

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

A Bill

Act 840 of 2003
HOUSE BILL 2278

5 By: Representatives D. Evans, Milligan, Weaver, Hutchinson, Adams, Scrimshire, Ferguson, Norton,
6 Jackson, L. Evans, Bradford, S. Prater, Scroggin, Fite, Creekmore, Dickinson, Petrus
7

For An Act To Be Entitled

10 AN ACT TO PROVIDE FOR SCHOOL DISTRICT REFINANCING
11 OF POSTDATED WARRANTS, LEASE PURCHASE AGREEMENTS,
12 AND INSTALLMENT CONTRACTS; AND FOR OTHER
13 PURPOSES.
14

Subtitle

15 AN ACT TO PROVIDE FOR SCHOOL DISTRICT
16 REFINANCING OF POSTDATED WARRANTS, LEASE
17 PURCHASE AGREEMENTS, AND INSTALLMENT
18 CONTRACTS.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 6-20-402(c) through (g), pertaining to
25 limitations on school district indebtedness, is amended to read as follows:

26 (c)(1) A school district may refinance one (1) or more outstanding
27 postdated warrants, lease purchase agreements, or installment contracts, and
28 pay the usual, customary, and reasonable costs of the refinancing, by issuing
29 one (1) postdated warrant, lease purchase agreement, or installment contract,
30 if the refinancing:

31 (A)(i) Results in a net savings to the school district;

32 (ii) A net savings results if the outstanding
33 principal balance plus the remaining interest payments, and any early call
34 penalties is greater than the new principal balance plus the total interest
35 to be paid and the cost of the refinancing of the outstanding postdated
36 warrant, lease purchase agreement, or installment contract.



1 (B) Does not extend the term of the postdated warrant,
2 lease purchase agreement, or installment contract, more than five (5) years
3 beyond the term of the existing individual outstanding postdated warrants,
4 lease purchase agreements, or installment contracts, and the original term
5 together with any extension does not exceed ten (10) years; and

6 (2) Does not increase the outstanding debt owed by the school
7 district under the existing outstanding postdated warrants, lease purchase
8 agreements, or installment contracts, except to the extent necessary to cover
9 usual, customary and reasonable costs of issuance of the new refunding
10 postdated warrant, lease purchase agreement, or installment contract, and
11 except to the extent necessary for new financing as authorized by 6-20-
12 402(a);

13 (3)(A) Except as allowed under subdivision (c)(3)(B), the
14 outstanding postdated warrants, lease purchase agreements, or installment
15 contracts, has not been previously refinanced.

16 (B) Any outstanding postdated warrants, lease purchase
17 agreements, or installment contracts, may be refinanced more than one (1)
18 time, if:

19 (i) The school district realizes a savings from the
20 refinancing;

21 (ii) The term of the debt obligation is not
22 extended; and

23 (iii) The refinancing does not increase the total
24 debt obligation of the school district; and

25 (4) The school district obtains the prior written approval of
26 the Department of Education to refinancing one (1) or more outstanding
27 postdated warrants, lease purchase agreements, or installment contracts.

28 (2) The State Board of Education may promulgate rules and regulations
29 as necessary to implement the subsection (c)(1) of this section.

30 (2) A school district may incur current indebtedness and issue
31 its notes or other evidence thereof as provided in this subsection ~~(e)~~(d).

32 ~~(1)~~(A) All current indebtedness incurred in a fiscal year
33 shall mature on or before December 31 of the calendar year in which the
34 fiscal year ends.

35 ~~(2)~~(B) Current indebtedness is not included in the term
36 "bonded indebtedness" and shall not be considered a part of the total debt of

1 a district as limited by §§ 6-20-803 and 6-20-1202.

2 ~~(3)~~(C) Current indebtedness shall be payable from, and may
3 be secured by a pledge of, all or any part of the revenue receipts of the
4 issuing district for the fiscal year in which the debt is incurred.

5 ~~(4)~~(D) The amount of obligations incurred by a school
6 district for any school fiscal year, including current indebtedness, shall
7 not be in excess of the revenue receipts of the district for that year except
8 as expressly authorized in subsection (a) of this section.

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APPROVED: 3/27/2003