

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: H3/14/07*

# A Bill

HOUSE BILL 2272

5 By: Representatives Cook, Rosenbaum, Hyde  
6 By: Senator Broadway  
7  
8

## For An Act To Be Entitled

10 AN ACT TO AUTHORIZE THE ESTABLISHMENT OF  
11 INSURANCE REQUIREMENTS FOR PUBLIC SCHOOL  
12 FACILITIES; AND FOR OTHER PURPOSES.  
13

### Subtitle

14 TO AUTHORIZE THE ESTABLISHMENT OF  
15 INSURANCE REQUIREMENTS FOR PUBLIC SCHOOL  
16 FACILITIES.  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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22 SECTION 1. Arkansas Code § 6-21-114 is amended to read as follows:

23 6-21-114. Commission for Arkansas Public School Academic Facilities and  
24 Transportation - Created.

25 (a) There is created the Commission for Arkansas Public School  
26 Academic Facilities and Transportation, which shall consist of the following:

27 (1) The Director of the Department of Finance and  
28 Administration;

29 (2) The Commissioner of Education; and

30 (3) The President of the Arkansas Development Finance Authority.

31 (b)(1) The members of the commission shall meet and organize  
32 immediately after March 29, 2005. The Commissioner of Education shall be the  
33 chair of the commission.

34 (2)(A) The commission shall meet at least quarterly and upon the  
35 call of the chair.

36 (B)(i) The secretary of the commission shall be an



1 employee of the Division of Public School Academic Facilities and  
2 Transportation assigned to the commission by the chair of the commission.

3 (ii) The secretary shall give members advance notice  
4 of the agenda of each meeting.

5 (3)(A) Two (2) members of the commission shall constitute a  
6 quorum for the purpose of transacting business.

7 (B) A quorum is required for any action of the commission.

8 (4) Members of the commission shall serve without compensation  
9 but may receive expense reimbursement in accordance with § 25-16-902.

10 (c) Staff support shall be provided by appropriate personnel of the  
11 Department of Finance and Administration, the Department of Education, the  
12 Arkansas Development Finance Authority, and the division.

13 (d) The commission shall:

14 (1) ~~oversee~~ Oversee the operations of the division; and

15 (2)(A) Promulgate rules in consultation with the Insurance  
16 Commissioner to establish property, boiler and machinery, and extended  
17 coverage insurance requirements and guidelines for all buildings, structures,  
18 facilities, and business personal property owned by a school district.

19 (B) The rules promulgated by the commission under  
20 subdivision (d)(2)(A) of this section shall:

21 (i) Attempt to provide the most cost-efficient  
22 manner for protecting each school district from loss of or damage to the  
23 school district's buildings, structures, facilities, and business personal  
24 property;

25 (ii) Require property, boiler and machinery, and  
26 extended coverage insurers to have a minimum A.M. Best rating;

27 (iii) Establish bidding requirements and procedures,  
28 if applicable to any insurance coverage; and

29 (iv)(a) Be binding upon each school district for any  
30 placement or renewal of insurance coverage after June 1, 2007.

31 (b) The state's financial participation under  
32 the Academic Facilities Partnership Program provided by § 6-20-2507 or the  
33 Academic Facilities Catastrophic Program provided by § 6-20-2508 may be  
34 withheld or reduced by the commission if a school district does not comply  
35 with the rules promulgated under subdivision (d)(2)(A) of this section.

36 (e) The commission may:

1 (1) Perform any act and provide for the performance of any  
2 function necessary or desirable to carry out the purposes of the Arkansas  
3 Public School Academic Facilities Program and any other related program;

4 (2)(A) Adopt, amend, and rescind rules as necessary or desirable  
5 for the administration of the Arkansas Public School Academic Facilities  
6 Program and any other related program.

7 (B) The commission shall report to the Subcommittee on  
8 Administrative Rules and Regulations of the Legislative Council in a manner  
9 consistent with § 10-3-309 on the adoption, amendment, rescission, or repeal  
10 of any proposed rule related to the administration of the Arkansas Public  
11 School Academic Facilities Funding Act, § 6-20-2501 et seq., the Arkansas  
12 Public School Academic Facilities Program Act, § 6-21-801 et seq., or any  
13 other related program; ~~and~~

14 (3) Contract with, retain the services of, or designate and fix  
15 the compensation of consultants, advisors, architects, engineers, and other  
16 independent contractors as may be necessary or desirable to carry out the  
17 Arkansas Public School Academic Facilities Program or any related program;  
18 and

19 (4) Study and promulgate rules concerning:

20 (A) The propriety and feasibility of requiring that each  
21 school district maintain insurance coverage against loss due to:

22 (i) Earth movement; or

23 (ii) The operation of a school district's motor  
24 vehicles and buses; and

25 (B) The appropriate amount of insurance coverage under  
26 this subdivision (e)(4).

27 (f) The commission shall report annually on its activities to the  
28 President Pro Tempore of the Senate, the Speaker of the House of  
29 Representatives, the Governor, the House Interim Committee on Education, the  
30 Senate Interim Committee on Education, the State Board of Education, and the  
31 Academic Facilities Oversight Committee.

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33 SECTION 2. Arkansas Code § 6-20-2507(f)(1), concerning the amount of  
34 the state's financial participation under the Academic Facilities Partnership  
35 Program, is amended to read as follows:

36 (f)(1)(A) If a school district qualifies for state financial

1 participation under this section, the division shall certify the amount of  
2 state financial participation to the Commission for Arkansas Public School  
3 Academic Facilities and Transportation ~~for oversight purposes.~~

4 (B) The commission shall certify the amount to the  
5 Department of Education for payment, less any withholding or reduction  
6 imposed by the commission under § 6-21-114(d) for a school district's failure  
7 to comply with the commission's insurance requirements.

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9 SECTION 3. Arkansas Code § 6-20-2508(e), concerning the academic  
10 facilities catastrophic program, is amended to read as follows:

11 (e)(1)(A) If a school district qualifies for state financial  
12 participation under this section, the division shall certify the amount of  
13 state financial participation to the Commission for Arkansas Public School  
14 Academic Facilities and Transportation ~~for oversight purposes.~~

15 (B) The amount of state financial participation under this  
16 section shall not exceed the amount resulting from the application of the  
17 academic facilities wealth index to the cost necessary to bring the academic  
18 facility into compliance with the Arkansas Public School Academic Facility  
19 Manual, less any withholding or reduction imposed by the commission under §  
20 6-21-114(d) for a school district's failure to comply with the commission's  
21 insurance requirements, including without limitation, the failure to carry  
22 replacement cost coverage, if applicable, on all buildings and facilities.

23 ~~(B)(2)(A)~~ The commission shall certify the amount to the  
24 Department of Education for payment.

25 ~~(2)(B)~~ For tracking purposes, the school district shall  
26 account for the funds received as a state financial participation under this  
27 section as restricted funds and shall account for the funds in accordance  
28 with provisions of law, including, without limitation, the Arkansas  
29 Educational Financial Accounting and Reporting Act of 2004, § 6-20-2201 et  
30 seq., and rules established by the State Board of Education and the  
31 commission.

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33 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the  
34 General Assembly of the State of Arkansas that the state's public schools in  
35 some cases may not be adequately insured to provide for the rebuilding of  
36 classrooms and facilities and continuing the provision of a quality

1 education; that uninsured losses harm the state's ability to establish and  
2 maintain appropriate educational facilities for its students; and that this  
3 act is necessary to ensure that the Commission for Arkansas Public School  
4 Academic Facilities and Transportation in consultation with the Insurance  
5 Commissioner examine and address the state's public facility insurance needs  
6 to immediately address any deficiencies and maximize the state's educational  
7 resources. Therefore, an emergency is declared to exist and this act being  
8 immediately necessary for the preservation of the public peace, health, and  
9 safety shall become effective on:

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

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

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

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17 */s/ Cook, et al*  
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