

SUMMARY OF GENERAL LEGISLATION

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84TH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS

SECOND EXTRAORDINARY SESSION
2003

December 8, 2003 - June 9, 2004

.....



**Bureau of Legislative Research
June 2004**

ACTS OF THE SECOND EXTRAORDINARY SESSION OF 2003

BUSINESS LAW

COMMERCIAL LENDING

Act 26 (SB37) - The act amends the Fair Mortgage Lending Act to eliminate the prohibition on mortgage brokers and others from brokering or making commercial loans containing refinancing and prepayment penalty restrictions.

TAXES

BUSINESS CLOSURES

Act 46 (SB24) - The act provides, in addition to existing remedies for the collection of unpaid state taxes, the authority and procedure for the Director of the Department of Finance and Administration to close businesses which fail to timely report and remit sales and use taxes. The closure of a business is grounds for suspending or revoking any business license, excluding professional licenses.

CORPORATE FRANCHISE TAXES

Act 94 (SB80) - To provide additional funding for public schools, the act increases the corporate franchise tax by varying amounts on all corporations subject to the tax, including limited liability companies. The minimum franchise tax on a corporation or LLC not included in a specified category is increased from \$50 to \$150. The act moves the tax filing date from June 1 to May 1, and is effective for calendar year 2004 with reports due May 1, 2005.

TAXABLE SERVICES

Act 107 (HB1030) - The act increases the state sales and use tax rate from 5.125% to 6% and caps the short-term rental vehicle tax rate at 5% effective March 1, 2004. Effective July 1, 2004, sales tax is applicable to additional services including the initial installation of machinery, flooring, and other items; wrecker and towing services; collection and disposal of solid waste; cleaning parking lots and gutters; dry cleaning and laundry services; industrial laundry services; mini-warehouse and self-storage rental services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; furnishing camping or trailer spaces; locksmith services; and pet grooming and kennel services. Effective July 1, 2004, the act also increases the wholesale vending tax from 4.5% to 6% and increases the fee for vending device decals for coin-operated vending machines requiring at least twenty-five cents for a sale from \$70 to \$93. All additional revenue is to be used for funding public schools.

VENDING MACHINE OPERATORS

Act 107 (HB1030) - The act increases the state sales and use tax rate from 5.125% to 6% and caps the short-term rental vehicle tax rate at 5% effective March 1, 2004. Effective July 1, 2004, sales tax is applicable to additional services including the initial installation of machinery, flooring, and other items; wrecker and towing services; collection and disposal of solid waste; cleaning parking lots and gutters; dry cleaning and laundry services; industrial laundry services; mini-warehouse and self-storage rental services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; furnishing camping or trailer spaces; locksmith services; and pet grooming and kennel services. Effective July 1, 2004, the act also increases the wholesale vending tax from 4.5% to 6% and increases the fee for vending device decals for coin-operated vending machines requiring at least twenty-five cents for a sale from \$70 to \$93. All additional revenue is to be used for funding public schools.

CORRECTIONS

COUNTY REIMBURSEMENT FOR STATE INMATES

Act 16 (SB2) - The act clarifies existing law concerning the timing of reimbursement by the Department of Community Correction to the counties for housing prisoners and for prisoner medical expenses from the County Jail Reimbursement Fund.

COUNTIES

DISTRICT COURTS

BENTON COUNTY

Act 45 (SB54) - The act revises the boundaries of Benton County District Court 3 - Siloam Springs to include all of District 97 of the House of Representatives as drawn by the Board of Apportionment in 2002 and existing precincts 7, 14, 16, and 17; and Benton County District Court 4 - Benton County West to include all of Benton County Quorum Court District 11 as established by the Benton County Election Commission and existing precincts 6, 15, 18, and 19.

LONOKE COUNTY

Act 76 (SB82) - The act corrects the list of townships contained within the Southern District of the Lonoke County District Court.

WASHINGTON COUNTY

Act 24 (SB14) - The act revises the boundaries of the Washington County district courts to include Prairie 3 Township within the jurisdiction of the Prairie Grove District Court.

JAILS

REIMBURSEMENT OF EXPENSES

Act 16 (SB2) - The act clarifies existing law concerning the timing of reimbursement by the Department of Community Correction to the counties for housing prisoners and for prisoner medical expenses from the County Jail Reimbursement Fund.

COURTS

DISTRICT COURTS

BENTON COUNTY

Act 45 (SB54) - The act revises the boundaries of Benton County District Court 3 - Siloam Springs to include all of District 97 of the House of Representatives as drawn by the Board of Apportionment in 2002 and existing precincts 7, 14, 16, and 17; and Benton County District Court 4 - Benton County West to include all of Benton County Quorum Court District 11 as established by the Benton County Election Commission and existing precincts 6, 15, 18, and 19.

LONOKE COUNTY

Act 76 (SB82) - The act corrects the townships contained within the Southern District of the Lonoke County District Court.

WASHINGTON COUNTY

Act 24 (SB14) - The act revises the boundaries of the Washington County district courts to include Prairie 3 Township within the jurisdiction of the Prairie Grove District Court.

CRIMINAL LAW AND PROCEDURE

SEXUAL OFFENDERS

Act 21 (HB1051) - The act reorganizes, amends, and makes technical corrections to the Sex Offender Registration Act of 1997. The act also requires any sex offender working, enrolled, or volunteering at an educational or training institution to notify the Arkansas Crime Information Center and register with the local law enforcement agency having jurisdiction over that campus.

EDUCATION

ADEQUACY EVALUATION

Act 57 (HB1111) - The act requires the House and Senate Interim Committees on Education to meet between regular sessions of the General Assembly to assess, evaluate, monitor, and make recommendations concerning the entire spectrum of public education with respect to providing an adequate education for all school children. The committees may conduct investigations, issue subpoenas, and administer oaths. No later than September 1 prior to each regular session, a separate or joint report of the committees' findings and recommendations shall be filed with the President Pro Tempore of the Senate and Speaker of the House of Representatives. For each recommendation the report shall include proposed implementation schedules with timelines, specific steps, agencies and persons responsible, resources needed, and drafts of bills proposing all necessary and recommended changes.

CLOSING THE ACHIEVEMENT GAP IN ARKANSAS, COMMISSION ON

Act 33 (HB1054) - The act renames the Committee on Closing the Achievement Gap in Arkansas as the Commission on Closing the Achievement Gap in Arkansas.

COORDINATION OF EDUCATIONAL EFFORTS, COMMISSION FOR

Act 109 (HB1034) - This act creates the Arkansas Commission for Coordination of Educational Efforts. The commission is to meet quarterly for the purpose of recommending policies related to improving the coordination of education from pre-kindergarten through college and to provide a report annually to the Governor, State Board of Education, Senate and House Committees on Education, and higher education boards. The commission is composed of state education agency directors, members from higher education, public schools, and education associations, along with the director of the Department of Economic Development.

DELTA STUDENT ACADEMIC SUCCESS PLAN

Act 31 (HB1048) - The act permits the University of Arkansas at Pine Bluff, in coalition with school districts in Arkansas, Chicot, Drew, Jefferson, and Lincoln counties, to establish and implement the Delta Student Academic Success Plan with the goal of reducing the disparities in the academic performance of youth in the Arkansas Delta.

EARLY CHILDHOOD EDUCATION

Act 49 (HB1057) - The act amends the Better Chance for School Success Program to permit a waiver of the forty-sixty local-to-state matching funds requirement, to set a five-year implementation goal, and to mandate an assessment of the program from enrollment at age three or four through the fourth grade.

EDUCATION RENEWAL ZONES

Act 106 (HB1056) - The act creates the Division of Education Renewal Zones under the supervision of the State Board of Education, which is responsible for developing guidelines for the approval of education renewal zone strategic plans and guidelines for the evaluation and reporting of education renewal zone activities. The purpose of the education renewal zone, including a higher education partner, an education service cooperative, a local advisory group, and a technical assistance provider, is to identify and implement education and management strategies designed specifically to improve public school performance and student academic achievement throughout the state, with special focus on the most academically distressed public schools.

FAMILY RESOURCE CENTERS

Act 68 (HB1091) - The act provides the framework for a program administered by the State Child Abuse and Neglect Prevention Board to establish family resource centers to remove nonacademic barriers to academic success by providing resources, parenting education services, and child development activities to economically disadvantaged areas. Grants may be made available to school districts that establish family resource centers, subject to available funding.

FISCAL IMPACT STATEMENT

Act 14 (SB8) - The act amends existing law to prohibit consideration of a bill that increases state or local public education costs by a committee or a chamber if no fiscal impact statement has been previously filed in the appropriate committee or chamber.

FISCAL OFFICER

BACKGROUND CHECKS

Act 82 (HB1140) - The act requires a criminal background check for school district fiscal officer applicants, including superintendents and bookkeepers. An applicant is disqualified if he or she was convicted of a fraudulent act. The act provides a procedure for a hearing before the State Board of Education prior to the termination of employment of a fiscal officer.

EDUCATION

GENERAL EDUCATION

ATHLETIC EXPENDITURES

Act 52 (HB1008) - The act requires school districts to annually certify by September 15 to the Board of Education the amount of state funds and other sources used to support interschool athletic programs and scholastic activities. A school district that fails to report will be considered to be in fiscal distress. The board will promulgate by May 1, 2004 implementation rules and regulations, including a procedure to ensure uniform reporting.

ATTENDANCE AND GRADUATION RATES

Act 104 (HB1153) - The act provides guidelines for school districts to annually report graduation and drop-out rates under rules promulgated by the State Board of Education.

CONSOLIDATION/ANNEXATION

Act 25 (SB35) - The act permits the formation by agreement of an interim board of directors for a school district resulting from annexation. The members will serve until the school election in the year following the effective date of the annexation.

Act 60 (HB1109) - The act provides for the administrative consolidation or annexation, beginning July 1, 2004, of school districts with less than 350 students. The act also provides administrative assistance funds during the first year of consolidation for the voluntary consolidation or annexation of school districts with less than 500 students and for schools required to consolidate. School facilities will remain open until June 2005; however, schools within isolated school districts will remain open after consolidation or annexation.

NOTE: The provisions concerning administrative assistance funds were amended by Act 80 of the Second Extraordinary Session of 2003.

Act 65 (HB1018) - The act provides for the continuation of isolated school funding for specified school districts that are subject to consolidation, annexation, or reorganization. Per student isolated funding amounts for each district are listed in the act. The act also provides that if a district is eligible for isolated school funding and is also eligible for other state funding because of its enrollment of 350 students or less, the district must elect to receive either isolated funding or the other funding.

Act 71 (HB1157) - The act allows all consolidated, annexed, or reorganized school districts, unless otherwise approved by a unanimous vote of the resulting school district, to use their fund balances for facilities construction or maintenance and operations after they are consolidated, annexed, or reorganized, unless the consolidation or annexation is because of the school district's failure to meet standards for accreditation or failure to meet academic or fiscal distress requirements.

Act 80 (HB1161) - The act amends Act 60 of the Second Extraordinary Session of 2003 to restrict financial assistance to school districts that are administratively consolidated or annexed by July 1, 2004, rather than July 1, 2005. The act also amends Act 60 to extend financial assistance to districts with more than 500 students.

Act 91 (HB1177) - The act allows students in an administratively consolidated school district to attend classes and programs in other schools in the district if the school to which the student is assigned does not offer the same or similar classes or programs.

CURRICULUM - ADVANCED PLACEMENT COURSES

Act 102 (HB1154) - The act requires that, by the 2008-2009 school year, school districts offer pre-advanced placement coursework, an advanced placement course in the four core areas of English, math, science, and social studies, and appropriate teacher training. The act creates the Concurrent Enrollment Course Approval Panel, which makes recommendations to the Departments of Education and Higher Education regarding the rules for offering advance placement courses and concurrent enrollment courses. Any high school offering the International Baccalaureate Diploma Program is exempt.

CURRICULUM - PERSONAL FINANCE

Act 42 (SB41) - The act requires the Department of Education by May 1, 2004 to develop course content guidelines and recommend textbooks for a personal finance course. The course content shall include creating household budgets, maintaining checking accounts, basic consumer finance, debt management, insurance, and taxes.

EDUCATION

GENERAL EDUCATION

DISTANCE LEARNING

Act 34 (HB1036) - The act requires the Department of Education to make distance learning grants available to education cooperatives and to school districts for the purpose of providing advanced and enriched academic courses. No teacher under contract in a school district will be terminated because of the availability of distance learning courses in his or her field of study.

Act 53 (HB1064) - The act requires the Department of Education to promulgate rules necessary for the efficient scheduling of courses offered by public schools through distance learning technologies. The rules will apply to all public schools offering distance learning courses beginning with the 2004 - 2005 school year.

ENERGY CONSERVATION

Act 58 (SB34) - The act permits school districts to finance the installation or purchase of energy conservation measures over a fifteen-year period.

HEALTH REPORTS

Act 29 (HB1011) - The act removes the requirement that schools include the student's body mass index on the student's report card and allows schools to send parents a separate annual student health report that includes an annual body mass index percentile by age along with an explanation of the possible health effects of body mass index, nutrition, and physical activity.

INSURANCE

Act 78 (HB1158) - The act transfers the administration and regulation of the Public Elementary and Secondary School Insurance Program and the School Motor Vehicle Insurance Program from the Department of Education to the Insurance Department.

PRINCIPALS

Act 44 (SB46) - The act creates the master school principal program to provide training and financial rewards to full-time, building-level, public school principals who successfully complete the program. The act provides incentive bonuses and high-need salary bonuses to master principals serving school districts in academic distress.

REPORT CARDS

Act 20 (HB1017) - The act requires every public school district to provide no less than four (4) times per year a report card for each student reflecting the student's grade in each class in which the student is enrolled.

SCHOOL CHOICE

Act 110 (SB49) - This act amends the Arkansas Public School Choice Act of 1989 which allows a student to attend a school in another school district. This act clarifies that the school district superintendent, rather than the school district, is responsible for notifying nonresident students on matters concerning student applications, notifying parents and students in adjoining districts of the program, and reporting to the Equity Assistance Center.

SCHOOL FACILITIES

Act 87 (SB53) - The act establishes criteria for the development of standards by the Joint Committee on Educational Facilities, in consultation with the Department of Education, for custodial and maintenance care of school facilities. The standards will be presented to the General Assembly during the next regular session.

SCHOOL FINANCE - AUDITS

Act 40 (HB1087) - The act requires school districts in fiscal distress to complete and file an annual audit with the Department of Education and the Legislative Joint Auditing Committee within six months following the end of the district's fiscal year. Audits of other districts are not required to be filed for eighteen months after the end of the fiscal year. The State Board of Education is to establish rules for district employee training to ensure that schools and school districts properly classify, record, and report fiscal transactions.

Act 63 (HB1114) - Beginning with the 2005-2006 school year, the act shortens the time period for the submission of annual school district audits from 180 to 90 days following the end of each fiscal year unless an extension of up to 90 days is granted by the Department of Education. School districts that fail to timely submit the audit reports shall be considered to be in fiscal distress. If, in the opinion of the Department of Education or the Legislative Joint Auditing Committee, a school district audit report is not timely submitted due to the neglect or fault of the certified public accountant or accounting firm, the accountant or accounting firm may be placed on the ineligible list to conduct school district audits.

EDUCATION

GENERAL EDUCATION

SCHOOL FINANCE - REPORTS

Act 50 (HB1095) - The act provides that beginning January 1, 2005, school district financial data, personnel policies, and contracts maintained by the Department of Education on its website must be the actual data for the two previous school years and the projected budget information for the current school year.

Act 61 (HB1094) - The act requires annual budget and expenditure reports, a uniform budget and accounting system, and continuing financial recording and budget training in accordance with rules and regulations of the State Board of Education. Sanctions for noncompliance include withholding state aid and placing school districts in fiscal distress status. Overpayments to school districts may be withheld from future funding.

SCHOOL FINANCE - UNIFORM TAX RATE

Act 28 (SB36) - The act revises Arkansas Code provisions implementing Amendment 74 to the Arkansas Constitution, which requires school districts to levy a minimum 25 mill property tax dedicated for school maintenance and operations. The act provides a procedure for the Department of Education, in conjunction with the Assessment Coordination Department, to review school district millage rates beginning in November 2005 and to notify quorum courts of the district's compliance with the minimum required millage. Penalties are imposed for failure to comply.

NOTE: Many provisions in this act were repealed by Act 105 of the Second Extraordinary Session of 2003.

Act 89 (HB1162) - The act submits for voter approval at the next general election, a proposal to increase the uniform tax rate of ad valorem property tax from 25 to 28 mills to be used solely for the maintenance and operation of public schools. If approved, the increase is effective for property taxes collected in 2005. No actual rate increase will occur in districts that have previously dedicated at least 28 mills to district maintenance and operations.

Act 105 (SB73) - The act repeals portions of Act 28 of the Second Extraordinary Session of 2003 and revises the Code provisions implementing Amendment 74 to the Arkansas Constitution, which requires school districts to levy a minimum 25 mill property tax dedicated for school maintenance and operations. The act provides a procedure for the Department of Education, in conjunction with the Assessment Coordination Department, to review school district millage rates beginning in October 2004 and to notify quorum courts of the district's compliance with the minimum required millage. Penalties are imposed for failure to comply. The act provides a revised formula for computing millage rollback under Amendment 59.

SCHOOL FUNDING - ASSESSED VALUE

Act 43 (SB21) - The act provides that the increased value of real property within a redevelopment district will not be included in the assessed value of the real property within a school district for purposes of computing local funds available to a school district for funding purposes.

SCHOOL FUNDING - CONSOLIDATION

Act 60 (HB1109) - The act provides for the administrative consolidation or annexation beginning July 1, 2004 of school districts with less than 350 students. The act also provides administrative assistance funds during the first year of consolidation for the voluntary consolidation or annexation of school districts with less than 500 students and for schools required to consolidate. School facilities will remain open until June 2005; however, schools within isolated school districts will remain open after consolidation or annexation.

NOTE: The provisions concerning administrative assistance funds were amended by Act 80 of the Second Extraordinary Session of 2003.

Act 80 (HB1161) - The act amends Act 60 of the Second Extraordinary Session of 2003 to restrict financial assistance to school districts that are administratively consolidated or annexed by July 1, 2004, rather than July 1, 2005. The act also amends Act 60 to extend financial assistance to districts with more than 500 students.

SCHOOL FUNDING - DEBT SERVICE

Act 69 (HB1071) - The act permits eligible school districts to annually elect by July 31 to either continue receiving a debt service funding supplement and general facilities funding, or to receive supplemental millage incentive funding. Supplemental millage incentive funding is available to school districts that increase district property taxes for maintenance and operations beyond the 25 mills required by Amendment 74 to the Arkansas Constitution. Supplemental millage incentive funding is only available for millage increases up to 35 mills.

EDUCATION

GENERAL EDUCATION

SCHOOL FUNDING - DISTRIBUTION CHANGES

Act 17 (HB1019) - The act requires the Bureau of Legislative Research, Office of Economic and Tax Policy, to review any changes to the distribution of funds for public education. The Department of Education will provide the Office of Economic and Tax Policy information and assistance upon request, and any information regarding changes in the calculation of state aid to public school districts within seven (7) working days.

SCHOOL FUNDING - FORMULA

Act 59 (SB42) - The act establishes a public school funding formula and minimum teacher compensation schedule for the 2004-2005 school year. The foundation funding amount is \$5,400 times the school district's average daily membership for the previous school year. Additional funding is provided for alternative learning environments, secondary vocational area centers, English language learners, national school lunch students, and professional development. Funding is also available for open enrollment charter schools. The minimum starting teacher salary is \$27,500 for a teacher with a bachelor's degree and \$31,625 for a teacher with a master's degree. The Department of Education is to prepare a report on a knowledge and skill-based teacher pay system by January 1, 2005.

NOTE: The teacher salary provisions of this act were amended by Act 74 of the Second Extraordinary Session of 2003.

SCHOOL FUNDING - GENERAL FACILITIES

Act 69 (HB1071) - The act permits eligible school districts to annually elect by July 31 to either continue receiving a debt service funding supplement and general facilities funding, or to receive supplemental millage incentive funding. Supplemental millage incentive funding is available to school districts who increase district property taxes for maintenance and operations beyond the 25 mills required by Amendment 74 to the Arkansas Constitution. Supplemental millage incentive funding is only available for millage increases up to 35 mills.

SCHOOL FUNDING - ISOLATED SCHOOLS

Act 65 (HB1018) - The act provides for the continuation of isolated school funding for specified school districts that are subject to consolidation, annexation, or reorganization. Per student isolated funding amounts for each district are listed in the act. The act also provides that if a district is eligible for isolated school funding and is also eligible for other state funding because of its enrollment of 350 students or less, the district must elect to receive either isolated funding or the other funding.

SCHOOL FUNDING - NATIONAL SCHOOL LUNCH STUDENTS

Act 27 (SB43) - The act provides additional school funding for school year 2003-2004 based on the district enrollment of National School Lunch Act students with the funds to be used for early intervention.

NOTE: This act was repealed by Act 79 of the Second Extraordinary Session of 2003.

Act 79 (HB1148) - The act repeals Act 27 of the Second Extraordinary Session of 2003, which provided additional funding to school districts based on the number of National School Lunch Act students enrolled.

SCHOOL FUNDING - SUPPLEMENTAL MILLAGE INCENTIVE

Act 69 (HB1071) - The act permits eligible school districts to annually elect by July 31 to either continue receiving a debt service funding supplement and general facilities funding, or to receive supplemental millage incentive funding. Supplemental millage incentive funding is available to school districts who increase district property taxes for maintenance and operations beyond the 25 mills required by Amendment 74 to the Arkansas Constitution. Supplemental millage incentive funding is only available for millage increases up to 35 mills.

TAXES

Act 28 (SB36) - The act revises Arkansas Code provisions implementing Amendment 74 to the Arkansas Constitution, which requires school districts to levy a minimum 25 mill property tax dedicated for school maintenance and operations. The act provides a procedure for the Department of Education, in conjunction with the Assessment Coordination Department, to review school district millage rates beginning in November 2005 and to notify quorum courts of the district's compliance with the minimum required millage. Penalties are imposed for failure to comply.

NOTE: Many provisions in this act were repealed by Act 105 of the Second Extraordinary Session of 2003.

Act 32 (HB1028) - The act clarifies existing law to exempt textbooks, library books, and other instructional material from sales tax if the items are purchased by an Arkansas school district or public school that receives state funding, or by the State of Arkansas for free distribution to Arkansas school districts or public schools.

EDUCATION

GENERAL EDUCATION

Act 89 (HB1162) - The act submits for voter approval at the next general election a proposal to increase the uniform tax rate of ad valorem property tax from 25 to 28 mills to be used solely for the maintenance and operation of public schools. If approved, the increase is effective for property taxes collected in 2005. No actual rate increase will occur in districts that have previously dedicated at least 28 mills to district maintenance and operations.

TESTING

Act 35 (SB33) - The act requires the Department of Education to develop by July 1, 2006, the Arkansas Comprehensive Assessment Program for grades three through eight (3 - 8). The assessment program is to be tied to national norms in literacy and math. The act also requires the department to administer a comprehensive statewide system of student assessment and testing, including longitudinal tracking; a program of school and school district accountability with rewards and sanctions; a student transfer option for students attending underachieving schools; and a financial management practices system to promote the efficient use of financial resources.

NOTE: This act was amended by Act 75 of the Second Extraordinary Session of 2003 to allow an extension of the deadline for providing end-of-course exam results.

Act 75 (HB1132) - The act amends Act 35 of the Second Extraordinary Session of 2003 to allow the Department of Education to extend, from July 1 to August 1, the deadline for test results if the deadline substantially increases the cost of test administration or compromises the validity of test results.

GRANTS - DISTANCE LEARNING

Act 34 (HB1036) - The act requires the Department of Education to make distance learning grants available to education cooperatives and school districts for the purpose of providing advanced and enriched academic courses. No teacher under contract in a school district will be terminated because of the availability of distance learning courses in his or her field of study.

HEALTH

Act 51 (HB1121) - The act provides that appointments to the Legislative Health Adequacy Committee will be made by the House and Senate cochairs of the House and Senate Interim Committees on Public Health, Welfare, and Labor instead of the Joint Committee on Educational Adequacy and requires that its initial findings and strategic plan for meeting the health care needs of school-age children be submitted to the House and Senate Interim Committees on Public Health, Welfare, and Labor, and the Governor by September 1, 2004.

HIGHER EDUCATION - PERSONNEL

Act 7 (SB3) - For the 2003-2005 biennium, the act requires that the Department of Higher Education maintain a growth pool of 100 non-classified positions at a salary level not to exceed \$60,000, and that the Department of Finance and Administration maintain a growth pool of 100 classified positions not to exceed grade 26, to be used by two-year institutions of higher education in the event that the personal services needs of the institutions exceed the allocated number of positions.

MATHEMATICS, SCIENCE, AND THE ARTS, ARKANSAS, SCHOOL OF

Act 22 (HB1038) - The act designates the Arkansas School of Mathematics, Science, and the Arts, operated by the Board of Trustees of the University of Arkansas, as a "local education agency" and a "public school" with eligibility to receive federal funds and the ability to petition for charter school status. The act prohibits the distribution of funds from the Public School Fund to the school except by line item appropriation.

NONCERTIFIED SCHOOL EMPLOYEES

BACKGROUND CHECKS

Act 82 (HB1140) - The act requires a criminal background check for school district fiscal officer applicants, including superintendents and bookkeepers. An applicant is disqualified if he or she was convicted of a fraudulent act. The act provides a procedure for a hearing before the State Board of Education prior to the termination of employment of a fiscal officer.

EDUCATION

NONCERTIFIED SCHOOL EMPLOYEES

Act 103 (HB1122) - The act allows the State Board of Education to waive, at the request of the applicant or local school district board, the initial employment ineligibility of noncertified school district personnel for criminal conduct under circumstances demonstrating that the applicant does not pose a threat to the health or safety of school children or school personnel. No waiver shall be granted if the board determines that the offense was a violent, physical, or sexual offense.

Act 111 (HB1179) - This act permits professional organization dues to be deducted from the salary of a classified employee of a school district. Current law permits dues to be deducted only from a teacher's salary.

NURSES

Act 41 (HB1070) - The act amends existing law to require the full-time equivalent of one school nurse per 750 students, rather than 1000 students, beginning with the 2004-2005 school year. The original law was contingent upon available funding.

NOTE: Act 67 of the Second Extraordinary Session repeals the Arkansas Code section amended by Act 41 to also require the full-time equivalent of one school nurse for every 750 students contingent on state funding.

Act 67 (HB1141) - Beginning with the 2004-2005 school year, the act requires the full-time equivalent of one school nurse for every 750 students; one nurse for every 400 students in schools designated as having a high concentration of children with disabling conditions; and one nurse for every 125 students at a center for profoundly disabled students, contingent upon funding.

NOTE: This act effectively repeals Act 41 of the Second Extraordinary Session of 2003.

PRINCIPALS

MASTER PRINCIPAL PROGRAM

Act 44 (SB46) - The act creates the master school principal program to provide training and financial rewards to full-time, building-level, public school principals who successfully complete the program. The act provides incentive bonuses and high-need salary bonuses to master principals serving school districts in academic distress.

PUBLIC SCHOOL ACADEMIC FACILITIES, DIVISION OF

Act 90 (HB1009) - The act creates the Division of Public School Accountability and the Division of Public School Academic Facilities under the supervision of the State Board of Education; requires the Department of Education to realign with the aid of a taskforce to work more closely with schools and school districts, and to provide sufficient administrative and technical support for the Divisions of Public School Accountability and Public School Academic Facilities; and changes the term of office of members of the State Board of Education.

PUBLIC SCHOOL ACCOUNTABILITY, DIVISION OF

Act 90 (HB1009) - The act creates the Division of Public School Accountability and the Division of Public School Academic Facilities under the supervision of the State Board of Education; requires the Department of Education to realign with the aid of a taskforce to work more closely with schools and school districts, and to provide sufficient administrative and technical support for the Divisions of Public School Accountability and Public School Academic Facilities; and changes the term of office of members of the State Board of Education.

SEXUAL OFFENDERS

Act 21 (HB1051) - The act reorganizes, amends, and makes technical corrections to the Sex Offender Registration Act of 1997. The act also requires any sex offender working, enrolled, or volunteering at an educational or training institution to notify the Arkansas Crime Information Center and to register with the local law enforcement agency having jurisdiction over that campus.

TEACHER RECRUITMENT, OFFICE OF

Act 100 (HB1080) - The act amends the duties and focus of the Office of Teacher Recruitment within the Department of Education to improve teacher recruitment.

TEACHERS

COMPENSATION

Act 59 (SB42) - The act establishes a public school funding formula and minimum teacher compensation schedule for the 2004-2005 school year. The foundation funding amount is \$5,400 times the school district's average daily membership for the previous school year. Additional funding is provided for alternative learning environments, secondary vocational area centers, English language learners, national school lunch students, and professional development. Funding is also available for open enrollment charter schools. The minimum starting teacher salary is \$27,500 for a teacher with a bachelor's degree and \$31,625 for a teacher with a master's degree. The Department of Education is to prepare a report on a knowledge and skill-based teacher pay system

EDUCATION

TEACHERS

by January 1, 2005.

NOTE: The teacher salary provisions of this act were amended by Act 74 of the Second Extraordinary Session of 2003.

Act 74 (HB1047) - The act amends Act 59 of the Second Extraordinary Session of 2003 to remove the requirement that teachers with contracts in excess of 190 days be paid a greater salary and to provide a schedule of minimum teacher salaries for the 2004-2005 school year. The beginning salary for a teacher with a bachelor's degree remains \$27,500 and the beginning salary for a teacher with a master's degree remains \$31,625; however, the incremental salary increases between experience levels is greater than that provided in Act 59.

Act 77 (SB79) - This act provides a one time bonus of \$2,500 for school year 2004-2005 to full time certified teachers who are not employed by school districts, but who are employed by private providers, educational services cooperatives, or state agencies as teachers.

Act 101 (SB89) - Beginning with the 2004-2005 school year, the act provides bonus salary incentives for teacher recruitment and retention in high-priority districts with an average daily membership of one thousand or fewer students; and a comprehensive evaluation before September 30, 2006, and a recommendation of whether to continue the program by October 15, 2006, from the House and Senate Interim Committees on Education. A district is high-priority if it has no more than 1,000 students, at least 80% of whom are eligible for free or reduced lunches.

HOUSING

Act 39 (HB1060) - The act establishes a program to recruit high-performing teachers to high priority school districts by providing low interest home loans and a pilot rental housing program. A district is high-priority if it has difficulty in recruiting and retaining teachers, has a critical shortage of qualified teachers, and 50% or more of the students perform below proficient on benchmark examinations.

NON-INSTRUCTIONAL DUTY

Act 37 (HB1053) - The act amends existing law to define "instructional purposes" as activities initiated by the teacher related to teaching duties such as contacting parents, assessing and documenting student performance, organizing the classroom, preparing instructional materials, and other teaching responsibilities related to instructional planning and the direct instruction of students. Existing law provides that a teacher assigned more than sixty minutes of non-instructional duties per week is subject to separate contracting provisions for the additional work time.

PROFESSIONAL DEVELOPMENT PLAN

Act 83 (HB1170) - The act requires school districts to prepare a professional development plan in order to provide teachers with standards-based, continuous, planned learning activities to facilitate individual, school-wide, and system-wide improvements designed to ensure that all students demonstrate proficiency on state academic standards.

RETIREMENT

Act 23 (HB1069) - The act allows active members of the Arkansas Teacher Retirement System who have previously elected to eliminate member contributions to make an irrevocable election to make future contributions beginning July 1, 2004. The act also mandates that any active member whose status changes from non-teacher to teacher under contract for one hundred eighty-one (181) days or more must make member contributions regardless of an earlier election to be noncontributory.

NOTE: This act was amended by Act 47 of the Second Extraordinary Session of 2003 to change the effective date for the contribution election to July 1, 2005.

EDUCATION

TEACHERS

RETIREMENT

Act 47 (HB1117) - The act amends Act 23 of the Second Extraordinary Session of 2003 to change the effective date from July 1, 2004 to July 1, 2005, for active members of the Arkansas Teacher Retirement System, who have previously elected to eliminate member contributions, to make an irrevocable election to make future contributions to the retirement system.

TEACHER ASSISTANCE RESOURCE PROGRAM

Act 48 (HB1079) - The act expands the State Teacher Assistance Resource Program offering forgivable loans and loan repayment to include additional students actively pursuing a teaching career. The act also provides factors to help the Department of Higher Education determine the priority of award recipients.

ELECTION LAWS

VOTER REGISTRATION

Act 8 (SB6) - The act will assist the state in meeting its deadline under the federal Help America Vote Act to establish and administer a centralized, interactive, computerized voter registration list.

GENERAL ASSEMBLY

EDUCATIONAL ADEQUACY

Act 57 (HB1111) - The act requires the House and Senate Interim Committees on Education to meet between regular sessions of the General Assembly to assess, evaluate, monitor, and make recommendations concerning the entire spectrum of public education with respect to providing an adequate education for all school children. The committees may conduct investigations, issue subpoenas, and administer oaths. No later than September 1 prior to each regular session, a separate or joint report of the committees' findings and recommendations shall be filed with the President Pro Tempore of the Senate and Speaker of the House of Representatives. For each recommendation the report shall include proposed implementation schedules with timelines, specific steps, agencies and persons responsible, resources needed, and drafts of bills proposing all necessary and recommended changes.

EDUCATIONAL FACILITIES

Act 84 (SB7) - The act appropriates funds to the Bureau of Legislative Research for operating expenses of the Joint Committee on Educational Facilities. Funds may not be expended on contracts unless approved by the Attorney General.

FISCAL IMPACT STATEMENT

Act 14 (SB8) - The act amends existing law to prohibit consideration of a bill that increases state or local public education costs by a committee or a chamber if no fiscal impact statement has been previously filed in the appropriate committee or chamber.

LEGISLATIVE ADEQUACY COMMITTEE

Act 51 (HB1121) - The act provides that appointments to the Legislative Health Adequacy Committee will be made by the House and Senate cochairs of the House and Senate Interim Committees on Public Health, Welfare, and Labor instead of the Joint Committee on Educational Adequacy and requires that its initial findings and strategic plan for meeting the health care needs of school-age children be submitted to the House and Senate Interim Committees on Public Health, Welfare, and Labor, and the Governor by September 1, 2004.

SCHOOL FUNDING DISTRIBUTION

Act 17 (HB1019) - The act requires the Bureau of Legislative Research, Office of Economic and Tax Policy, to review any changes to the distribution of funds for public education. The Department of Education will provide the Office of Economic and Tax Policy information and assistance upon request, and any information regarding changes in the calculation of state aid to public school districts within seven (7) working days.

GENERAL ASSEMBLY

DEPARTMENT OF EDUCATION STAFFING AUDIT

Act 64 (HB1108) - The act requires the House and Senate Interim Committees on Education to meet jointly as necessary to conduct an audit of the staffing needs of the Department of Education and make recommendations to the Eighty-Fifth General Assembly. The committees shall report their findings and recommendations to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor no later than August 1, 2004.

INSURANCE

SCHOOLS

Act 78 (HB1158) - The act transfers the administration and regulation of the Public Elementary and Secondary School Insurance Program and the School Motor Vehicle Insurance Program from the Department of Education to the Insurance Department.

MOTOR VEHICLES

COMMERCIAL DRIVER'S LICENSE

Act 5 (SB11) - The act removes from state law the residency requirement for a commercial driver's license holder, but the removal of the residency requirement is only to the extent permitted by federal law and regulation. The Department of Finance and Administration has the authority to promulgate rules to establish the length of time that a commercial driver's license is valid.

REGULATION OF MOTOR VEHICLES

Act 62 (HB1027) - The act authorizes the Arkansas Motor Vehicle Commission to issue orders commanding compliance with the statutes and regulations governing the distribution and sale of motor vehicles. Orders may be issued by the commission if it has conducted a hearing within sixty days, made written findings that its action is in the public interest, or found that current civil or administrative penalties are insufficient.

PROPERTY

TEACHER HOUSING

Act 39 (HB1060) - The act establishes a program to recruit high-performing teachers to high priority school districts by providing low interest home loans and a pilot rental housing program. A district is high-priority if it has difficulty in recruiting and retaining teachers, has a critical shortage of qualified teachers, and 50% or more of the students perform below proficient on benchmark examinations.

RETIREMENT

TEACHERS

CONTRIBUTIONS

Act 23 (HB1069) - The act allows active members of the Arkansas Teacher Retirement System who have previously elected to eliminate member contributions to make an irrevocable election to make future contributions beginning July 1, 2004. The act also mandates that any active member whose status changes from non-teacher to teacher under contract for one hundred eighty-one (181) days or more must make member contributions regardless of an earlier election to be noncontributory.

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STATE AGENCIES - VARIOUS

CHILD ABUSE AND NEGLECT PREVENTION BOARD

FAMILY RESOURCE CENTERS

Act 68 (HB1091) - The act provides the framework for a program administered by the State Child Abuse and Neglect Prevention Board to establish family resource centers to remove nonacademic barriers to academic success by providing resources, parenting education services, and child development activities to economically disadvantaged areas. Grants may be made available to school districts that establish family resource centers, subject to available funding.

TAXES

BUSINESS CLOSURES

Act 46 (SB24) - The act provides, in addition to existing remedies for the collection of unpaid taxes, the authority and procedure for the Director of the Department of Finance and Administration to close businesses that fail to timely report and remit sales and use taxes. The closure of a business shall be grounds for suspending or revoking any business license, excluding professional licenses.

CORPORATE FRANCHISE TAXES

Act 94 (SB80) - To provide additional funding for public schools, the act increases the corporate franchise tax by varying amounts on all corporations subject to the tax, including limited liability companies. The minimum franchise tax on a corporation or LLC not included in a specified category is increased from \$50 to \$150. The act moves the tax filing date from June 1 to May 1, and is effective for calendar year 2004 with reports due May 1, 2005.

REDEVELOPMENT DISTRICTS

Act 43 (SB21) - The act provides that the increased value of real property within a redevelopment district will not be included in the assessed value of the real property within a school district for purposes of computing local funds available to a school district for funding purposes.

SALES AND USE

EXEMPTION FOR TEXTBOOKS

Act 32 (HB1028) - The act clarifies existing law to exempt textbooks, library books, and other instructional material from sales tax if the items are purchased by an Arkansas school district or public school that receives state funding, or by the State of Arkansas for free distribution to Arkansas school districts or public schools.

SERVICES

Act 107 (HB1030) - The act increases the state sales and use tax rate from 5.125% to 6% and caps the short-term rental vehicle tax rate at 5% effective March 1, 2004. Effective July 1, 2004, sales tax is applicable to additional services including the initial installation of machinery, flooring, and other items; wrecker and towing services; collection and disposal of solid waste; cleaning parking lots and gutters; dry cleaning and laundry services; industrial laundry services; mini-warehouse and self-storage rental services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; furnishing camping or trailer spaces; locksmith services; and pet grooming and kennel services. Effective July 1, 2004, the act also increases the wholesale vending tax from 4.5% to 6% and increases the fee for vending device decals for coin-operated vending machines requiring at least twenty-five cents for a sale from \$70 to \$93. All additional revenue is to be used for funding public schools.

SALES AND USE TAX

Act 107 (HB1030) - The act increases the state sales and use tax rate from 5.125% to 6% and caps the short-term rental vehicle tax rate at 5% effective March 1, 2004. Effective July 1, 2004, sales tax is applicable to additional services including the initial installation of machinery, flooring, and other items; wrecker and towing services; collection and disposal of solid waste; cleaning parking lots and gutters; dry cleaning and laundry services; industrial laundry services; mini-warehouse and self-storage rental services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; furnishing camping or trailer spaces; locksmith services; and pet grooming and kennel services. Effective July 1, 2004, the act also increases the wholesale vending tax from 4.5% to 6% and increases the fee for vending device decals for coin-operated vending machines requiring at least twenty-five cents for a sale from \$70 to \$93. All additional revenue is to be used for funding public schools.

TAXES

TAX AMNESTY PROGRAM

Act 70 (HB1100) - The act provides a state tax amnesty program administered by the Director of the Department of Finance and Administration. Taxpayers who pay delinquent taxes by December 31, 2004, are eligible for a waiver of penalty and interest. Only taxes that were required to be reported prior to January 1, 2003 are eligible for amnesty. Tax collected under the program that ordinarily would be designated as general revenues will be credited to the Public School Facilities Fund.

UNIFORM TAX RATE - SCHOOL DISTRICTS

Act 28 (SB36) - The act revises Arkansas Code provisions implementing Amendment 74 to the Arkansas Constitution, which requires school districts to levy a minimum 25 mill property tax dedicated for school maintenance and operations. The act provides a procedure for the Department of Education, in conjunction with the Assessment Coordination Department, to review school district millage rates beginning in November 2005 and to notify quorum courts of the district's compliance with the minimum required millage. Penalties are imposed for failure to comply.

NOTE: Many provisions in this act were repealed by Act 105 of the Second Extraordinary Session of 2003.

WHOLESALE VENDING TAX

Act 107 (HB1030) - The act increases the state sales and use tax rate from 5.125% to 6% and caps the short-term rental vehicle tax rate at 5% effective March 1, 2004. Effective July 1, 2004, sales tax is applicable to additional services including the initial installation of machinery, flooring, and other items; wrecker and towing services; collection and disposal of solid waste; cleaning parking lots and gutters; dry cleaning and laundry services; industrial laundry services; mini-warehouse and self-storage rental services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; furnishing camping or trailer spaces; locksmith services; and pet grooming and kennel services. Effective July 1, 2004, the act also increases the wholesale vending tax from 4.5% to 6% and increases the fee for vending device decals for coin-operated vending machines requiring at least twenty-five cents for a sale from \$70 to \$93. All additional revenue is to be used for funding public schools.

INDEX

SUBJECT	PAGE
ATHLETIC EXPENDITURES... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	4
ATTENDANCE AND GRADUATION RATES... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	4
BACKGROUND CHECKS... <i>(SEE EDUCATION / FISCAL OFFICER, NON-CERTIFIED SCHOOL EMPLOYEES)</i>	3,8
BENTON COUNTY... <i>(SEE COURTS / DISTRICT COURTS)</i>	2
BUSINESS CLOSURES... <i>(SEE TAXES)</i>	13
BUSINESS LAW.....	1
CHILD ABUSE AND NEGLECT PREVENTION BOARD... <i>(SEE STATE AGENCIES - VARIOUS)</i>	13
CLOSING THE ACHIEVEMENT GAP, COMMISSION ON ... <i>(SEE EDUCATION)</i>	3
COMMERCIAL DRIVER'S LICENSE... <i>(SEE MOTOR VEHICLES)</i>	12
COMMERCIAL LENDING... <i>(SEE BUSINESS LAW)</i>	1
CONSOLIDATION/ANNEXATION... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	4
COORDINATION OF EDUCATIONAL EFFORTS, COMMISSION ON	3
CORPORATE FRANCHISE TAXES... <i>(SEE TAXES)</i>	13
CORRECTIONS.....	1
COUNTIES.....	2
COURTS.....	2
CRIMINAL LAW AND PROCEDURE	2
CURRICULUM... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	4
DELTA STUDENT ACADEMIC SUCCESS PLAN... <i>(SEE EDUCATION)</i>	3
DISTANCE LEARNING... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	5
EARLY CHILDHOOD EDUCATION... <i>(SEE EDUCATION)</i>	3
EDUCATION.....	3 - 11
EDUCATION RENEWAL ZONES... <i>(SEE EDUCATION)</i>	3
EDUCATIONAL ADEQUACY... <i>(SEE GENERAL ASSEMBLY)</i>	11
EDUCATIONAL FACILITIES... <i>(SEE GENERAL ASSEMBLY)</i>	11
ELECTION LAWS.....	11
ENERGY CONSERVATION... <i>(SEE EDUCATION / GENERAL EDUCATION)</i>	5
FAMILY RESOURCE CENTERS... <i>(SEE EDUCATION)</i>	3
GENERAL ASSEMBLY.....	11 - 12
GENERAL EDUCATION... <i>(SEE EDUCATION)</i>	5 - 8
GRANTS - DISTANCE LEARNING... <i>(SEE EDUCATION)</i>	8
HIGHER EDUCATION... <i>(SEE EDUCATION)</i>	8
INSURANCE.....	12
JAILS... <i>(SEE COUNTIES)</i>	2
LEGISLATIVE ADEQUACY COMMITTEE... <i>(SEE GENERAL ASSEMBLY)</i>	11
LONOKE COUNTY... <i>(SEE COURTS / DISTRICT COURTS)</i>	2
MASTER PRINCIPAL PROGRAM... <i>(SEE EDUCATION / PRINCIPALS)</i>	9
MATHEMATICS, SCIENCE, AND THE ARTS, SCHOOL OF... <i>(SEE EDUCATION)</i>	8

MOTOR VEHICLES..... 12

NON-CERTIFIED SCHOOL EMPLOYEES... (SEE EDUCATION)..... 8 - 9

NURSES... (SEE EDUCATION) 9

PRINCIPALS... (SEE EDUCATION) 9

PROFESSIONAL DEVELOPMENT PLAN... (SEE EDUCATION / TEACHERS) 10

PROPERTY 12

PUBLIC SCHOOL ACADEMIC FACILITIES, DIVISION OF... (SEE EDUCATION)..... 9

PUBLIC SCHOOL ACCOUNTABILITY, DIVISION OF ... (SEE EDUCATION) 9

REDEVELOPMENT DISTRICTS... (SEE TAXES) 13

REPORT CARDS... (SEE EDUCATION / GENERAL EDUCATION) 5

RETIREMENT 12

SALES AND USE TAX... (SEE TAXES)..... 13

SCHOOL CHOICE..... 5

SCHOOL FACILITIES... (SEE EDUCATION / GENERAL EDUCATION)..... 5

SCHOOL FINANCE... (SEE EDUCATION / GENERAL EDUCATION)..... 5 - 6

SCHOOL FUNDING... (SEE EDUCATION / GENERAL EDUCATION)..... 6 - 7

SEXUAL OFFENDERS... (SEE CRIMINAL LAW AND PROCEDURE)..... 2

STATE AGENCIES - VARIOUS..... 13

TAX AMNESTY PROGRAM... (SEE TAXES)..... 14

TAXES 13 - 14

TEACHER ASSISTANCE RESOURCE PROGRAM... (SEE EDUCATION / TEACHERS)..... 11

TEACHER HOUSING... (SEE PROPERTY)..... 12

TEACHER RECRUITMENT, OFFICE OF... (SEE EDUCATION) 9

TEACHERS... (SEE EDUCATION) 9 - 11

TESTING... (SEE EDUCATION / GENERAL EDUCATION) 8

VOTER REGISTRATION... (SEE ELECTION LAWS)..... 11

WASHINGTON COUNTY... (SEE COURTS / DISTRICT COURTS) 2

WHOLESALE VENDING TAX... (SEE TAXES) 14