

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H2/13/15
A Bill

HOUSE BILL 1354

5 By: Representative Johnson
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7 **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.
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13 **Subtitle**

14 TO MODIFY THE REQUIREMENTS FOR SCHOOL
15 DISTRICT DETACHMENT; AND TO DECLARE AN
16 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 cause the original school district to
7 default in the documents authorizing the indebtedness, and shall not violate
8 any tax covenants contained in the documents authorizing the indebtedness by
9 the original districts.

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

13 (A) A third-party appraisal of the real property of the
14 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 (6) The new school district shall be considered a body corporate
30 and may sue and be sued in the new school district's corporate name, shall
31 have the power of eminent domain, and may borrow money and issue bonds for
32 the purpose permitted under § 6-20-1201.

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

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

3 (3) The revenue generated by a millage in a new school district
4 shall be allocated in the same manner as the revenue was allocated by the
5 original school district.

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

9 (e)(1) One (1) or more of the following methods may be used to pay
10 indebtedness of the new school district to the original school district:

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

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

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

17 (D) The new school district may issue bonds.

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

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

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

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

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

32 ~~(f)~~(g) In its order creating the new school district under this
33 section, the state board may allow a transition period of up to two (2)
34 consecutive years to allow the new school district to become fully
35 operational.

36 (h)(1) The new school district shall publish a projected budget for

1 the first anticipated operational school year at least sixty (60) days before
2 the next annual school election.

3 (2)(A) The new school district may present a proposed millage
4 increase to the voters of the new school district at the same time the
5 projected budget is published.

6 (B) The new school district shall present to the qualified
7 electors of the new school district a sufficient ad valorem tax for the
8 maintenance and operation of schools and the retirement of indebtedness.

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

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

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

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

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

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29 /s/Johnson
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