

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

As Engrossed: H3/13/97 H3/19/97

A Bill

HOUSE BILL 2219

4
5 By: Representative Fletcher
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For An Act To Be Entitled

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9 "AN ACT AMENDING ARKANSAS CODE ANNOTATED §§ 6-20-308 AND 6-
10 20-1205 TO PROVIDE THAT SCHOOL DISTRICTS SHALL NOT LOSE
11 ADDITIONAL BASE FUNDING AS A RESULT OF REFUNDING
12 OUTSTANDING BONDS AT LOWER RATES OF INTEREST OR FOR
13 ISSUING SECOND LIEN BONDS; TO DECLARE AN EMERGENCY; AND
14 FOR OTHER PURPOSES."
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Subtitle

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17 "TO PROVIDE THAT SCHOOL DISTRICTS SHALL
18 NOT LOSE ADDITIONAL BASE FUNDING AS A
19 RESULT OF REFUNDING OUTSTANDING BONDS AT
20 LOWER INTEREST RATES OR FOR ISSUING
21 SECOND LIEN BONDS."
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code Annotated § 6-20-308 is amended to read as
26 follows:

27 "6-20-308. Department of Education to provide funding.

28 (a) After determining the amount of state equalization funding, student
29 classroom teaching funding, student unit funding, vocational funding, general
30 facilities funding, and student growth funding available to each local school
31 district, the Department of Education shall provide any additional state
32 funding necessary to ensure that the total state and local revenue per average
33 daily membership of each local school district is no less than the minimum
34 state and local revenue per average daily membership.

35 (b) A school district shall not lose any additional base funding as a
36 result of debt service savings produced by refunding outstanding bonds

1 provided that:

2 (1) The yearly savings produced by the refunding is deposited
3 into a Refunding Savings Building Fund and used by the district for the
4 building and equipment of school buildings, making additions and repairs
5 thereto, purchasing sites therefor, purchasing school buses or refurbishing
6 school buses; and

7 (2) Prior to the date the refunding bonds are sold at public
8 sale, the district submits a certificate to the Director of the Department of
9 Education, General Education Division, certifying that the yearly debt service
10 savings will be used for the purposes described in this subsection.

11 (c) A school district in which the voters approve additional mills for
12 maintenance and operation of schools or debt service millage not necessary to
13 pay off mandatory callable bonds and required debt payment of the district
14 shall receive the same amount of additional base funding that the district
15 received during the 1996-97 school year."

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17 SECTION 2. Arkansas Code Annotated § 6-20-1205 is amended to read as
18 follows:

19 "6-20-1205. Submission of statement prior to borrowing money or issuing
20 bonds - Approval.

21 (a) When any school district board of directors desires to borrow money
22 or issue bonds, it:

23 (1) Shall furnish to the Director of the Department of Education,
24 General Education Division, a statement of the amount proposed to be borrowed,
25 the maturity of the indebtedness, ~~a description of the property to be~~
26 ~~mortgaged as security therefor,~~ a financial statement of the affairs of the
27 district, a certificate from the county clerk showing the then-assessed
28 valuation of the real and personal property in the district; and

29 (2) Shall not advertise for sale of bonds until the issue is
30 approved by the State Board of Education or by the Director of the Department
31 of Education, General Education Division, to be evidenced by a writing signed
32 ~~by the State Board of Education or the Director of General Education,~~ and
33 bearing the seal of the State Board of Education.

34 (b)(1) Neither the Director of the Department of Education, General
35 Education Division, or the State Board of Education shall deny approval of a
36 district's issuance of second lien bonds because such issuance would cause the

1 district to receive more additional base funding than the district received
2 during the 1996-97 school year.

3 (2) Such issuance shall not be approved if it would cause an increase
4 in the millage levy of the school district without a vote of the electors of
5 that school district in order to maintain the uniform rate of tax.

6 (3) As used in this subsection, 'uniform rate of tax' means the uniform
7 rate of ad valorem property tax of twenty-five (25) mills to be levied on the
8 assessed value of all taxable real, personal, and utility property in the
9 state under authority of Article 14, § 3 of the Arkansas Constitution, as
10 amended by Amendment Nos. 11, 40, and 74, to be used solely for maintenance
11 and operation of the schools."

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13 SECTION 3. All provisions of this act of a general and permanent nature
14 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
15 Revision Commission shall incorporate the same in the Code.

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17 SECTION 4. If any provision of this act or the application thereof to
18 any person or circumstance is held invalid, such invalidity shall not affect
19 other provisions or applications of the act which can be given effect without
20 the invalid provision or application, and to this end the provisions of this
21 act are declared to be severable.

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

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26 SECTION 6. EMERGENCY. It is found and determined by the General
27 Assembly that under current market conditions certain school districts can
28 refund outstanding bonds at lower rates of interest producing substantial debt
29 service savings in the district; that under current law, some districts may
30 lose additional base funding if debt service savings are produced or when
31 second lien bonds are issued; that this act is necessary to give incentive to
32 districts to refund their outstanding bonds at lower rates of interest and to
33 issue second lien bonds without penalty and that this act should be given
34 effect immediately in order to take advantage of favorable market conditions.

35 Therefore, an emergency is declared to exist and this act being immediately
36 necessary for the preservation of the public peace, health and safety shall

1 become effective on the date of its approval by the Governor. If the bill is
2 neither approved nor vetoed by the Governor, it shall become effective on the
3 expiration of the period of time during which the Governor may veto the bill.
4 If the bill is vetoed by the Governor and the veto is overridden, it shall
5 become effective on the date the last house overrides the veto.

6 /s/Rep. Fletcher

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