

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 1974

4
5 By: Representative Cunningham

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED 6-20-402 TO
10 CLARIFY THAT THE STATE BOARD OF EDUCATION MAY WITHHOLD
11 STATE AID FROM SCHOOL DISTRICTS THAT ARE DELINQUENT IN
12 PAYING CURRENT INDEBTEDNESS OR POSTDATED WARRANTS; TO
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

16 "TO CLARIFY THAT THE STATE BOARD OF
17 EDUCATION MAY WITHHOLD STATE AID FROM
18 SCHOOL DISTRICTS THAT ARE DELINQUENT IN
19 PAYING CURRENT INDEBTEDNESS OR POSTDATED
20 WARRANTS."

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

24 SECTION 1. Arkansas Code 6-20-402(d) and (e) are hereby amended to read
25 as follows:

26 "(d) As additional security for the payment of any postdated
27 warrant or current indebtedness of a school district, the district may
28 authorize the State Board of Education to cure any delinquencies in
29 payment by withholding state aid due the district ~~under § 6-20-301 et~~
30 ~~seq.~~ Such authorization shall be given at the time the warrant is
31 issued or the current indebtedness is incurred and shall be given in
32 such manner and in such form as the State Board of Education shall
33 prescribe. If the debtor district has authorized withholding of state
34 aid, whenever the payee or the designated paying agent for receipt of
35 the district's payments does not receive a payment when due pursuant
36 to the authorizing documents, the payee or paying agent will be

1 entitled to payment from the withheld state aid in an amount
 2 sufficient to cure the payment deficiency upon notifying the Director
 3 of the General Education Division and the superintendent of the
 4 district by telephone, facsimile, or other similar communication,
 5 followed by written verification. Unless the director determines that
 6 payment has been made by the district and there is no longer a payment
 7 deficiency, the director shall withhold from the next distribution of
 8 state aid and remit to the payee or paying agent an amount sufficient
 9 to cure the deficiency. In the event the amount next due to be
 10 distributed to the delinquent district is not sufficient to cure the
 11 delinquency, the director shall continue to withhold state aid as due
 12 and remit it to the payee or paying agent until the payment deficiency
 13 has been cured. If the director is notified that a district is
 14 delinquent on two (2) or more obligations for which a district has
 15 authorized withholding of state aid to cure a delinquency, the
 16 director shall make payment to payees or paying agents in the order of
 17 receipt of notices of the delinquency.

18 ~~(e) Provided, however, that the entitlement created in subsection~~
 19 ~~(d) of this section shall be applicable only to that portion of~~
 20 ~~Minimum Foundation Program Aid that the debtor district would~~
 21 ~~otherwise receive in the absence of any debt created pursuant to this~~
 22 ~~section; and provided further, that any duties required of any officer~~
 23 ~~of the state pursuant to subsection (d) of this section shall be only~~
 24 ~~ministerial in nature and shall in no way transfer any liability of~~
 25 ~~the debtor district to the state, any agency, or any officer thereof. Any~~
 26 duties required of any officer of the state pursuant to subsection (d) shall
 27 be only ministerial in nature and shall in no way transfer any liability of
 28 the debtor district to the state, any agency or any officer thereof."

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

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34 SECTION 3. If any provision of this act or the application thereof to
 35 any person or circumstance is held invalid, such invalidity shall not affect
 36 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 4. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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7 SECTION 5. EMERGENCY. It is hereby found and determined by the General
8 Assembly that clarification herein for the withholding of state aid to cure
9 payment deficiencies by school districts will permit Arkansas school districts
10 to borrow money for current needs on favorable terms without providing letters
11 of credit or other credit enhancement, and that this legislation must be in
12 effect in order to permit these benefits to school districts participating in
13 cash flow borrowing programs for the 1996-97 school year. Therefore, an
14 emergency is declared to exist and this act being immediately necessary for
15 the preservation of the public peace, health and safety shall become effective
16 on the date of its approval by the Governor. If the bill is neither approved
17 nor vetoed by the Governor, it shall become effective on the expiration of the
18 period of time during which the Governor may veto the bill. If the bill is
19 vetoed by the Governor and the veto is overridden, it shall become effective
20 on the date the last house overrides the veto.

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