# **ARKANSAS SENATE**

86th General Assembly - Regular Session, 2007

## **Amendment Form**

#### Subtitle of Senate Bill No. 807

"AN ACT TO CLARIFY SCHOOL FACILITIES LAW FOR HIGH-GROWTH SCHOOL

#### DISTRICTS."

### Amendment No. 1 to Senate Bill No. 807.

Amend Senate Bill No. 807 as originally introduced:

Delete everything after the enacting clause and substitute the following: "SECTION 1. FINDINGS. The General Assembly finds that:

(1) The General Assembly has examined the document titled "Arkansas Department of Education, Percent Change in Three-Quarter Average ADMs Over 2 Years -- 2005-2006 Required Debt Mills", dated February 28, 2007, and determined that thirty-two (32) of two hundred forty-five (245) school districts are now at or above ten (10) mills of debt service. This would seem to be well within range of school districts in Arkansas needing academic facilities improvements;

(2) No evidence was presented during the 2006 Act 57 hearings of any school district suffering from a problem related to its inability to raise sufficient mills for academic facilities improvements;

(3) However, the General Assembly should support a loan program for the next biennium to assist districts that raise ten (10) mills for academic facilities and also have a four percent (4%) increase in growth over the previous two (2) years that is maintained in the present year; and

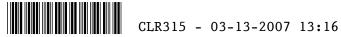
(4) This short term loan program will enable the General Assembly to examine the success of this number of mills and the increase in students to resolve the unproven idea that there are school districts that are unable to construct facilities because there is a limit on the number of mills they can raise or should be required to feasibly raise and that growth is the cause.

SECTION 2. Arkansas Code § 6-20-2511 is amended to read as follows: 6-20-2511. High-growth school districts.

(a) The Division of Public School Academic Facilities and Transportation shall develop a program to provide state financial participation in the form of emergency loans to eligible high-growth school districts for assistance with excess debt service requirements. The amount of an emergency loan shall be based on:

(1) Growth trends in the district;

(2) The application of space utilization standards in the



district;

(3) The academic facilities wealth index of the school district;

and

(4) The prudent and resourceful expenditure of state funds with regard to public school academic facilities.

(b) The division shall report to the General Assembly by January 15, 2007, on the development of the program and obtain formal legislative approval and funding before implementing the program.

(a) As used in this section:

(1) "High-growth school district" means a public school district in which the average daily membership for the public school district in the present school year is four percent (4%) higher than the school year that is two (2) years prior to the present school year; and

(2) "Maximum expected millage" means ten (10) mills, representing the maximum number of mills that a public school district is expected to raise to service its bonded indebtedness incurred for academic facilities.

(b) There is established the Academic Facilities High-Growth School District Loan Program under which the Department of Education shall provide an interest-free loan to a high-growth school district in which the mills required to service the bonded indebtedness incurred for academic facilities exceeds the maximum expected millage for the high-growth school district.

(c)(1) A high-growth school district may apply for an interest-free loan when the high-growth school district has raised the maximum expected millage and the revenue generated from the maximum expected millage is less than the amount required to service the bonded indebtedness incurred for academic facilities.

(2) The amount of the loan shall be the amount of moneys required for academic facilities less the sum of:

(A) The revenues generated by the maximum expected millage; and

(B) The state revenue received by the high-growth school district under the Academic Facilities Partnership Program.

(3) The high-growth school district shall apply for the loan under from the Revolving Loan Fund, subject to §§ 6-20-801 - 6-20-816.

(d)(1) When the revenue required to service the bonded indebtedness incurred for the high-growth school district's academic facilities is less than the revenue generated by maximum expected millage, the high-growth school district shall repay the loan.

(2)(A) The high-growth school district shall make annual payments to the state in the amount of:

(i) The revenue generated by the high-growth school district's millage up to the amount of the revenues generated from the maximum expected millage for the year; less

(ii) The revenue required to service the high-growth school district's bonded indebtedness for academic facilities.

(B) The payments under this subdivision (d) shall continue until the loan is paid in full.

(3)(A) During the time that the loan to the high-growth school district is in repayment, the high-growth school district:

(i) Shall use all revenues generated below the maximum expected millage to repay the loan;

(ii) Shall not issue refunding bonds or refunding certificates, as provided under § 6-20-815; and

(iii) Shall not otherwise change the amount of revenues available to repay the loan without the prior approval of the department.

(e) Within a reasonable time after its receipt, each application under subsection (c) of this section shall be examined by the department in accordance with rules established by the State Board of Education as to the accuracy of the answers contained therein.

(f)(1) After considering the merits of each application, the department may, in its discretion, approve the application for the full amount of the proposed loan, approve the application for a loan of a lesser amount than the amount requested, or disapprove the application.

(2) Prior to approving the application, the department shall make a determination that the total space available in the high-growth school district is less than the amount needed to accommodate the growth of students.

(g) The Commission for Arkansas Public School Facilities and Transportation shall adopt rules to implement the program established by this section.

SECTION 3. NOT TO BE CODIFIED. The document attached hereto titled "Arkansas Department of Education, Percent Change in Three-Quarter Average ADMs Over 2 Years -- 2005-2006 Required Debt Mills", dated February 28, 2007, is specifically adopted by the House Education Committee and the Senate Education Committee and recommended to the General Assembly and shall be filed in the journals of the House and Senate."

The Amendment was read the first time, rules suspended and read the second time and **Bv: Senator Broadway** CLR/CLR - 03-13-2007 13:16 **CLR315** 

Secretary