation Facility, Fire Station, Police Station and related support facilities and equipment; and

WHEREAS, the City Council has further determined that the best source of revenue is the levy of a one percent (1%) sales and use tax (the "2007 Tax"), which sales and use tax will not be a increase in the total rate of sales and use taxes in the City but which will take the place of the 1997 Tax as soon as the 1997 Tax expires or is terminated; and

WHEREAS, Arkansas Code Annotated §§26-75-201 *et seq.* (the "Authorizing Legislation") provides for the levy of a one percent (1%) city-wide sales and use tax to finance the capital improvements and for other lawful purposes; and

WHEREAS, the City proposes to levy the 2007 Tax for the purposes of (a) financing public infrastructure, capital improvements, youth activities, economic development and for other lawful purposes, and (b) providing for the securing and repayment of bonds approved by the voters and issued from time to time by the City to fund capital improvements; and

WHEREAS, the 2007 Tax shall expire on December 31, 2022 so long as any bonds to which such tax have been pledged have been fully retired or funds are available for their retirement;

NOW, THEREFORE, BE IT ENACTED by the City Council of the City of Monticello, Arkansas:

Article 1. Under the authority of the Authorizing Legislation, there is hereby levied a one percent (1%) tax on the gross receipts from the sale at retail within the City of all items which are subject to the Arkansas Gross Receipts Act of 1941, as amended (Arkansas Code Annotated §§26-52-101, *et seq.*), and the imposition of an excise (or use) tax on the storage, use, distribution or other consumption within the City of tangible personal property subject to the Arkansas Compensating Tax Act of 1949, as amended (Arkansas Code Annotated §§26-53-101, *et seq.*), at a rate of one percent (1%) of the sale price of the property or, in the case of leases or rentals, of the lease or rental price (collectively, the "2007 Tax"). The 2007 Tax shall be levied, and the net collections received after the State of Arkansas deducts its administrative charges shall be used for the purposes of (a) financing public infrastructure, capital improvements, youth activities economic development and for other lawful purposes, and (b) securing and providing for the repayment of bonds approved by the voters and issued from time to time by the City to fund capital improvements. The 2007 Tax shall be levied and collected on the gross receipts, gross proceeds or sales price from each single transaction in the maximum amount allowed from time to time by Arkansas law.

Article 2. The 2007 Tax shall go into effect following the expiration of the 1997 Tax, or its termination by ordinance adopted by the City Council.

Article 3. The 2007 Tax shall expire on December 31, 2022 so long as any bonds to which such tax has been pledged have been fully retired, or funds are available for their retirement, as evidenced by a certificate filed by the Trustee for any bonds outstanding as of January 1, 2022. Such certificate shall be filed by the Trustee in such manner and at such time as is required by Arkansas law in order to terminate the tax on December 31, 2022, or as soon as funds are available for the retirement of the bonds.

Article 4. All ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Article 5. This Ordinance shall not take effect until an election is held on the question of levying the 2007 Tax at which a majority of the electors voting on the question shall have approved the levy of the 2007 Tax.

PASSED: June 21, 2007.

APPROVED:



Mayor

ATTEST:



City Clerk

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Monticello, Arkansas, hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 744, passed at a regular session of the City Council, held at the regular meeting place of the City Council at 6:00 o'clock p.m., on the 21st day of June, 2007, and that the Ordinance is of record in Ordinance Record Book No. 4, Page N/A, now in my possession.

GIVEN under my hand and seal this 21 day of June, 2007.


City Clerk