

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015

A Bill

HOUSE BILL 1354

4
5 By: Representative Johnson
6

For An Act To Be Entitled

8 AN ACT TO MODIFY THE REQUIREMENTS FOR SCHOOL DISTRICT
9 DETACHMENT; TO DECLARE AN EMERGENCY; AND FOR OTHER
10 PURPOSES.
11

Subtitle

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13 TO MODIFY THE REQUIREMENTS FOR SCHOOL
14 DISTRICT DETACHMENT; AND TO DECLARE AN
15 EMERGENCY.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 6-13-1505(c)-(f), concerning the creation
22 of school districts, is amended to read as follows:

23 (c)(1)(A) ~~Any A~~ new school district created under this subchapter shall
24 ~~take be allocated~~ the property assets of the school district from which the
25 territory was taken, as the state board shall deem proper, ~~and~~ or as agreed
26 by the original school district and the new school district.

27 (B) The transfer or conveyance of the title of the assets
28 from the original school district to the new school district shall be
29 documented through deeds, assignments, or bills of sale as necessary to
30 produce evidence of the transfer of ownership and the resulting rights and
31 liabilities.

32 (2)(A) The new school district shall be liable for that part of
33 all indebtedness of the school district from which the territory was taken as
34 shall be assigned or allocated to the new school district by the state board.

35 (B) In determining the amount of the indebtedness that the
36 new school district is responsible for, the new school district and the



1 original school district shall either:

2 (i) Agree upon an amount; or

3 (ii) Allow the state board to determine the amount
 4 if the new school district and the original school district cannot agree.

5 (3) The allocation or assignment of indebtedness shall be
 6 structured in a manner that does not allow the original school district to
 7 default on indebtedness.

8 (4) In determining the division of indebtedness between the new
 9 school district and the original school district, reasonable and fair methods
 10 of allocation shall be considered, including without limitation:

11 (A)(i) A third-party appraisal of the assets.

12 (ii) The assets shall be compared to the total debt
 13 of the original school district and that amount shall be paid to the original
 14 school district by the new school district;

15 (B) A ratio generated by comparing the number of students
 16 currently residing in the boundaries of the new school district to the total
 17 number of students in the original school district;

18 (C) A ratio generated by comparing the assessed value of
 19 property within the boundaries of the new school district to the assessed
 20 value of property within the original school district; and

21 (D) Other reasonable and fair methods of allocation.

22 (5) The new school district is entitled to all the
 23 constitutional and statutory protections afforded school districts
 24 immediately upon the state board's ordering:

25 (A) The transfer of the real and personal property from
 26 the original school district to the new school district; and

27 (B) The amount of indebtedness assigned to the new school
 28 district.

29 (d)(1) The millage rate of ~~the electors~~ of the detached territory
 30 constituting the new school district shall remain the same as that of the
 31 original school district until an election may be held to change the rate of
 32 taxation for the detached area.

33 (2) The millage rate of a new school district shall not be lower
 34 than the millage rate of the original school district.

35 (3) The revenue generated by a millage in a new school district
 36 shall be allocated in the same manner as the revenue was allocated by the

1 original school district.

2 (4) The new school district may use debt service millage
 3 inherited from the original school district as a source of revenue to pay all
 4 or part of the indebtedness assigned or allocated to the new school district.

5 (5)(A) Section 6-13-801 applies to a new school district.

6 (B) Subsection 6-13-801(c) may be used to amortize the
 7 debt of a facility or asset to be rented or leased by the new school district
 8 as compared to the debt service required to amortize the debt generated by
 9 the same facility or asset in the original school district.

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 11 (e)(1) One (1) or more of the following methods may be used to assign
 12 or allocate indebtedness of the new school district to the original school
 13 district:

14 (A) The new school district may borrow funds from the
 15 original school district as mutually agreed by both school districts;

16 (B) The new school district and the original school
 17 district may enter into capitol lease with purchase agreements;

18 (C) The new school district may borrow funds from a
 19 private, governmental, or commercial lender; or

20 (D) The new school district may issue a bond as permitted
 21 under § 6-20-1201 et seq.

22 (2) Indebtedness or a lease assigned or authorized under this
 23 section is entitled to the rights under § 6-20-1204(d)-(g).

24 (f) The state board shall have the following duties regarding creation
 25 of a school district by detachment:

26 (1) To form local school districts, change boundary lines of
 27 school districts, create new school districts, and perform all other
 28 functions regarding changes in school districts in accordance with the law;

29 (2) To transfer funds and attach territory that is in one (1)
 30 school district to other school districts as may seem best for the
 31 educational welfare of the children, including the loaning of funds to the
 32 new school district for the purpose of satisfying, in whole or in part, the
 33 inherited debt under terms and conditions acceptable to the state board; and

34 (3) To enact rules and regulations regarding the creation of
 35 school districts by detachment under this subchapter.

36 ~~(f)~~(g) In its order creating the new school district under this

1 section, the state board may allow a transition period of up to two (2)
2 consecutive years to allow the new school district to become fully
3 operational.

4 (h)(1) The new school district shall publish a projected budget for
5 the first anticipated operational school year by July 1 in the year the new
6 school district anticipates beginning school.

7 (2) The new school district may present a proposed millage
8 increase to the voters of the new school district at the same time the
9 projected budget is published.

10 (3) If a new millage is proposed and approved by the voters of
11 the new school district, the new millage is effective on January 1 following
12 the election.

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14 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly of the State of Arkansas that there are a number of Arkansas
16 school districts that are losing students; that the laws concerning
17 detachment are not clear in assigning assets and indebtedness between old and
18 new school districts; and that this act is immediately necessary to ensure
19 that a newly created school district is able to secure property and debt.
20 Therefore, an emergency is declared to exist, and this act being immediately
21 necessary for the preservation of the public peace, health, and safety shall
22 become effective on:

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

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

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

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