

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Cunningham**

A Bill

HOUSE BILL

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 6-20-402 TO EXTEND THE
9 MAXIMUM MATURITY ON POSTDATED WARRANTS AND INSTALLMENT
10 CONTRACTS OF SCHOOL DISTRICTS TO FIVE YEARS AND TO BRING
11 LEASE-PURCHASE AGREEMENTS WITHIN THE LIMITATIONS IMPOSED
12 ON WARRANTS AND INSTALLMENT CONTRACTS; AND FOR OTHER
13 PURPOSES."

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

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17 SECTION 1. Arkansas Code 6-20-402 is amended to read as follows:

18 "6-20-402. Limitation on current indebtedness - Postdated warrants and
19 installment contracts - Liability.

20 (a) The amount of obligations incurred by a school district for any
21 school fiscal year shall not be in excess of the revenue receipts of the
22 school district for that year as determined in 6-20-401, provided that school
23 districts may issue postdated warrants or enter into installment contracts or
24 lease-purchase agreements for the following purposes:

- 25 (1) Purchase of school buses;
26 (2) Payment of premiums of insurance policies on school
27 buildings, facilities, and equipment in instances where the insurance coverage
28 extends three (3) years or longer;
29 (3) Purchase of equipment;
30 (4) Repair and renovation of school facilities;
31 (5) Purchase of school sites; and
32 (6) Payment of the district's pro rata part of employing
33 professional appraisers as authorized by laws providing for the appraisal, or
34 reappraisal, and assessment of property for ad valorem tax purposes.

35 (b) School districts may also incur, during each school fiscal year,

1 current indebtedness and issue evidence thereof. Revenue receipts of a school
 2 district for a fiscal year may be pledged as collateral to secure current
 3 indebtedness incurred by such school district for that fiscal year.

4 (c) The rate of interest on such obligations shall not exceed the
 5 maximum rate of interest permitted by law on school district bonds.

6 (d) (1) Warrants drawn or installment contracts or lease-purchase
 7 agreements entered into for any of the purposes above must be paid within five
 8 (5) years of the date of issuance of the postdated warrant or the execution of
 9 the written installment contract, or lease-purchase agreement, as the case may
 10 be, and postdated warrants must be registered, on forms provided by the State
 11 Board of Education, with the treasurer of the district and the State Board of
 12 Education.

13 (2) Such installment contracts or lease-purchase agreements must
 14 have attached thereto a schedule of the installments to be paid showing:

15 (A) The payee and assignee if the contract has been or is
 16 to be assigned;

17 (B) The school district;

18 (C) The purpose of the purchase or payment;

19 (D) The due date of each installment;

20 (E) The amount of principal and interest of each
 21 installment and the fiscal year in which such installment is to be paid. A
 22 copy of each such contract and of the schedule of payments thereon shall be
 23 filed with the treasurer of the district and the State Board of Education, and
 24 when so filed each installment may be paid as it becomes due.

25 (3) The amount of postdated warrants issued and all installments
 26 contracted to be paid under the authority of this section outstanding at any
 27 time shall be a part of the total debt of the district as limited by 6-20-803
 28 and 6-20-1202, as amended, with the district fiscal officer and his surety
 29 liable for exceeding such limitations, provided that a school district may
 30 incur current indebtedness beyond these limits if the debt is repaid with
 31 funds received in or accrued to the fiscal year in which the current loan is
 32 incurred.

33 (4) The total of the postdated warrants and installments
 34 contracted to be paid shall be charged against the budget of the school fiscal
 35 year in which they become due and shall be paid out of the revenues of that

1 fiscal year.

2 (5) All warrants issued or installments contracted to be paid in
3 excess of the revenue of a school district for a school fiscal year, except as
4 herein provided, are null and void.

5 (e) (1) It shall be the duty of the school fiscal officer to indicate
6 on each school district warrant or on the schedule of payments attached to a
7 written installment contract or lease-purchase agreement the school year's
8 revenues against which the obligation was incurred and is to be paid, and it
9 shall be unlawful for the school fiscal officer to issue a school district
10 warrant or enter into an installment contract or lease-purchase agreement, the
11 installments for which are to be charged against the revenues of a school year
12 if the obligation thereof was incurred in a different school year, except as
13 otherwise authorized herein.

14 (2) The school fiscal officer may comply with the provisions
15 hereof by indicating on each warrant or schedule of payments attached to any
16 installment contract or lease-purchase agreement the school year's revenues
17 against which the warrant or installment is to be charged, or he may use a
18 warrant of a distinct color for a particular year and shall advise the county
19 treasurer in writing of the color of warrant being used for credit against the
20 revenues of a particular year.

21 (3) The county treasurer and his surety shall be jointly liable
22 with the school fiscal officer and his surety for the payment of any school
23 warrant or installment on a contract or agreement which is charged against the
24 revenues of a school year if the amount thereof is in excess of the revenues
25 of the school year, as evidenced by the year thereon against which the school
26 fiscal officer has indicated the warrant or installment is to be charged, or
27 where he approved the payment of an obligation with knowledge that the warrant
28 or installment is being charged by the school fiscal officer against the
29 revenues of another school year in violation of this section.

30 (4) It is the purpose and intent of this section to place primary
31 responsibility on the school fiscal officer and his surety for compliance with
32 the provisions of this section, and to make the county treasurer and his
33 surety liable for the payment of any school warrant or installment due on a
34 contract or agreement drawn in violation of this section where the amount of
35 any warrant exceeds the revenues for a particular school year as indicated on

1 the respective warrants or installment contracts or lease-purchase agreements
2 issued by the school fiscal officer, or where the county treasurer approves a
3 school warrant or installment contract or lease-purchase agreement with the
4 knowledge that the warrant or installment contract or lease-purchase agreement
5 is in payment of an obligation of a different school year as prohibited in
6 this section."

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8 SECTION 2. All provisions of this act of a general and permanent nature
9 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
10 Revision Commission shall incorporate the same in the Code.

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12 SECTION 3. If any provision of this act or the application thereof to
13 any person or circumstance is held invalid, such invalidity shall not affect
14 other provisions or applications of the act which can be given effect without
15 the invalid provision or application, and to this end the provisions of this
16 act are declared to be severable.

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18 SECTION 4. All laws or parts of laws in conflict with this act are
19 hereby repealed.

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