

State of Arkansas
85th General Assembly
Regular Session, 2005

A Bill

SENATE BILL 1084

By: Senator Bryles

For An Act To Be Entitled

AN ACT TO PROVIDE SUPPLEMENTAL MILLAGE INCENTIVE
FUNDING FOR SCHOOL DISTRICTS THAT INCREASE SCHOOL
MAINTENANCE AND OPERATION MILLAGE IN EXCESS OF
TWENTY-FIVE (25) MILLS; AND FOR OTHER PURPOSES.

Subtitle

SUPPLEMENTAL SCHOOL DISTRICT FUNDING ACT
OF 2005.

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

SECTION 1. Arkansas Code Title 6, Chapter 20 is amended to add an additional subchapter to read as follows:

6-20-2501. Title.

This subchapter shall be known and may be cited as the "Supplemental School District Funding Act of 2005".

6-20-2502. Purpose.

(a) The General Assembly finds that school districts that voluntarily raise school district millage beyond the twenty-five (25) mills required by Arkansas Constitution, Amendment 74, should receive incentive funding to encourage local financial support of schools.

(b) The purpose of this subchapter is to allow eligible school districts to receive supplemental millage incentive funding.

6-20-2503. Definitions.

(1) "Average daily membership" means the total number of days



attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each school year divided by the number of school days actually taught in the district during that period of time rounded up to the nearest hundredth.

Students who may be counted for average daily membership are:

(A) Students who reside within the boundaries of the school district and who are enrolled in a public school operated by the district or a private school for special education students with their attendance resulting from a written tuition agreement approved by the Department of Education;

(B) Legally transferred students living outside the district but attending a public school in the district; and

(C) Students who reside within the boundaries of the school district and who are enrolled in the Arkansas National Guard Youth Challenge Program, so long as the students are participants in the program;

(2) "Local revenue" means in each school year ninety-eight percent (98%) of the amount of revenue available, whether or not collected, in a local school district solely from the levy of the uniform rate of tax plus seventy-five percent (75%) of the average miscellaneous funds collected in the previous five (5) years or the previous year, whichever is less;

(3) "Mandatory callable bonds" means a bond issue in which all net proceeds from debt service millage used to secure the issuance of that bond must be applied to payment of the issue and may not be used for any other purpose;

(4) "Miscellaneous funds" means those funds received by a local school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, funds received by the district in lieu of taxes, and local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.;

(5) "School district assessment per student" means the total assessed valuation of property within a school district divided by the school district's average daily membership;

(6) "State assessment per student" means the total assessed valuation of property within the state divided by the statewide average daily membership;

(7) "State wealth index" means the result of one (1) minus the ratio of local revenue for a school year divided by the amount of state funds allocated to the school district from the Public School Fund for unrestricted general support of the school district;

(8) "Statewide average daily membership" means the total number of days attended plus the total number of days absent by all students in grades kindergarten through twelve (K-12) in all school districts during the first three (3) quarters of each school year divided by the number of school days actually taught during that period of time rounded up to the nearest hundredth. Students who may be counted for average daily membership are:

(A) Students who reside in Arkansas and who are enrolled in a public school operated by a school district or a private school for special education students, with their attendance resulting from a written tuition agreement approved by the Department of Education; and

(B) Students who reside in Arkansas and who are enrolled in the Arkansas National Guard Youth Challenge Program, so long as the students are participants in the program;

(9) "Supplemental millage incentive funding" means state funding paid to school districts that levy ad valorem taxes in excess of the twenty-five (25) mills required by Arkansas Constitution, Amendment 74; and

(10) "Supplemental millage incentive funding base" means the assessment per student at the ninety-fifth percentile of the state assessment per student less the school district assessment per student multiplied by one one-thousandth (.001).

6-20-2504. Supplemental millage incentive funding.

(a) Beginning with school year 2005-2006, the State of Arkansas shall provide from available line item funds supplemental state funds to qualified school districts that increase total school district maintenance and operation millage in excess of the twenty-five (25) mills required under Arkansas Constitution, Amendment 74.

(b) For each school year beginning with school year 2005-2006, the Department of Education shall determine by July 15 immediately preceding the school year:

(1) The total maintenance and operation millage rate of ad valorem tax levied in each school district as of December 31 immediately

1 preceding the school year; and

2 (2) The number of mills, if any, by which the total maintenance
3 and operation millage rate exceeds the twenty-five (25) mills required by
4 Arkansas Constitution, Amendment 74.

5 (c)(1) A school district's supplemental millage incentive funding
6 shall be equal to the result of multiplying the lesser of the number five (5)
7 or the result of subdivision (b)(2) of this section by the school district's
8 supplemental millage incentive funding base multiplied by the school
9 district's average daily membership.

10 (2) The supplemental millage incentive funding base shall be
11 computed based upon property values as of the December 31 immediately
12 preceding the school year and the average daily membership for the previous
13 school year.

14 (d) Supplemental millage incentive funding shall be distributed
15 quarterly.

16
17 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that school districts in the state
19 operate on a fiscal-year basis beginning on July 1 of each year; that the
20 effectiveness of this act on July 1, 2005, is essential to the effective
21 operation of the school districts of the state; and that in the event of an
22 extension of the regular session, the delay in the effective date of this act
23 beyond July 1, 2005, could work irreparable harm upon the proper
24 administration and provision of essential educational programs. Therefore,
25 an emergency is declared to exist and this act being immediately necessary
26 for the preservation of the public peace, health, and safety shall become
27 effective on July 1, 2005.