

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 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1293

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

8
9 AN ACT TO REPEAL VARIOUS LAWS REGARDING THE
10 REFUNDING OF SCHOOL DISTRICT BONDS; DECLARING AN
11 EMERGENCY; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 AN ACT TO REPEAL VARIOUS LAWS REGARDING
15 THE REFUNDING OF SCHOOL DISTRICT BONDS.
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17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code § 6-20-1218 is repealed:

21 ~~6-20-1218. Refunding bonds—Maximum amounts—Conversion and sale.~~

22 ~~(a) Any school district in Arkansas issuing refunding bonds for the~~
23 ~~purpose of refunding all or any part of its outstanding bonded indebtedness~~
24 ~~shall not issue refunding bonds in a principal amount greater than the~~
25 ~~principal amount of the bonds to be refunded nor bearing a greater rate of~~
26 ~~interest than the bonds to be refunded bear, but the refunding bonds may be~~
27 ~~issued with the privilege of conversion into bonds bearing a lower rate of~~
28 ~~interest, provided that by the conversion the district shall receive no less~~
29 ~~and shall pay no more in principal and interest combined than it would~~
30 ~~receive and pay in principal and interest combined if the bonds were not~~
31 ~~converted.~~

32 ~~(b) No conversion shall be made as provided in this subchapter until~~
33 ~~the terms of the conversion have been approved by the Director of the~~
34 ~~Department of Education.~~

35 ~~(c) When the refunding bonds are issued to be exchanged for~~
36 ~~outstanding bonds, it shall not be necessary to advertise them for sale, but~~



1 they may be executed and delivered to the Department of Education, and the
 2 director shall, from time to time, as outstanding bonds are presented to him
 3 for exchange, certify and deliver refunding bonds in face value of the same
 4 proportion of the total face value of the refunding bond issue that the face
 5 value of the surrendered bonds bears to the total face value of the
 6 outstanding bonds to be refunded.

7 (d) Refunding bonds may be exchanged for outstanding bonds, as herein
 8 provided, or they may be sold for cash and the proceeds used to pay the
 9 outstanding bonds, or part of the refunding bonds may be exchanged and part
 10 of the refunding bonds may be sold, as the board of directors may deem best
 11 for the district. In the event that after a district has exchanged part of a
 12 refunding issue that has been converted to a lower interest rate as herein
 13 authorized and it becomes necessary or desirable to sell the balance of such
 14 refunding issue to pay the bonds being refunded instead of exchanging them
 15 for refunding bonds, the district may then advertise and sell such balance at
 16 the rate of interest to which the issue has been converted.

17 (e) If the refunding bonds are sold at public sale to refund
 18 outstanding bonds that have been called for redemption, they shall be fully
 19 executed and delivered to the designated escrow agent who shall have
 20 authority to surrender them, on and after the redemption date of the bonds
 21 being refunded, to the purchaser upon the deposit with the escrow agent, on
 22 or before the redemption date, of the money necessary for the redemption of
 23 the bonds being refunded.

24 (f)(1) In order to facilitate the refunding of school bonds, any
 25 school district issuing refunding bonds may issue certificates of
 26 indebtedness maturing in one (1) to five (5) years, payable to bearer and
 27 negotiable, to cover the costs of refunding or interest due on outstanding
 28 bonds at the time they are exchanged for refunding bonds, or both.

29 (2) The certificates of indebtedness shall be paid out of the
 30 building fund of the district from any surplus that remains in the building
 31 fund in any years after the payment of the full amount of bonds and interest
 32 due that year on the refunding issue.

33 (3) Any certificates of indebtedness issued in connection with
 34 an issue of refunding bonds shall be registered by the county treasurer.

35 (4) All certificates of indebtedness thus issued and registered
 36 shall not be invalidated because at the time of their issuance or at their

1 maturity date there is not a surplus in the building fund available for their
2 payment, but they shall continue as valid obligations of the district until
3 such surplus in the building fund has accumulated for their payment.

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5 SECTION 2. Arkansas Code § 6-20-1221 is repealed:

6 ~~6-20-1221. Refunding bonds—Certification of surrender.~~

7 ~~When any school district of Arkansas has refunded its outstanding~~
8 ~~bonded indebtedness and when all the outstanding bonds of any one (1) issue~~
9 ~~have been surrendered to the trustee for exchange for refunding bonds, the~~
10 ~~trustee of the refunding issue may certify on the record of the deed of trust~~
11 ~~securing the original bonds the fact that all such bonds have been~~
12 ~~surrendered in exchange for refunding bonds.~~

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14 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly of the State of Arkansas that certain laws regarding
16 refunding outstanding school debt are outdated and need to be repealed; and
17 that the laws need to be repealed immediately because the outdated laws cause
18 confusion and uncertainty. Therefore, an emergency is declared to exist and
19 this act being immediately necessary for the preservation of the public
20 peace, health, and safety shall become effective on:

21 (1) The date of its approval by the Governor;

22 (2) If the bill is neither approved nor vetoed by the Governor,
23 the expiration of the period of time during which the Governor may veto the
24 bill; or

25 (3) If the bill is vetoed by the Governor and the veto is
26 overridden, the date the last house overrides the veto.