

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.

Act 741 of the Regular Session

1 State of Arkansas

As Engrossed: H3/12/07 S3/20/07

2 86th General Assembly

A Bill

3 Regular Session, 2007

HOUSE BILL 2234

4
5 By: Representatives Norton, Everett, *Davenport, Abernathy, Saunders*

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8 **For An Act To Be Entitled**

9 AN ACT TO ASSIST SCHOOL DISTRICTS TO CONSTRUCT
10 NEW BUILDINGS WITHOUT BEING IDENTIFIED AS A
11 DISTRICT IN FISCAL DISTRESS; AND FOR OTHER
12 PURPOSES.

13
14 **Subtitle**

15 AN ACT TO ASSIST SCHOOL DISTRICTS TO
16 CONSTRUCT NEW BUILDINGS WITHOUT BEING
17 IDENTIFIED AS A DISTRICT IN FISCAL
18 DISTRESS.

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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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23 SECTION 1. Arkansas Code § 6-20-1904 is amended to read as follows:
24 6-20-1904. Indicators of fiscal distress.

25 Any school district meeting any of the following criteria may be
26 identified by the Department of Education to be a school district in fiscal
27 distress upon final approval by the State Board of Education:

28 (1)(A) A declining balance determined to jeopardize the fiscal
29 integrity of a school district~~+~~.

30 (B) However, capital outlay expenditures for academic
31 facilities from a school district balance shall not be used to put the school
32 district in fiscal distress;

33 (2) Any act or violation determined to jeopardize the fiscal
34 integrity of a school district, including, but not limited to:

35 (A) *Material failure to properly maintain school*



1 facilities;

2 (B) Material violation of local, state, or federal fire,
3 health, or safety code provisions or law;

4 (C) Material violation of local, state, or federal
5 construction code provisions or law;

6 (D) Material state or federal audit exceptions or
7 violations;

8 (E) Material failure to provide timely and accurate
9 legally required financial reports to the department, the Division of
10 Legislative Audit, the General Assembly, or the Internal Revenue Service;

11 (F) Insufficient funds to cover payroll, salary,
12 employment benefits, or legal tax obligations;

13 (G) Material failure to meet legally binding minimum
14 teacher salary schedule obligations;

15 (H) Material failure to comply with state law governing
16 purchasing or bid requirements;

17 (I) Material default on any school district debt
18 obligation;

19 (J) Material discrepancies between budgeted and actual
20 school district expenditures;

21 (K) Material failure to comply with audit requirements of
22 ~~§ 6-20-301~~; or

23 (L) Material failure to comply with any provision of the
24 Arkansas Code that specifically places a school district in fiscal distress
25 based on noncompliance; or

26 (3) Any other fiscal condition of a school district deemed to
27 have a detrimental negative impact on the continuation of educational
28 services by that school district.

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30 SECTION 2. Arkansas Code § 6-20-1905(a) concerning notification of
31 identification of school district fiscal distress is amended to read as
32 follows:

33 (a)(1) The Department of Education shall provide written notice, via
34 certified mail, return receipt requested, to the president of the school
35 board and the superintendent of each school district identified as being in
36 fiscal distress.

1 (2) Beginning in 2008, the department shall provide the notice
2 required under subdivision (a)(1) of this section on or before March 30 of
3 each year.

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5 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
6 General Assembly of the State of Arkansas that school districts begin their
7 work far in advance of the academic year; that the coming academic year
8 begins in August, 2007; that the school districts require certainty about the
9 effect on the fiscal health of the school district that might arise from
10 capital outlay for academic facility; and that this act is necessary because
11 any delay might irreparably harm a school district and its students.
12 Therefore, an emergency is declared to exist and this act being necessary for
13 the preservation of the public peace, health, and safety shall become
14 effective on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,
17 the expiration of the period of time during which the Governor may veto the
18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is
20 overridden, the date the last house overrides the veto.

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22 /s/ Norton

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24 APPROVED: 3/30/2007