

**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.**

INTERIM STUDY PROPOSAL 2007-067

State of Arkansas  
86th General Assembly  
Regular Session, 2007

# A Bill

HOUSE BILL 2508

By: Representative Everett

Referred to  
Education Committee- House  
by the House of Representatives  
on 03/30/2007

## For An Act To Be Entitled

AN ACT TO MODIFY THE METHOD FOR DETERMINING THE  
AMOUNT OF FINANCIAL ASSISTANCE AN ELIGIBLE SCHOOL  
DISTRICT SHALL RECEIVE TO RETIRE ITS OUTSTANDING  
BONDED DEBT ASSISTANCE; AND FOR OTHER PURPOSES.

### Subtitle

TO MODIFY THE METHOD FOR DETERMINING THE  
AMOUNT OF FINANCIAL ASSISTANCE AN  
ELIGIBLE SCHOOL DISTRICT SHALL RECEIVE  
TO RETIRE ITS OUTSTANDING BONDED DEBT  
ASSISTANCE.

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

SECTION 1. Arkansas Code § 6-20-2503(b), concerning bonded debt assistance for a school district, is amended to read as follows:

(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:

1 (A) The total amount required to satisfy a school  
2 district's outstanding bonded indebtedness in existence as of January 1,  
3 2005;

4 (B) The annual amount due on a fiscal year basis from the  
5 school district in accordance with the principal and interest payment  
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  
23 (b)(3)(A)(i)(a) of this section can be attributed to the support of academic  
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~~  
34 ~~multiplied by one thousand (1,000);~~

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

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

1 distribute any savings through the Educational Facilities Partnership Fund  
2 Account in accordance with rules promulgated by the commission.

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

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

9 (ii) The commission shall arrange for the payment of  
10 the first installment by August 1 of each year and the second installment by  
11 February 1 of each year.

12 (5) For tracking purposes, the school district shall account for  
13 the funds received as state financial assistance under this section as  
14 restricted funds and shall account for the funds in accordance with  
15 provisions of law, including, without limitation, the Arkansas Educational  
16 Financial Accounting and Reporting Act of 2004, § 6-20-2201 et seq., and  
17 rules established by the commission.

18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

- 1
- 2
- 3
- 4
- 5