

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

A Bill

HOUSE BILL 2508

4
5 By: Representative Everett
6
7

For An Act To Be Entitled

8
9 AN ACT TO MODIFY THE METHOD FOR DETERMINING THE
10 AMOUNT OF FINANCIAL ASSISTANCE AN ELIGIBLE SCHOOL
11 DISTRICT SHALL RECEIVE TO RETIRE ITS OUTSTANDING
12 BONDED DEBT ASSISTANCE; AND FOR OTHER PURPOSES.
13

Subtitle

14
15 TO MODIFY THE METHOD FOR DETERMINING THE
16 AMOUNT OF FINANCIAL ASSISTANCE AN
17 ELIGIBLE SCHOOL DISTRICT SHALL RECEIVE
18 TO RETIRE ITS OUTSTANDING BONDED DEBT
19 ASSISTANCE.
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 6-20-2503(b), concerning bonded debt
25 assistance for a school district, is amended to read as follows:

26 (b)(1) In accordance with the requirements and limitations of this
27 section, the state shall provide eligible school districts with financial
28 assistance for the purpose of retiring outstanding bonded indebtedness in
29 existence as of January 1, 2005.

30 (2) The amount of financial assistance under this section is
31 based on:

32 (A) The total amount required to satisfy a school
33 district's outstanding bonded indebtedness in existence as of January 1,
34 2005;

35 (B) The annual amount due on a fiscal year basis from the
36 school district in accordance with the principal and interest payment



1 schedule in effect and on file with the Department of Education on January 1,
 2 2005, for the outstanding bonded indebtedness identified under subdivision
 3 (b)(2)(A) of this section; and

4 (C) The calculation in subdivision (b)(3)(A) or (b)(3)(B)
 5 of this section.

6 (3)(A) The Commission for Arkansas Public School Academic
 7 Facilities and Transportation shall determine the amount of financial
 8 assistance for each eligible school district as follows:

9 (i)(a) For the year that financial assistance under
 10 this section will be provided, ascertain the scheduled debt payment on a
 11 fiscal year basis from the principal and interest payment schedule in effect
 12 and on file with the department on January 1, 2005, and reduce the amount of
 13 the payment by ten percent (10%) except as provided in subdivision
 14 (b)(3)(A)(i)(b) of this section.

15 (b) If a school district can demonstrate to
 16 the satisfaction of the commission that all or a portion of the ten percent
 17 (10%) reduction in its scheduled debt payment under subdivision
 18 (b)(3)(A)(i)(a) of this section can be attributed to the support of academic
 19 facilities, the commission shall reverse all or a portion of the ten percent
 20 (10%) reduction by a percentage proportionate to the amount attributable to
 21 academic facilities;

22 (ii)(a) For the year that financial assistance will
 23 be provided, ~~divide the scheduled debt payment as adjusted under~~ multiply the
 24 result obtained from the calculations under subdivision (b)(3)(A)(i) of this
 25 section by one (1) minus the school district's academic facilities wealth
 26 index as defined by § 6-20-2502. ~~by the total assessed valuation of taxable~~
 27 ~~real, personal, and utility property in the school district as shown by the~~
 28 ~~applicable county assessment for the most recent year with the result~~
 29 ~~multiplied by one thousand (1,000);~~

30 (b)(1) The result of the calculation in
 31 subdivision (b)(3)(A)(ii)(a) of this section is the state's annual portion of
 32 financial assistance that shall be provided toward the retirement of the
 33 school district's existing bonded indebtedness.

34 (2) However, regardless of the result
 35 under subdivision (b)(3)(A)(ii)(a) of this section, a school district shall
 36 not receive less funding for its debt service supplement than it would have

1 received under:

2 (A) The previous year's method of
3 calculating the debt service funding supplement; or

4 (B) The calculation of its
5 supplemental millage funding for fiscal year 2007.

6 ~~(iii)(a) Multiply the calculation under subdivision~~
7 ~~(b)(3)(A)(ii) of this section by a funding factor per average daily~~
8 ~~membership that will distribute a total amount of state financial assistance~~
9 ~~no less than the total amount of funds that would have been distributed~~
10 ~~during fiscal year 2005 if every school district in the state had received an~~
11 ~~amount of state financial assistance equal to an amount calculated by~~
12 ~~applying the debt service funding supplement formula under the Supplemental~~
13 ~~School District Funding Act of 2003, § 6-20-2401 et seq., during fiscal year~~
14 ~~2005 with a funding factor of eighteen dollars three cents (\$18.03).~~

15 ~~(b) The funding factor for each fiscal year~~
16 ~~after Fiscal Year 2006 shall be equal to the funding factor derived for~~
17 ~~Fiscal Year 2006 under subdivision (b)(3)(A)(iii)(a) of this section; and~~

18 ~~(iv) Multiply the calculation under subdivision~~
19 ~~(b)(3)(A)(iii) of this section by the state wealth index.~~

20 (B)(i) As used in this subdivision, "mandatory callable
21 bonds" means a bond issue in which all net proceeds from debt service millage
22 used to secure the issuance of that bond must be applied to payment of the
23 issue and cannot be used for any other purposes.

24 (ii) School districts having mandatory callable
25 bonds shall receive an amount of state financial assistance with regard to
26 the mandatory callable bonds proportionate to the amount of state financial
27 assistance provided under subdivision (b)(3)(A) of this section to school
28 districts that do not have mandatory callable bonds.

29 (C) As the amount of state financial assistance under this
30 section decreases to correlate with reductions in principal and interest
31 payments and increases in property assessments, the commission shall
32 distribute any savings through the Educational Facilities Partnership Fund
33 Account in accordance with rules promulgated by the commission.

34 (4)(A) The commission shall determine the amount of state
35 financial assistance for each eligible school district no later than July 15
36 of each year.

1 (B)(i) State financial assistance under this subsection
2 (b) is payable to each eligible school district in two (2) equal
3 installments.

4 (ii) The commission shall arrange for the payment of
5 the first installment by August 1 of each year and the second installment by
6 February 1 of each year.

7 (5) For tracking purposes, the school district shall account for
8 the funds received as state financial assistance under this section as
9 restricted funds and shall account for the funds in accordance with
10 provisions of law, including, without limitation, the Arkansas Educational
11 Financial Accounting and Reporting Act of 2004, § 6-20-2201 et seq., and
12 rules established by the commission.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36