

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 86th General Assembly  
3 Regular Session, 2007  
4

As Engrossed: H3/12/07 S3/20/07

# A Bill

HOUSE BILL 2234

5 By: Representatives Norton, Everett, *Davenport, Abernathy, Saunders*  
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## For An Act To Be Entitled

9 AN ACT TO ASSIST SCHOOL DISTRICTS TO CONSTRUCT  
10 NEW BUILDINGS WITHOUT BEING IDENTIFIED AS A  
11 DISTRICT IN FISCAL DISTRESS; AND FOR OTHER  
12 PURPOSES.  
13

### Subtitle

15 AN ACT TO ASSIST SCHOOL DISTRICTS TO  
16 CONSTRUCT NEW BUILDINGS WITHOUT BEING  
17 IDENTIFIED AS A DISTRICT IN FISCAL  
18 DISTRESS.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code § 6-20-1904 is amended to read as follows:  
24 6-20-1904. Indicators of fiscal distress.

25 Any school district meeting any of the following criteria may be  
26 identified by the Department of Education to be a school district in fiscal  
27 distress upon final approval by the State Board of Education:

28 (1)(A) A declining balance determined to jeopardize the fiscal  
29 integrity of a school district~~+~~.

30 (B) However, capital outlay expenditures for academic  
31 facilities from a school district balance shall not be used to put the school  
32 district in fiscal distress;

33 (2) Any act or violation determined to jeopardize the fiscal  
34 integrity of a school district, including, but not limited to:

35 (A) *Material failure to properly maintain school*  
36 *facilities;*



1 (B) Material violation of local, state, or federal fire,  
2 health, or safety code provisions or law;

3 (C) Material violation of local, state, or federal  
4 construction code provisions or law;

5 (D) Material state or federal audit exceptions or  
6 violations;

7 (E) Material failure to provide timely and accurate  
8 legally required financial reports to the department, the Division of  
9 Legislative Audit, the General Assembly, or the Internal Revenue Service;

10 (F) Insufficient funds to cover payroll, salary,  
11 employment benefits, or legal tax obligations;

12 (G) Material failure to meet legally binding minimum  
13 teacher salary schedule obligations;

14 (H) Material failure to comply with state law governing  
15 purchasing or bid requirements;

16 (I) Material default on any school district debt  
17 obligation;

18 (J) Material discrepancies between budgeted and actual  
19 school district expenditures;

20 (K) Material failure to comply with audit requirements of  
21 ~~§ 6-20-301~~; or

22 (L) Material failure to comply with any provision of the  
23 Arkansas Code that specifically places a school district in fiscal distress  
24 based on noncompliance; or

25 (3) Any other fiscal condition of a school district deemed to  
26 have a detrimental negative impact on the continuation of educational  
27 services by that school district.

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29 SECTION 2. Arkansas Code § 6-20-1905(a) concerning notification of  
30 identification of school district fiscal distress is amended to read as  
31 follows:

32 (a)(1) The Department of Education shall provide written notice, via  
33 certified mail, return receipt requested, to the president of the school  
34 board and the superintendent of each school district identified as being in  
35 fiscal distress.

36 (2) Beginning in 2008, the department shall provide the notice

1 required under subdivision (a)(1) of this section on or before March 30 of  
2 each year.

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4 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
5 General Assembly of the State of Arkansas that school districts begin their  
6 work far in advance of the academic year; that the coming academic year  
7 begins in August, 2007; that the school districts require certainty about the  
8 effect on the fiscal health of the school district that might arise from  
9 capital outlay for academic facility; and that this act is necessary because  
10 any delay might irreparably harm a school district and its students.  
11 Therefore, an emergency is declared to exist and this act being necessary for  
12 the preservation of the public peace, health, and safety shall become  
13 effective on:

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

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

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

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21 /s/ Norton  
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