

Hall of the House of Representatives
95th General Assembly - Fiscal Session, 2026
Amendment Form

JBC 04/23/26 (1.1.)

Subtitle of House Bill 1007

AN ACT FOR THE DEPARTMENT OF EDUCATION - DIVISION OF ELEMENTARY AND
SECONDARY EDUCATION - PUBLIC SCHOOL FUND APPROPRIATION FOR THE 2026-
2027 FISCAL YEAR.

Amendment No. 2 to House Bill 1007

Amend House Bill 1007 as engrossed H4/23/26 (version: 4/23/26 08:16:24 AM):

Page 17, immediately following SECTION 27, insert the following:

" SECTION 28. DO NOT CODIFY. LEGISLATIVE INTENT.

It is the intent of the General Assembly that Sections 28 - 33 of this act apply to:

(1) An isolated school district created by a detachment election during the 2026 annual school election under Arkansas Code § 6-13-1801;

(2) An existing district from which a newly created isolated school district was created under Arkansas Code § 6-13-1801; and

(3) Any future isolated school district created and governed by Arkansas Code § 6-13-1801 et seq.

SECTION 29. SPECIAL LANGUAGE - CODE AMENDMENT. Arkansas Code § 6-13-1801 is amended to read as follows:

6-13-1801. Isolated school district – Formation – Definition.

(a)(1) An isolated school may detach from a ~~resulting or receiving an existing~~ district if the isolated school submits a petition to the ~~resulting or receiving school~~ existing district board of directors that states the intent to reestablish the original isolated school and that contains the signatures of:

(A) No less than three hundred fifty (350) registered



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voters who reside within the boundaries of the isolated school; or

(B) No less than fifty-one percent (51%) of the registered voters who reside within the boundaries of the isolated school.

(2)(A) The ~~resulting or receiving school~~ existing district board of directors shall request the county clerk of the county in which the ~~resulting or receiving school~~ existing district is located to verify the signatures submitted in a petition under subdivision (a)(1) of this section within five (5) business days of receipt of a petition under subdivision (a)(1) of this section.

(B) Upon request, a county clerk of the county in which the ~~resulting or receiving school~~ existing district is located shall verify the signatures within five (5) days of receipt of a request from the ~~resulting or receiving school~~ existing district board of directors under subdivision (a)(2)(A) of this section.

(3) The ~~resulting or receiving school~~ existing district board of directors shall review a petition submitted under subdivision (a)(1) of this section and call ~~an~~ a detachment election under subdivision (a)(1) of this section to be held for the voters who reside within the school district boundaries of the isolated school before it consolidated with the ~~resulting or receiving~~ existing district on the issue of an isolated school detaching from a ~~resulting or receiving~~ an existing district at the next annual school election.

(b)(1) An isolated school district may be formed from an isolated school within a ~~resulting or receiving~~ an existing district that was annexed or consolidated with another school district under the Public Education Reorganization Act, § 6-13-1601 et seq., following the submission and approval of a petition under subsection (a) of this section.

(2) In order to qualify as an isolated school district, the isolated school within a ~~resulting or receiving~~ an existing district that was annexed or consolidated with another school district under the Public Education Reorganization Act, § 6-13-1601 et seq., shall have been in operation for kindergarten through grade twelve (K-12) within two (2) years of the date on which the isolated school applies under this subchapter.

(c) The minimum school enrollment to establish a new public school district shall not apply when forming an isolated school district under this subchapter.

(d) As used in this subchapter, "existing district" means a public school district that was formed as a result of the administrative consolidation or annexation of an isolated school under § 6-20-602.

SECTION 30. SPECIAL LANGUAGE - CODE AMENDMENT. Arkansas Code § 6-13-1803(a), concerning an election to establish the millage rate of a newly formed isolated school district, is amended to read as follows:

(a)(1) An election within the boundaries of an isolated school district shall be held to establish the millage rate for the isolated school district as required under § 26-80-111.

(2) The millage rate of the existing district that was established before the detachment election conducted under this subchapter shall be the millage rate for the isolated school district formed under § 6-13-1801.

SECTION 31. SPECIAL LANGUAGE - CODE AMENDMENT. Arkansas Code § 6-13-1803(c), concerning the determination of the prior-year average daily membership of a newly formed isolated school district, is amended to read as follows:

(c) If an isolated school district begins operations at the beginning of the following school year after detaching from ~~a local public school~~ an existing district under which the proposed isolated school district currently operates, the prior-year average daily membership of the isolated school shall be subtracted from the prior-year average daily membership of the ~~local public school~~ existing district under which the isolated school previously operated.

SECTION 32. SPECIAL LANGUAGE - CODE AMENDMENT. Arkansas Code §§ 6-13-1804 and 6-13-1805 are amended to read as follows:

6-13-1804. Facilities and property.

(a)(1) ~~A local public school~~ An existing district under which a proposed isolated school district currently operates shall agree in writing to release ownership of the isolated school's facilities and any accompanying debt on the facilities to the isolated school district.

(2) The written release form required under subdivision (a)(1) of this section shall be signed by the president of the school district board

of directors of the ~~local public school~~ existing district under which the proposed isolated school district currently operates and shall be included in the application submitted by the proposed isolated school district.

(b)(1) Ownership of a school bus acquired with isolated school funds in the previous two (2) school years shall be transferred to the ~~resulting~~ isolated school district formed under this subchapter.

(2) If a school bus was not acquired with isolated school funds in the previous two (2) school years, then the ownership of the number of school buses transferred to the isolated school district formed under this subchapter shall be equal to the lesser of:

(A) The number of buses dedicated primarily to delivering students to and from the isolated school in the previous two (2) years of operation of the existing district under which the isolated school previously operated; or

(B) The percentage of the total number of buses owned by the existing district that is equal to the percentage of students attending the isolated school in the prior year according to the first three-quarter average daily membership.

(c) Isolated school funds received by the ~~local public school~~ existing district under which the proposed isolated school district currently operates within four (4) months of the end of the ~~local public school~~ existing district's fiscal year on June 30 shall be transferred to the resulting isolated school district.

(d) Ownership of all personal property and fixtures, including without limitation furnishings, equipment, textbooks, computers, technology, phone systems, audio-video systems, athletic equipment, and machinery at an isolated school ~~currently operating within a local public~~ located in a resulting isolated school district that is the property of the existing district at the time of a detachment election held under this subchapter shall be transferred to the resulting isolated school district.

(e)(1) An existing district shall transfer to the isolated school district that previously operated under the existing district a sum equal to ninety percent (90%) of the foundation funding awarded for each student who currently attends the isolated school based on the prior-year first three-quarter average daily membership of the public school that is proposed to operate as an isolated school district.

(2) The payment of foundation funds required under subdivision (e)(1) of this section shall be made under § 6-13-1806(e).

(f)(1) An isolated school district shall assume all the debt of the existing district if the debt is directly related to the real property transferred to the isolated school district under this section.

(2) Debt is directly related to the real property transferred to the isolated school district under this section if the debt is related to a capital project that is located on the isolated school district campus.

(3) In order to comply with this subsection, an isolated school district may:

(A) Refinance any debt assumed under subdivision (f)(1) of this section through the issuance of new bonds; or

(B) Enter into a contract to pay the existing district under which the isolated school district previously operated and that holds the debt the amount necessary to satisfy the debt repayment obligations.

(g)(1) An existing district shall hold all personal property and fixtures that will be transferred to a resulting isolated school district under this section in a trust until the isolated school district is able to take custody of the personal property and fixtures.

(2)(A) An isolated school district shall have a civil cause of action to enforce the distribution of ownership of personal property and fixtures under this section.

(B) A court of competent jurisdiction may provide any legal or equitable remedy necessary to give effect to the provisions of this subchapter.

(C) If a civil cause of action is initiated and a court of competent jurisdiction determines that an existing district or an administrator of an existing district has concealed, removed, wasted, divested, or withheld any personal property or fixture that belongs to an isolated school district according to this section, then the court may:

(i) Assess punitive damages up to three (3) times the amount of the value of the personal property or fixture that was concealed, removed, wasted, divested, or withheld;

(ii) Award attorney's fees to the prevailing party;
and

(iii) Take other appropriate actions to ensure

compliance with the requirements of this subchapter.

(h)(1) Nothing in this subchapter shall prohibit an existing district and an isolated school district formed under this subchapter from agreeing to a division of personal property, fixtures, and other assets, including without limitation any funding, that is not otherwise prescribed in this subchapter.

(2) An agreement entered into under subdivision (h)(1) of this section shall be enforceable by a court of competent jurisdiction.

6-13-1805. Management.

~~Am~~ Until a duly elected or appointed isolated school district board of directors selects a superintendent, an isolated school district shall be managed by:

- (1) A director hired by the isolated school district;
- (2) A director appointed by the Division of Elementary and Secondary Education to oversee operations of all isolated school districts in the state; or
- (3) Any other director or superintendent the division appoints to the isolated school district.

SECTION 33. SPECIAL LANGUAGE - CODE AMENDMENT. Arkansas Code Title 6, Chapter 13, Subchapter 18, is amended to add additional sections to read as follows:

6-13-1806. Transition period following a detachment election – Certification of initial operations of isolated school district.

(a) Following the formation of an isolated school district, an existing district shall continue to operate in the same manner as it did immediately before the detachment election in which the isolated school district was created under § 6-13-1801 and shall continue to educate all students enrolled in the existing district.

(b) Except as otherwise provided in this subchapter, the funds provided to an existing district under § 6-20-2305 shall continue to be provided to the existing district following the detachment election forming an isolated school district under § 6-13-1801 until:

(1) The isolated school district certifies with the existing district that it is ready to begin operations at the isolated school

district; and

(2) The last day of school in the existing district occurs, if the certification under subdivision (b)(1) of this section is made after July 15 of each year.

(c) An isolated school district may certify that it is ready to begin operations when the isolated school district has:

(1) Selected and employed an isolated school district superintendent or other official authorized under this subchapter who has the authority to act on behalf of the isolated school district;

(2)(A) Employed officials who are authorized by the Division of Elementary and Secondary Education to receive state funding.

(B) An official shall not be authorized to receive state funding under subdivision (c)(2)(A) of this section until he or she completes any training required by the division that is related to state funding;

(3) Established accounts at a financial institution that is eligible to receive state funds;

(4) Been assigned a local education agency number by the division;

(5) Taken the steps necessary to begin to enroll students as determined by the division; and

(6) Established a school calendar that sets a date for the new isolated school district to begin the school year in the initial year of operation.

(d)(1) Certification under this section shall be made by submitting to the following entities a signed statement attested to under penalty of perjury that the requirements of this section have been satisfied:

(A) The Commissioner of Elementary and Secondary Education; and

(B) The superintendent of the existing district.

(2) If the certification under subdivision (d)(1) of this section is filed:

(A) On or before July 15 of each year, then the isolated school district shall begin operations in the fiscal year beginning on July 1 of each year; and

(B) After July 15 of each year, then the isolated school district shall begin operations in the following fiscal year.

(e) The funding allocated under § 6-13-1804(e) shall be transferred from an existing district to a newly created isolated school district in accordance with the following schedule until all allocated funds under § 6-13-1804(e) have been transferred:

(1) Twenty-five percent (25%) shall be transferred within ten (10) business days of notice that the isolated school district:

(A) Selects an isolated school district superintendent or other official authorized under this subchapter who has the authority to act on behalf of the isolated school district; and

(B) Establishes accounts at a financial institution that is eligible to receive state funds;

(2) An additional twenty-five percent (25%) shall be transferred on December 31 of the year in which a detachment election under this subchapter is held if the isolated school district has not yet begun operations; and

(3) The remaining amount of the isolated school district's funds awarded under this subchapter shall be transferred when the isolated school district certifies it is ready to begin operations as specified under this section.

6-13-1807. Time period to begin operations.

(a) An isolated school district shall have up to sixteen (16) months from the date of a detachment election held under this subchapter to certify under § 6-13-1806 that the isolated school district is ready to begin operations.

(b) If an isolated school district has not certified that it is ready to begin operations under § 6-13-1806 within the time required under subsection (a) of this section, then the isolated school district board of directors may:

(1) Seek to voluntarily consolidate with another public school district; or

(2) Dissolve the newly created isolated school district and return to the existing district under which it previously operated.

(c) If no action is taken under subsection (b) of this section within twenty-four (24) months from the date of a detachment election held under this subchapter, then the isolated school district shall be dissolved by

operation of law, and all property held by and geographic area comprising the isolated school district shall return to the existing district.

6-13-1808. First year of operation – Enrollment of students.

(a) An isolated school district may begin enrolling students following its establishment under this subchapter.

(b) If an isolated school district has not yet begun to operate as indicated under § 6-13-1806, then the enrollment of a student in the isolated school district shall:

(1) Be prospective;

(2) Not be construed to remove the student from enrollment in the student's current public school district; and

(3) Not relieve the student's current school district from its obligation to educate the student.

(c) A student is a resident of an existing district under this subchapter for purposes of funding and all relevant applicable law if the student:

(1) Is eligible to attend public school in Arkansas; and

(2) Establishes residency inside the boundary of the isolated school district before the isolated school district begins operations under this subchapter.

(d) A student may continue to attend an existing district until the student graduates or establishes residency in another public school district if the student:

(1) Resides in the boundaries of the isolated school district;

and

(2) Attends the existing district at the time the isolated school district begins operations under this subchapter.

6-13-1809. Terms of office for members of an existing district board of directors.

(a) The creation of an isolated school district under this subchapter does not create an immediate vacancy on the board of directors of an existing district when a member of the board of directors of the existing district resides in the newly created isolated school district.

(b) To ensure all students of an existing district are represented, a

member of a board of directors of the existing district who resides in a newly created isolated school district shall continue to be qualified to hold his or her office until the isolated school district:

- (1) Begins operations;
- (2) Consolidates with another public school district; or
- (3) Dissolves.

(c) A member of a board of directors of an existing district shall remain qualified to hold his or her seat if he or she establishes residency inside the boundary of an existing district and within the appropriate zone if he or she is elected by zone before an isolated school district begins operations or consolidates with another public school district."

AND

Page 17, delete SECTION 30 in its entirety and substitute the following:

" SECTION 30. EMERGENCY CLAUSE.

(a) It is found and determined by the General Assembly, that the Constitution of the State of Arkansas prohibits the appropriation of funds for more than a one (1) year period; that the effectiveness of all Sections of this act, except Sections 28-33 of this act, on July 1, 2026, is essential to the operation of the agency for which the appropriations in this act are provided; and that in the event of an extension of the legislative session, the delay in the effective date of this act for all Sections, except Sections 28-33 of this act, beyond July 1, 2026, could work irreparable harm upon the proper administration and provision of essential governmental programs. Therefore, an emergency is hereby declared to exist, and all Sections, except Sections 28-33 of this act, being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 2026.

(b) It is found and determined by the General Assembly of the State of Arkansas that without further statutory clarity, isolated school districts that have recently detached from existing districts will be without administrative and financial guidance; that newly formed isolated school districts need enough time to establish contracts and administrative requirements in order to begin the upcoming school year; that the Department

of Education needs statutory clarity on how funds should be distributed based on the formation of new school districts; and that this act is immediately necessary to provide newly formed isolated school districts with the statutory direction that is needed to proceed with standard operations following recent detachments from existing districts and to give the department guidance necessary to correctly disburse funds to newly formed school districts. Therefore, an emergency is declared to exist, and Sections 28 through 33 of this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

AND

Appropriately renumber all SECTION numbers of the bill.

The Amendment was read _____

By: Joint Budget Committee

By: Senator Irvin

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Chief Clerk