

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.

Act 625 of the Regular Session

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.



1 (B)(i) The secretary of the commission shall be an
2 employee of the Division of Public School Academic Facilities and
3 Transportation assigned to the commission by the chair of the commission.

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

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

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

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

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

14 (d) The commission shall:

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

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

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

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

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

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

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

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

1 (e) The commission may:

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

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

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

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

20 (4) Study and promulgate rules concerning:

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

23 (i) Earth movement; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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18 /s/ Cook

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20 APPROVED: 2/28/2007
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