

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
4

A Bill

HOUSE BILL 1733

5 By: Representative Mahony
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For An Act To Be Entitled

9 AN ACT TO PROTECT SCHOOL DISTRICTS FROM ENTERING
10 INTO INSTALLMENT CONTRACTS OR SHORT-TERM LEASE-
11 PURCHASE AGREEMENTS FOR SERVICE AGREEMENTS,
12 REPAIR CONTRACTS, OR EXTENDED WARRANTIES WITH
13 EQUIPMENT PURCHASES; TO PROVIDE THAT THE
14 DEPARTMENT OF EDUCATION MUST HAVE A FINAL
15 JUDGMENT PRIOR TO DIVERTING A SCHOOL DISTRICT'S
16 STATE AID TO A CREDITOR; AND FOR OTHER PURPOSES.
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Subtitle

18 AN ACT TO PROVIDE THAT THE DEPARTMENT OF
19 EDUCATION MUST HAVE A FINAL JUDGMENT
20 PRIOR TO DIVERTING A SCHOOL DISTRICT'S
21 STATE AID TO A CREDITOR.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 6-20-402(a)(2)(C), concerning school
28 district's debt, is amended to read as follows:

29 (2) School districts may issue postdated warrants or enter into
30 installment contracts or short-term lease-purchase agreements for the
31 following purposes:

32 (A) Purchase of school buses;

33 (B) Payment of premiums of insurance policies on school
34 buildings, facilities, and equipment in instances in which the insurance
35 coverage extends three (3) years or longer;

36 (C) Purchase of equipment provided the agreement excludes



1 service, repair or extended warranties for the equipment;

2 (D) Installation or purchase, or both, of energy
3 conservation measures in school facilities;

4 (E) Repair and renovation of school facilities;

5 (F) Purchase of school sites;

6 (G) Payment on loans secured for settlement resulting from
7 litigation against a school district;

8 (H) Payment of the district's pro rata part of employing
9 professional appraisers as authorized by laws providing for the appraisal or
10 reappraisal and assessment of property for ad valorem tax purposes; and

11 (I) The professional development and training of teachers
12 or other programs authorized under the federally recognized Qualified Zone
13 Academy Bond Program codified at 26 U.S.C. § 1397E.

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15 SECTION 2. Arkansas Code § 6-20-402(e)(1) and (2), concerning school
16 district's debt, is amended to read as follows:

17 (e)(1)(A) As additional security for the payment of any postdated
18 warrant, installment contract, lease-purchase agreement, or current
19 indebtedness of a school district, the district may authorize the state board
20 to cure any delinquencies in payment by withholding state aid due the
21 district. Authorization shall be given at the time the postdated warrant,
22 installment contract, or lease-purchase agreement is issued or the current
23 indebtedness is incurred and shall be given in the manner and in the form
24 that the state board shall prescribe.

25 (B) A school district may not authorize the state board to
26 cure any delinquencies and the state board shall not cure any delinquencies
27 in payment for service agreements, repair contracts, or extended warranties
28 for equipment by withholding state aid due the district.

29 (C) Any postdated warrant, installment contract, lease-
30 purchase agreement, or current indebtedness that a school district has
31 authorized the state board to cure any delinquencies in payment by
32 withholding state aid due the district shall not include any charges or cost
33 related to service agreements, repair contracts, or extended warranties that
34 shall be set out in a separate contract.

35 (2)(A) If the debtor district has authorized withholding of
36 state aid, then whenever the payee or the designated paying agent for receipt

1 of the district's payments ~~does~~ receives a final court order that is beyond
2 the period time for appeal or reconsideration, establishing that the payee or
3 the designated paying agent for receipt of the district's payments has not
4 ~~receive~~ received a payment when due pursuant to the authorizing documents,
5 the payee or paying agent will be entitled to payment from the withheld state
6 aid in an amount sufficient to cure the payment deficiency ~~upon notifying the~~
7 ~~Director of the Department of Education and the superintendent of the~~
8 ~~district by telephone, facsimile, or other similar communication followed by~~
9 ~~written verification.~~

10 (B)(i) Unless the ~~director~~ Director of the Department of
11 Education determines that payment has been made by the district and there is
12 no longer a payment deficiency, the director shall withhold from the next
13 distribution of state aid and foundation funding and remit to the payee or paying
14 agent an amount sufficient to cure the deficiency if the payee or paying
15 agent submits a certified final court order that is beyond the period time
16 for appeal or reconsideration from a court of proper jurisdiction finding
17 that a debtor school district is in default of payment obligations owed to a
18 creditor as required in the terms of a postdated warrant, installment
19 contract, or lease-purchase agreement which was entered into under the
20 authority of this subchapter.

21 (ii) The request for payment shall be submitted in
22 writing with a copy of the final court order to the Director of the
23 Department of Education and the superintendent of the debtor district.

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