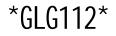
Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1	INTERIM STUDY PROPOSAL 2007-067
2	State of Arkansas
3	86th General Assembly A Bill
4	Regular Session, 2007HOUSE BILL2508
5	
6	By: Representative Everett
7	Referred to
8	Education Committee- House
9	by the House of Representatives
10	on 03/30/2007
11	
12	
13	For An Act To Be Entitled
14	AN ACT TO MODIFY THE METHOD FOR DETERMINING THE
15	AMOUNT OF FINANCIAL ASSISTANCE AN ELIGIBLE SCHOOL
16	DISTRICT SHALL RECEIVE TO RETIRE ITS OUTSTANDING
17	BONDED DEBT ASSISTANCE; AND FOR OTHER PURPOSES.
18	
19	Subtitle
20	TO MODIFY THE METHOD FOR DETERMINING THE
21	AMOUNT OF FINANCIAL ASSISTANCE AN
22	ELIGIBLE SCHOOL DISTRICT SHALL RECEIVE
23	TO RETIRE ITS OUTSTANDING BONDED DEBT
24	ASSI STANCE.
25	
26	
27	BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28	
29	SECTION 1. Arkansas Code § 6-20-2503(b), concerning bonded debt
30	assistance for a school district, is amended to read as follows:
31	(b)(1) In accordance with the requirements and limitations of this
32	section, the state shall provide eligible school districts with financial
33	assistance for the purpose of retiring outstanding bonded indebtedness in
34	existence as of January 1, 2005.
35	(2) The amount of financial assistance under this section is
36	based on:



HB2508

1 (A) The total amount required to satisfy a school 2 district's outstanding bonded indebtedness in existence as of January 1, 3 2005; (B) The annual amount due on a fiscal year basis from the 4 school district in accordance with the principal and interest payment 5 6 schedule in effect and on file with the Department of Education on January 1, 7 2005, for the outstanding bonded indebtedness identified under subdivision 8 (b)(2)(A) of this section; and 9 (C) The calculation in subdivision (b)(3)(A) or (b)(3)(B)10 of this section. 11 (3)(A) The Commission for Arkansas Public School Academic 12 Facilities and Transportation shall determine the amount of financial 13 assistance for each eligible school district as follows: 14 (i)(a) For the year that financial assistance under 15 this section will be provided, ascertain the scheduled debt payment on a 16 fiscal year basis from the principal and interest payment schedule in effect 17 and on file with the department on January 1, 2005, and reduce the amount of 18 the payment by ten percent (10%) except as provided in subdivision 19 (b)(3)(A)(i)(b) of this section. 20 (b) If a school district can demonstrate to 21 the satisfaction of the commission that all or a portion of the ten percent 22 (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 23 24 facilities, the commission shall reverse all or a portion of the ten percent 25 (10%) reduction by a percentage proportionate to the amount attributable to 26 academic facilities; 27 (ii)(a) For the year that financial assistance will 28 be provided, divide the scheduled debt payment as adjusted under multiply the 29 result obtained from the calculations under subdivision (b)(3)(A)(i) of this 30 section by one (1) minus the school district's academic facilities wealth 31 index as defined by § 6-20-2502. by the total assessed valuation of taxable 32 real, personal, and utility property in the school district as shown by the 33 applicable county assessment for the most recent year with the result multiplied by one thousand (1,000); 34 35 (b)(1) The result of the calculation in 36 subdivision (b)(3)(A)(ii)(a) of this section is the state's annual portion of

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1	financial assistance that shall be provided toward the retirement of the
2	school district's existing bonded indebtedness.
3	(2) However, regardless of the result
4	under subdivision (b)(3)(A)(ii)(a) of this section, a school district shall
5	not receive less funding for its debt service supplement than it would have
6	received under:
7	(A) The previous year's method of
8	calculating the debt service funding supplement; or
9	(B) The calculation of its
10	supplemental millage funding for fiscal year 2007.
11	(iii)(a) Multiply the calculation under subdivision
12	(b)(3)(A)(ii) of this section by a funding factor per average daily
13	membership that will distribute a total amount of state financial assistance
14	no less than the total amount of funds that would have been distributed
15	during fiscal year 2005 if every school district in the state had received an
16	amount of state financial assistance equal to an amount calculated by
17	applying the debt service funding supplement formula under the Supplemental
18	School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year
19	2005 with a funding factor of eighteen dollars three cents (\$18.03).
20	(b) The funding factor for each fiscal year
21	after Fiscal Year 2006 shall be equal to the funding factor derived for
22	Fiscal Year 2006 under subdivision (b)(3)(A)(iii)(a) of this section; and
23	(iv) Multiply the calculation under subdivision
24	(b)(3)(A)(iii) of this section by the state wealth index.
25	(B)(i) As used in this subdivision, "mandatory callable
26	bonds" means a bond issue in which all net proceeds from debt service millage
27	used to secure the issuance of that bond must be applied to payment of the
28	issue and cannot be used for any other purposes.
29	(ii) School districts having mandatory callable
30	bonds shall receive an amount of state financial assistance with regard to
31	the mandatory callable bonds proportionate to the amount of state financial
32	assistance provided under subdivision (b)(3)(A) of this section to school
33	districts that do not have mandatory callable bonds.
34	(C) As the amount of state financial assistance under this
35	section decreases to correlate with reductions in principal and interest
36	payments and increases in property assessments, the commission shall

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HB2508

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)(i) State financial assistance under this subsection (b) is payable to each eligible school district in two (2) equal installments. (ii) 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.

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