

Hall of the House of Representatives
85th General Assembly - Regular Session, 2005
Amendment Form

Subtitle of House Bill No. 2508

"ARKANSAS PUBLIC SCHOOL ACADEMIC FACILITIES FUNDING ACT."

Amendment No. 2 to House Bill No. 2508.

Amend House Bill No. 2508 as engrossed, H3/24/05 (version: 03-24-2005 10:39):

Page 2, delete lines 15 through 20 and substitute the following:

"(2)(A) "Academic facilities wealth index" means a percentage derived from the following computations:

(i) Determine the value of one (1) mill per student in each school district as follows:

(a) Multiply the value of one (1) mill by the total assessed valuation of taxable real, personal, and utility property in the school district as shown by the applicable county assessment for the most recent year; and

(b) Divide the product from subdivision (2)(A)(i)(a) of this section by the greater of the prior year average daily membership of the school district or the prior three-year average of the school district's average daily membership;

(ii) Determine student millage rankings by listing the computation under subdivision (2)(A)(i) of this section for each school district from students with the lowest value per mill to students with the highest value per mill;

(iii) Allocate the student millage rankings into percentiles with the first percentile containing the one percent (1%) of students with the lowest value per mill and the one-hundredth percentile containing the one percent (1%) of students with the highest value per mill; and

(iv) Divide the value of one (1) mill per student in each school district as computed under subdivision (2)(A)(i) of this section by the amount corresponding to the ninety-fifth percentile of the student millage rankings under subdivision (2)(A)(iii) of this section.

(B)(i) The percentage derived from the computation under subdivision (2)(A)(iv) of this section is the academic facilities wealth index for a school district, which shall be computed annually and used to determine the amount of the school district's share of financial participation in a local academic facilities project eligible for state financial participation under priorities established by the division.

(ii) The state's share of financial participation in



a local academic facilities project eligible for state financial participation under priorities established by the division is the percentage derived from subtracting the school district's percentage share of financial participation determined under subdivision (2)(B)(i) of this section from one hundred percent (100%);"

AND

Page 4, delete lines 21 through 36 and substitute the following:

"6-20-2503. Bonded debt assistance.

(a) As used in this section:

(1) "Foundation funding" means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student as that amount is established in § 6-20-2305;

(2) "Local revenue per student" means in each school year ninety-eight percent (98%) of the amount of revenue available, whether or not collected, in a school district solely from the levy of the uniform rate of tax plus seventy-five percent (75%) of the average miscellaneous funds collected in the previous five (5) years or the previous year, whichever is less, divided by the average daily membership of the school district;

(3) "Miscellaneous funds" means those funds received by a local school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, funds received by the district in lieu of taxes, and local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.; and

(4) "State wealth index" means the result of one (1) minus the ratio of local revenue per student divided by the difference between foundation funding and local revenue per student.

(b)(1) In accordance with the requirements and limitations of this section, the state shall provide eligible school districts with financial assistance for the purpose of retiring outstanding bonded indebtedness in existence as of January 1, 2005.

(2) The amount of financial assistance under this section is based on:

(A) The total amount required to satisfy a school district's outstanding bonded indebtedness in existence as of January 1, 2005;

(B) The annual amount due on a fiscal year basis from the school district in accordance with the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005, for the outstanding bonded indebtedness identified under subdivision (b)(2)(A) of this section; and

(C) The calculation in subdivision (b)(3)(A) or (b)(3)(B) of this section.

(3)(A) The Commission for Public Academic Facilities and Transportation shall determine the amount of financial assistance for each eligible school district as follows:

(i)(a) For the year that financial assistance under this section will be provided, ascertain the scheduled debt payment on a fiscal year basis from the principal and interest payment schedule in effect

and on file with the Department of Education on January 1, 2005, and reduce the amount of the payment by ten percent (10%) except as provided in subdivision (b)(3)(A)(i)(b) of this section.

(b) If a school district can demonstrate to the satisfaction of the commission that all or a portion of the ten percent (10%) reduction in its scheduled debt payment under subdivision (b)(3)(A)(i)(a) of this section can be attributed to the support of academic facilities, then the commission shall reverse all or a portion of the ten percent (10%) reduction by a percentage proportionate to the amount attributable to academic facilities;

(ii) For the year that financial assistance will be provided, divide the scheduled debt payment as adjusted under subdivision (b)(3)(A)(i) by the total assessed valuation of taxable real, personal, and utility property in the school district as shown by the applicable county assessment for the most recent year with the result multiplied by one thousand (1,000);

(iii)(a) Multiply the calculation under subdivision (b)(3)(A)(ii) of this section by a funding factor per average daily membership that will distribute a total amount of state financial assistance no less than the total amount of funds that would have been distributed during fiscal year 2005 if every school district in the state had received an amount of state financial assistance equal to an amount calculated by applying the debt service funding supplement formula under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year 2005 with a funding factor of eighteen dollars and three cents (\$18.03).

(b) The funding factor for each fiscal year after fiscal year 2006 shall be equal to the funding factor derived for fiscal year 2006 under subdivision (b)(3)(A)(iii)(a) of this section; and

(iv) Multiply the calculation under subdivision (b)(3)(A)(iii) of this section by the state wealth index.

(B)(i) As used in this subdivision, "mandatory callable bonds" means a bond issue in which all net proceeds from debt service millage used to secure the issuance of that bond must be applied to payment of the issue and cannot be used for any other purposes.

(ii) School districts having mandatory callable bonds shall receive an amount of state financial assistance with regard to the mandatory callable bonds proportionate to the amount of state financial assistance provided under subdivision (b)(3)(A) of this section to school districts that do not have mandatory callable bonds.

(C) As the amount of state financial assistance under this section decreases to correlate with reductions in principal and interest payments and increases in property assessments, the commission shall distribute any savings through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission.

(4)(A) The commission shall determine the amount of state financial assistance for each eligible school district no later than July 15 of each year.

(B) State financial assistance under this section is payable to each eligible school district in two (2) equal installments. The commission shall arrange for the payment of the first installment by August 1 of each year and the second installment by February 1 of each year.

(5) For tracking purposes, the school district shall account for

the funds received as state financial assistance under this section as restricted funds and shall account for the funds in accordance with provisions of law, including without limitation, the Arkansas Educational Financial Accounting and Reporting Act of 2004, § 6-20-2201 et seq., and rules established by the commission.

(c)(1)(A) Nothing in this section shall prohibit a school district from refunding bonds that were issued and outstanding as of January 1, 2005. If a school district qualifies for state financial assistance under this section, the amount of state financial assistance under this section shall not be altered or reduced as a result of refunding the bonds that were issued and outstanding as of January 1, 2005, and the financial assistance shall continue after the refunding based on the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005.

(B) The school district shall use the debt service savings, if any, produced by refunding the outstanding bonds as follows:

(i) The annual savings produced by the refunding shall be deposited into a bond refunding savings fund to be used by the school district solely for the new construction of academic facilities or the purchase of academic equipment; and

(ii) Before the date that the refunding bonds are sold at public sale, the school district shall certify to the commission that the yearly debt services saving will be used solely for the purposes described in subdivision (c)(1)(B)(i) of this section.

(2) Nothing in this section shall prohibit a school district from issuing second lien bonds. If a school district qualifies for state financial assistance under this section, the amount of state financial assistance under this section shall not be increased or reduced as a result of the issuance of second lien bonds.

(3) Nothing in this subsection (c) shall prevent the annual adjustment of state financial assistance under this section in accordance with annual variations in the state wealth index and the school district's principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005.

(d) The state shall not assume any debt of a school district or incur any obligation with regard to a school district's bonded indebtedness by providing the financial assistance described in this section. The school district receiving financial assistance under this section is and will remain independently liable for all outstanding indebtedness.

(e)(1) The commission shall compute the amount of general facilities funding that each school district received or would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year 2005.

(2)(A) In addition to the financial assistance provided under subsection (b) of this section, a school district shall receive in accordance with subdivision (e)(2)(B) of this section state financial assistance equal to all or a portion of the general facilities funding that the school district received or would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year 2005.

(B) The commission shall phase-out state financial assistance under this subsection (e) over a ten-year period by reducing the amount received by a school district under this subsection (e) after fiscal

year 2006 by one-tenth (1/10) in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission.

(3) State financial assistance under this section is payable to each eligible school district in two (2) equal installments. The commission shall arrange for the payment of the first installment by August 1 of each year and the second installment by February 1 of each year.

(f)(1) If a school district elected to receive supplement millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year 2005, the commission shall compute the difference between the amount of supplemental millage incentive funding that a school district received in fiscal year 2005 and the amount of debt service funding supplement and general facilities funding that the school district would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., in fiscal year 2005.

(2)(A) In addition to the financial assistance provided under subsection (b) of this section, a school district that elected to receive supplement millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., shall receive in accordance with subdivision (f)(2)(B) of this section state financial assistance equal to all or a portion of the amount of supplemental millage incentive funding that exceeded the amount that the school district would have received under debt service funding supplement and general facilities funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq., in fiscal year 2005.

(B) The commission shall phase-out the state financial assistance under this subsection (f) over a ten-year period by reducing the amount received by a school district under this subsection (f) after fiscal year 2006 by one-tenth (1/10) in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission.

(3) State financial assistance under this section is payable to each eligible school district in two (2) equal installments. The commission shall arrange for the payment of the first installment by August 1 of each year and the second installment by February 1 of each year."

AND

Page 5, delete lines 1 through 36

AND

Page 6, delete lines 1 through 24

AND

Page 6, line 26, delete "6-20-2505." and substitute "6-20-2504."

AND

Page 9, line 6, delete "6-20-2506." and substitute "6-20-2505."

AND

Page 10, line 17, delete "6-20-2507." and substitute "6-20-2506."

AND

Page 13, line 2, delete "6-20-2508." and substitute "6-20-2507."

AND

Page 17, line 4, delete "6-20-2509." and substitute "6-20-2508."

AND

Page 18, line 25, delete "6-20-2510." and substitute "6-20-2509."

AND

Page 19, line 19, delete "6-20-2511." and substitute "6-20-2510."

AND

Page 20, line 7, delete "6-20-2512." and substitute "6-20-2511."

AND

Page 20, line 24, delete "6-20-2513." and substitute "6-20-2512."

AND

Page 20, line 31, delete "6-20-2514." and substitute "6-20-2513."

The Amendment was read _____
By: Representative Mahony
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Chief Clerk