

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Senator Yates**

**A BILL ACT 405 OF 1991**  
**SENATE BILL 322**

**For An Act To Be Entitled**

8 "AN ACT TO AMEND TITLE 6, CHAPTER 20, SUBCHAPTER 12 OF THE  
9 ARKANSAS CODE OF 1987, TO AUTHORIZE SCHOOL DISTRICTS TO  
10 ISSUE BONDS TO FINANCE SCHOOL BUSES; AND FOR OTHER  
11 PURPOSES."

12  
13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 SECTION 1. Arkansas Code §6-20-1201 is hereby amended to read as  
16 follows:

17 "6-20-1201. Authority to borrow money and issue negotiable coupon  
18 bonds. All school districts are authorized to borrow money and issue  
19 negotiable bonds for the repayment thereof from school funds for the building  
20 and equipment of school buildings, making additions and repairs thereto,  
21 purchasing sites therefor, purchasing new or used school buses, and  
22 refurbishing school buses, as provided in this act."

23  
24 SECTION 2. Arkansas Code §6-20-1202 is hereby amended to read as  
25 follows:

26 "6-20-1202. Limitations of bonded indebtedness - Conversion of  
27 authorized bond issues.

28 (a) For acquiring a building site, building or equipping a new school  
29 building, repairing, making additions to, or equipping a present school  
30 building, or purchasing new or used school buses or refurbishing school buses,  
31 any school district of the State of Arkansas is authorized to borrow money and  
32 issue negotiable bonds for the repayment thereof from school funds to an  
33 amount which, together with the bonded indebtedness of the district  
34 outstanding at the time of the issuance, shall not exceed eighteen percent  
35 (18%) of the sum of the then-assessed valuation of the real and personal  
36 property in the district as shown by the last county assessment, and an

1 equivalent assessed value computed as follows: Average of total annual  
2 receipts from federal forest reserve, flood control, and mineral leasing  
3 turnback received by the district in lieu of taxes for the three (3)  
4 immediately preceding years divided by forty (40) mills.

5 (b) The limitation hereinabove fixed shall not prohibit the conversion  
6 of authorized bond issues to bonds bearing a lower rate of interest, subject  
7 to the approval of the Director of General Education, upon such terms that the  
8 district shall receive no less and pay no more in principal and interest  
9 combined than it would receive and pay in principal and interest combined if  
10 the bonds were not converted.

11 (c) However, if the State Board of Education shall determine that any  
12 school district is unable, due to unexpected, unforeseen, or extreme hardship,  
13 to finance needed school facilities because of the limitation imposed above on  
14 the borrowing power of the district, the board may permit the district, upon  
15 application therefor, to increase its total indebtedness to such amount as may  
16 be approved by the board, but not to exceed twenty-one percent (21%) of the  
17 then-assessed valuation of the real and personal property in the district as  
18 shown by the last county assessment, and an equivalent assessed value computed  
19 as follows: the average of total annual receipts from federal forest reserve,  
20 flood control, mineral leasing, and payments in lieu of taxes from industries  
21 or other sources covered by §§14-164-201 - 14-164-224 for the three (3)  
22 immediately preceding years divided by forty (40) mills."

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24 SECTION 3. All provisions of this act of a general and permanent nature  
25 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
26 Revision Commission shall incorporate the same in the Code.

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28 SECTION 4. If any provision of this act or the application thereof to  
29 any person or circumstance is held invalid, such invalidity shall not affect  
30 other provisions or applications of the act which can be given effect without  
31 the invalid provision or application, and to this end the provisions of this  
32 act are declared to be severable.

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34 SECTION 5. All laws and parts of laws in conflict with this act are  
35 hereby repealed.

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SECTION 6. EMERGENCY. It is hereby found and determined by the Seventy-Eighth General Assembly that the Arkansas school districts have an urgent need to replace aging school buses, acquire additional school buses, and refurbish existing buses which were manufactured after 1977 in order to provide safe, dependable and effective transportation for public school students, and that it is necessary to amend existing law to permit school bus financing through the issuance of commercial bonds in order to allow school districts to finance buses at the lowest possible cost. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect upon its passage and approval.

APPROVED: 3-8-91