

5
6 **HOUSE BILL No. 2064**

7
8 By Committee on Taxation

9
10 1-18

11
12 AN ACT relating to property taxation; concerning the determination of
13 fair market value; amending K.S.A. 79-503a and repealing the existing
14 section; **concerning school district finance; authorizing and pro-**
15 **viding state aid and grants for various educational performance**
16 **programs; [affecting certain school building closure procedu-**
17 **res;] relating to school district ad valorem taxes and other taxes**
18 **for educational enhancement financing; making and concerning**
19 **appropriations for the fiscal year ending June 30, 2002, for the**
20 **department of education; amending K.S.A. 41-501, 72-1106, 72-**
21 **6413, [72-8136e,] 79-3310, 79-3311, 79-3312, 79-3371, 79-3378,**
22 **79-4101, 79-41a02 and 79-41a03 and K.S.A. 2000 Supp. 72-**
23 **1398, 72-6407, 72-6410, 72-6412, 72-6414, 72-6431, 72-6442,**
24 **79-201x, 79- 2959, 79-2964, 79-34,147, 79-3603, 79-3620, 79-**
25 **3635, 79-3703 and 79-3710 and repealing the existing sections.**

26
27 *Be it enacted by the Legislature of the State of Kansas:*

28 Section 1. ~~K.S.A. 79-503a is hereby amended to read as follows: 79-~~
29 ~~503a. "Fair market value" means the amount in terms of money that a~~
30 ~~well informed buyer is justified in paying and a well informed seller is~~
31 ~~justified in accepting for property in an open and competitive market,~~
32 ~~assuming that the parties are acting without undue compulsion. *In the*~~
33 ~~*determination of fair market value of any real property which is burdened*~~
34 ~~*by any special assessment, the sales value thereof, and the sales value of*~~
35 ~~*any comparable real property so burdened, shall not include the present*~~
36 ~~*value of any such special assessment.* For the purposes of this definition~~
37 ~~it will be assumed that consummation of a sale occurs as of January 1.~~

38 ~~— Sales in and of themselves shall not be the sole criteria of fair market~~
39 ~~value but shall be used in connection with cost, income and other factors~~
40 ~~including but not by way of exclusion:~~

41 ~~— (a) The proper classification of lands and improvements;~~

42 ~~— (b) the size thereof;~~

43 ~~— (c) the effect of location on value;~~

- 1 —(d)—depreciation, including physical deterioration or functional, eco-
2 nomic or social obsolescence;
3 —(e)—cost of reproduction of improvements;
4 —(f)—productivity;
5 —(g)—earning capacity as indicated by lease price, by capitalization of
6 net income or by absorption or sell-out period;
7 —(h)—rental or reasonable rental values;
8 —(i)—sale value on open market with due allowance to abnormal infla-
9 tionary factors influencing such values;
10 —(j)—restrictions imposed upon the use of real estate by local governing
11 bodies, including zoning and planning boards or commissions; and
12 —(k)—comparison with values of other property of known or recognized
13 value. The assessment sales ratio study shall not be used as an appraisal
14 for appraisal purposes.
15 —The appraisal process utilized in the valuation of all real and tangible
16 personal property for ad valorem tax purposes shall conform to generally
17 accepted appraisal procedures which are adaptable to mass appraisal and
18 consistent with the definition of fair market value unless otherwise spec-
19 ified by law.
20 —Sec. 2.—K.S.A. 79-503a is hereby repealed.
21 —Sec. 3.—This act shall take effect and be in force from and after its
22 publication in the statute book.

23 **Section 1. On July 1, 2001, K.S.A. 2000 Supp. 72-6407 shall be**
24 **and is hereby amended to read as follows: 72-6407. (a) "Pupil"**
25 **means any person who is regularly enrolled in a district and at-**
26 **tending kindergarten or any of the grades one through 12 main-**
27 **tained by the district or who is regularly enrolled in a district and**
28 **attending kindergarten or any of the grades one through 12 in**
29 **another district in accordance with an agreement entered into un-**
30 **der authority of K.S.A. 72-8233, and amendments thereto, or who**
31 **is regularly enrolled in a district and attending special education**
32 **services provided for preschool-aged exceptional children by the**
33 **district. Except as otherwise provided in this subsection, a pupil in**
34 **attendance full time shall be counted as one pupil. A pupil in at-**
35 **tendance part time shall be counted as that proportion of one pupil**
36 **(to the nearest $\frac{1}{10}$) that the pupil's attendance bears to full-time**
37 **attendance. A pupil attending kindergarten shall be counted as $\frac{1}{2}$**
38 **pupil. A pupil enrolled in and attending an institution of postse-**
39 **condary education which is authorized under the laws of this state**
40 **to award academic degrees shall be counted as one pupil if the**
41 **pupil's postsecondary education enrollment and attendance to-**
42 **gether with the pupil's attendance in either of the grades 11 or 12**
43 **is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that**

1 proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of
2 the pupil's postsecondary education attendance and attendance in
3 grade 11 or 12, as applicable, bears to full-time attendance. A pupil
4 enrolled in and attending an area vocational school, area voca-
5 tional-technical school or approved vocational education program
6 shall be counted as one pupil if the pupil's vocational education
7 enrollment and attendance together with the pupil's attendance in
8 any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise the
9 pupil shall be counted as that proportion of one pupil (to the near-
10 est $\frac{1}{10}$) that the total time of the pupil's vocational education at-
11 tendance and attendance in any of grades nine through 12 bears
12 to full-time attendance. A pupil enrolled in a district and attending
13 special education *and related services*, except special education *and*
14 *related services* for preschool-aged exceptional children, provided
15 for by the district shall be counted as one pupil. A pupil enrolled
16 in a district and attending special education *and related services* for
17 preschool-aged exceptional children provided for by the district
18 shall be counted as $\frac{1}{2}$ pupil. A preschool-aged at-risk pupil en-
19 rolled in a district and receiving services under an approved at-
20 risk pupil assistance plan maintained by the district shall be
21 counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social
22 and rehabilitation services and enrolled in unified school district
23 No. 259, Sedgwick county, Kansas, but housed, maintained, and
24 receiving educational services at the Judge James V. Riddel Boys
25 Ranch, shall be counted as two pupils. A pupil residing at the Flint
26 Hills job corps center shall not be counted. A pupil confined in and
27 receiving educational services provided for by a district at a ju-
28 venile detention facility shall not be counted. A pupil enrolled in
29 a district but housed, maintained, and receiving educational serv-
30 ices at a state institution shall not be counted.

31 (b) "Preschool-aged exceptional children" means exceptional
32 children, except gifted children, who have attained the age of
33 three years but are under the age of eligibility for attendance at
34 kindergarten.

35 (c) "At-risk pupils" means pupils who are eligible for free meals
36 under the national school lunch act and who are enrolled in a dis-
37 trict which maintains an approved at-risk pupil assistance plan.

38 (d) "Preschool-aged at-risk pupil" means an at-risk pupil who
39 has attained the age of four years, is under the age of eligibility
40 for attendance at kindergarten, and has been selected by the state
41 board in accordance with guidelines consonant with guidelines
42 governing the selection of pupils for participation in head start
43 programs. The state board shall select not more than 1,794 pre-

1 school aged at risk pupils to be counted in the 1999-2000 school year and
2 not more than ~~2,230~~ 2,666 preschool-aged at-risk pupils to be
3 counted in any school year thereafter.

4 (e) "Enrollment" means, for districts scheduling the school days
5 or school hours of the school term on a trimestral or quarterly
6 basis, the number of pupils regularly enrolled in the district on
7 September 20 plus the number of pupils regularly enrolled in the
8 district on February 20 less the number of pupils regularly en-
9 rolled on February 20 who were counted in the enrollment of the
10 district on September 20; and for districts not hereinbefore spec-
11 ified, the number of pupils regularly enrolled in the district on
12 September 20. Notwithstanding the foregoing, if enrollment in a
13 district in any school year has decreased from enrollment in the
14 preceding school year, enrollment of the district in the current
15 school year means whichever is the greater of (1) enrollment in
16 the preceding school year minus enrollment in such school year of
17 preschool-aged at-risk pupils, if any such pupils were enrolled,
18 plus enrollment in the current school year of preschool-aged at-
19 risk pupils, if any such pupils are enrolled, or (2) the sum of en-
20 rollment in the current school year of preschool-aged at-risk pu-
21 pils, if any such pupils are enrolled and the average (mean) of the
22 sum of (A) enrollment of the district in the current school year
23 minus enrollment in such school year of preschool-aged at-risk pu-
24 pils, if any such pupils are enrolled and (B) enrollment in the pre-
25 ceding school year minus enrollment in such school year of pre-
26 school-aged at-risk pupils, if any such pupils were enrolled and (C)
27 enrollment in the school year next preceding the preceding school
28 year minus enrollment in such school year of preschool-aged at-
29 risk pupils, if any such pupils were enrolled.

30 (f) "Adjusted enrollment" means enrollment adjusted by adding
31 at-risk pupil weighting, program weighting, low enrollment
32 weighting, if any, correlation weighting, if any, school facilities
33 weighting, if any, ancillary school facilities weighting, if any, and
34 transportation weighting to enrollment.

35 (g) "At-risk pupil weighting" means an addend component as-
36 signed to enrollment of districts on the basis of enrollment of at-
37 risk pupils.

38 (h) "Program weighting" means an addend component assigned
39 to enrollment of districts on the basis of pupil attendance in edu-
40 cational programs which differ in cost from regular educational
41 programs.

42 (i) "Low enrollment weighting" means an addend component
43 assigned to enrollment of districts having under ~~1,725~~ 1,690 en-

1 rollment on the basis of costs attributable to maintenance of edu-
2 cational programs by such districts in comparison with costs at-
3 tributable to maintenance of educational programs by districts
4 having ~~1,725~~ 1,690 or over enrollment.

5 (j) “School facilities weighting” means an addend component
6 assigned to enrollment of districts on the basis of costs attributable
7 to commencing operation of new school facilities. School facilities
8 weighting may be assigned to enrollment of a district only if the
9 district has adopted a local option budget and budgeted therein
10 the total amount authorized for the school year. School facilities
11 weighting may be assigned to enrollment of the district only in the
12 school year in which operation of a new school facility is com-
13 menced and in the next succeeding school year.

14 (k) “Transportation weighting” means an addend component as-
15 signed to enrollment of districts on the basis of costs attributable
16 to the provision or furnishing of transportation.

17 (l) “Correlation weighting” means an addend component as-
18 signed to enrollment of districts having ~~1,725~~ 1,690 or over enroll-
19 ment on the basis of costs attributable to maintenance of educa-
20 tional programs by such districts as a correlate to low enrollment
21 weighting assigned to enrollment of districts having under ~~1,725~~
22 1,690 enrollment.

23 (m) “Ancillary school facilities weighting” means an addend
24 component assigned to enrollment of districts to which the provi-
25 sions of K.S.A. 2000 Supp. 72-6441, and amendments thereto, ap-
26 ply on the basis of costs attributable to commencing operation of
27 new school facilities. Ancillary school facilities weighting may be
28 assigned to enrollment of a district only if the district has levied a
29 tax under authority of K.S.A. 2000 Supp. 72-6441, and amend-
30 ments thereto, and remitted the proceeds from such tax to the state
31 treasurer. Ancillary school facilities weighting is in addition to as-
32 signment of school facilities weighting to enrollment of any district
33 eligible for such weighting.

34 (n) “Juvenile detention facility” means any community juvenile
35 corrections center or facility, the Forbes Juvenile Attention Facil-
36 ity, the Sappa Valley Youth Ranch of Oberlin, Salvation Army/Koch
37 Center Youth Services, the Clarence M. Kelley Youth Center,
38 Trego County Secure Care Center, St. Francis Academy at Atchi-
39 son, St. Francis Academy at Ellsworth, St. Francis Academy at Sa-
40 lina, and St. Francis Center at Salina.

41 Sec. 2. On July 1, 2001, K.S.A. 2000 Supp. 72-6410 shall be and
42 is hereby amended to read as follows: 72-6410. (a) “State financial
43 aid” means an amount equal to the *sum of the* product obtained by

1 **multiplying base state aid per pupil by the adjusted enrollment of**
2 **a district and the product obtained by multiplying success in school state**
3 **aid, if any, by the enrollment of the district.**

4 **(b) “Base state aid per pupil” means an amount of state financial**
5 **aid per pupil. Subject to the other provisions of this subsection,**
6 **the amount of base state aid per pupil is \$3,770 in the 1999-2000**
7 **school year and \$3,820 in the 2000-01 school year and in school years**
8 **thereafter \$3,930 in the 2001-02 school year and \$4,060 in the 2002-03**
9 **school year and in school years thereafter. The amount of base state**
10 **aid per pupil is subject to reduction commensurate with any re-**
11 **duction under K.S.A. 75-6704, and amendments thereto, in the**
12 **amount of the appropriation from the state general fund for gen-**
13 **eral state aid. If the amount of appropriations for general state aid**
14 **is insufficient to pay in full the amount each district is entitled to**
15 **receive for any school year, the amount of base state aid per pupil**
16 **for such school year is subject to reduction commensurate with the**
17 **amount of the insufficiency.**

18 *(c) “Success in school state aid” means an amount of state financial aid*
19 *per pupil. The amount of success in school state aid is \$44. To be eligible*
20 *for success in school state aid, a district must establish and maintain an*
21 *extended learning time plan for any or all of the following purposes: (1)*
22 *Providing pupils with additional time to achieve learner exit or improve-*
23 *ment plan outcomes; (2) giving pupils remedial instruction or independent*
24 *study assistance; (3) affording pupils an opportunity to attain or enhance*
25 *proficiency in the basic or higher order thinking skills. The plan may*
26 *schedule the required extended learning time before or after regular school*
27 *hours, on weekends and during the summer months. The plan must in-*
28 *clude intensive interventions for K-3 pupils needing assistance in achiev-*
29 *ing mastery of basic reading, writing and mathematics skills and an eval-*
30 *uation procedure designed to measure effectiveness of the plan in enabling*
31 *pupils to succeed in school and must be submitted to and approved by*
32 *the state board. In order to assist districts in the establishment and main-*
33 *tenance of an extended learning time plan, each pupil needing assistance*
34 *in achieving mastery of basic reading, writing and mathematics skills shall*
35 *be encouraged to obtain an eye examination by an optometrist or oph-*
36 *thalmologist to determine if the pupil suffers from conditions which im-*
37 *pair the ability to read. Expense for such examination, if not reimbursed*
38 *through Medicaid, Healthwave, private insurance or other governmental*
39 *or private program, shall be the responsibility of the pupil's parent.*

40 ~~(c)~~ **(d) “Local effort” means the sum of an amount equal to the**
41 **proceeds from the tax levied under authority of K.S.A. 72-6431,**
42 **and amendments thereto, and an amount equal to any unexpended**
43 **and unencumbered balance remaining in the general fund of the**

1 district, except amounts received by the district and authorized to
2 be expended for the purposes specified in K.S.A. 72-6430, and
3 amendments thereto, and an amount equal to any unexpended and
4 unencumbered balances remaining in the program weighted funds
5 of the district, except any amount in the vocational education fund
6 of the district if the district is operating an area vocational school,
7 and an amount equal to any remaining proceeds from taxes levied
8 under authority of K.S.A. 72-7056 and 72-7072, and amendments
9 thereto, prior to the repeal of such statutory sections, and an
10 amount equal to the amount deposited in the general fund in the
11 current school year from amounts received in such year by the
12 district under the provisions of subsection (a) of K.S.A. 72-1046a,
13 and amendments thereto, and an amount equal to the amount de-
14 posited in the general fund in the current school year from
15 amounts received in such year by the district pursuant to contracts
16 made and entered into under authority of K.S.A. 72-6757, and
17 amendments thereto, and an amount equal to the amount credited
18 to the general fund in the current school year from amounts dis-
19 tributed in such year to the district under the provisions of articles
20 17 and 34 of chapter 12 of Kansas Statutes Annotated and under
21 the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes
22 Annotated, and an amount equal to 75% of the federal impact aid
23 of the district.

24 ~~(d)~~ (e) "Federal impact aid" means an amount equal to the fed-
25 erally qualified percentage of the amount of moneys a district re-
26 ceives in the current school year under the provisions of title I of
27 public law 874 and congressional appropriations therefor, exclud-
28 ing amounts received for assistance in cases of major disaster and
29 amounts received under the low-rent housing program. The
30 amount of federal impact aid defined herein as an amount equal
31 to the federally qualified percentage of the amount of moneys pro-
32 vided for the district under title I of public law 874 shall be deter-
33 mined by the state board in accordance with terms and conditions
34 imposed under the provisions of the public law and rules and reg-
35 ulations thereunder.

36 Sec. 3. On July 1, 2001, K.S.A. 2000 Supp. 72-6412 shall be and
37 is hereby amended to read as follows: 72-6412. The low enrollment
38 weighting of each district with under ~~1,725~~ 1,690 enrollment shall
39 be determined by the state board as follows:

40 (a) Determine the amount of the median budget per pupil for
41 the 1991-92 school year of districts with 75-125 enrollment in such
42 school year;

43 (b) determine the amount of the median budget per pupil for

1 the 1991-92 school year of districts with 200-399 enrollment in
2 such school year;

3 (c) determine the amount of the median budget per pupil for
4 the 1991-92 school year of districts with 1,900 or over enrollment;

5 (d) prescribe a schedule amount for each of the districts by pre-
6 paring a schedule based upon an accepted mathematical formula
7 and derived from a linear transition between (1) the median bud-
8 gets per pupil determined under (a) and (b), and (2) the median
9 budgets per pupil determined under (b) and (c). The schedule
10 amount for districts with 0-99 enrollment is an amount equal to
11 the amount of the median budget per pupil determined under (a).
12 The schedule amount for districts with 100-299 enrollment is the
13 amount derived from the linear transition under (1). The schedule
14 amount for districts with 300-1,899 enrollment is the amount de-
15 rived from the linear transition under (2);

16 (e) for districts with 0-99 enrollment:

17 (1) Subtract the amount determined under (c) from the amount
18 determined under (a);

19 (2) divide the remainder obtained under (1) by the amount de-
20 termined under (c);

21 (3) multiply the quotient obtained under (2) by the enrollment
22 of the district in the current school year. The product is the low
23 enrollment weighting of the district;

24 (f) for districts with 100-299 enrollment:

25 (1) Subtract the amount determined under (c) from the schedule
26 amount of the district;

27 (2) divide the remainder obtained under (1) by the amount de-
28 termined under (c);

29 (3) multiply the quotient obtained under (2) by the enrollment
30 of the district in the current school year. The product is the low
31 enrollment weighting of the district;

32 (g) for districts with ~~300-1,724~~ 300-1,689 enrollment:

33 (1) Subtract the amount determined under (c) from the schedule
34 amount of the district;

35 (2) divide the remainder obtained under (1) by the amount de-
36 termined under (c);

37 (3) multiply the quotient obtained under (2) by the enrollment
38 of the district in the current school year. The product is the low
39 enrollment weighting of the district.

40 Sec. 4. On July 1, 2001, K.S.A. 72-6413 shall be and is hereby
41 amended to read as follows: 72-6413. The program weighting of
42 each district shall be determined by the state board as follows:

43 (a) Compute full time equivalent enrollment in programs of bi-

1 **lingual education and multiply the computed enrollment by 0.2;**

2 **(b) compute full time equivalent enrollment in approved voca-**
3 **tional education programs and multiply the computed enrollment**
4 **by 0.5;**

5 **(c) add the products obtained under (a) and (b). The sum is the**
6 **program weighting of the district.**

7 ~~(d) The provisions of this section shall take effect and be in force from~~
8 ~~and after July 1, 1992.~~

9 **Sec. 5. On July 1, 2001, K.S.A. 2000 Supp. 72-6414 shall be and**
10 **is hereby amended to read as follows: 72-6414. (a) The at-risk pupil**
11 **weighting of each district shall be determined by the state board**
12 **by multiplying the number of at-risk pupils included in enrollment**
13 **of the district by .09 .11. The product is the at-risk pupil weighting**
14 **of the district.**

15 *(b) Except as provided in subsection (d), of the amount a district re-*
16 *ceives from the at-risk pupil weighting, an amount produced by a pupil*
17 *weighting of .01 shall be used by the district for achieving mastery of*
18 *basic reading skills by completion of the third grade in accordance with*
19 *standards and outcomes of mastery identified by the state board under*
20 *K.S.A. 2000 Supp. 72-7534, and amendments thereto.*

21 *(c) A district shall include such information in its at-risk pupil assis-*
22 *tance plan as the state board may require regarding the district's reme-*
23 *diation strategies and the results thereof in achieving the third grade*
24 *reading standards and outcomes of mastery identified by the state board.*
25 *The reporting requirements shall include information documenting re-*
26 *mediation strategies and improvement made by pupils who performed*
27 *below the expected standard on the second grade diagnostic reading test*
28 *prescribed by the state board.*

29 *(d) A district whose pupils substantially achieve the state board stan-*
30 *dards and outcomes of mastery of reading skills upon completion of third*
31 *grade may be released, upon request, by the state board from the require-*
32 *ments of subsection (b).*

33 **Sec. 6. On July 1, 2001, K.S.A. 2000 Supp. 72-6431 shall be and**
34 **is hereby amended to read as follows: 72-6431. (a) The board of**
35 **each district shall levy an ad valorem tax upon the taxable tangible**
36 **property of the district in the school years specified in subsection**
37 **(b) for the purpose of:**

38 **(1) Financing that portion of the district's general fund budget**
39 **which is not financed from any other source provided by law;**

40 **(2) paying a portion of the costs of operating and maintaining**
41 **public schools in partial fulfillment of the constitutional obligation**
42 **of the legislature to finance the educational interests of the state;**
43 **and**

1 **(3) with respect to any redevelopment district established prior**
2 **to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments**
3 **thereto, paying a portion of the principal and interest on bonds**
4 **issued by cities under authority of K.S.A. 12-1774, and amend-**
5 **ments thereto, for the financing of redevelopment projects upon**
6 **property located within the district.**

7 **(b) The tax required under subsection (a) shall be levied at a rate**
8 **of 20 mills in the ~~1999-2000~~ 2001-02 school year and in the ~~2000-01~~**
9 **2002-03 school year.**

10 **(c) The proceeds from the tax levied by a district under authority**
11 **of this section, except the proceeds of such tax levied for the pur-**
12 **pose of paying a portion of the principal and interest on bonds**
13 **issued by cities under authority of K.S.A. 12-1774, and amend-**
14 **ments thereto, for the financing of redevelopment projects upon**
15 **property located within the district, shall be deposited in the gen-**
16 **eral fund of the district.**

17 **(d) On June 1 of each year, the amount, if any, by which a dis-**
18 **trict's local effort exceeds the amount of the district's state finan-**
19 **cial aid, as determined by the state board, shall be remitted to the**
20 **state treasurer. Upon receipt of any such remittance, the state**
21 **treasurer shall deposit the same in the state treasury to the credit**
22 **of the state school district finance fund.**

23 **(e) No district shall proceed under K.S.A. 79-1964, 79-1964a or**
24 **79-1964b, and amendments to such sections.**

25 **Sec. 7. On July 1, 2001, K.S.A. 2000 Supp. 72-6442 shall be and**
26 **is hereby amended to read as follows: 72-6442. The correlation**
27 **weighting of each district with ~~1,725~~ 1,690 or over enrollment shall**
28 **be determined by the state board as follows:**

29 **(a) Determine the schedule amount for a district with ~~1,725~~ 1,690**
30 **enrollment as derived from the linear transition under (d) of K.S.A.**
31 **72-6412, and amendments thereto, and subtract the amount de-**
32 **termined under (c) of K.S.A. 72-6412, and amendments thereto,**
33 **from the schedule amount so determined;**

34 **(b) divide the remainder obtained under (a) by the amount de-**
35 **termined under (c) of K.S.A. 72-6412, and amendments thereto,**
36 **and multiply the quotient by the enrollment of the district in the**
37 **current school year. The product is the correlation weighting of**
38 **the district.**

39 **Sec. 8. On July 1, 2001, K.S.A. 2000 Supp. 79-201x shall be and**
40 **is hereby amended to read as follows: 79-201x. For taxable years**
41 **~~1999~~ 2001 and ~~2000~~ 2002, the following described property, to the**
42 **extent herein specified, shall be and is hereby exempt from the**
43 **property tax levied pursuant to the provisions of K.S.A. 72-6431,**

1 **and amendments thereto: Property used for residential purposes**
2 **to the extent of \$20,000 of its appraised valuation.**

3 **Sec. 9. On July 1, 2001, K.S.A. 2000 Supp. 72-1398 shall be and**
4 **is hereby amended to read as follows: 72-1398. (a) The national**
5 **board for professional teaching standards certification incentive**
6 **program is hereby established for the purpose of rewarding teach-**
7 **ers who have attained certification from the national board and**
8 *assisting school districts in the provision of staff development programs*
9 *especially as such programs support teachers engaged in the national*
10 *board certification process. Teachers who have attained certification*
11 *from the national board shall be issued a master teacher's certifi-*
12 *cate by the state board of education. A master teacher's certificate*
13 *shall be valid for 10 years and renewable thereafter every 10 years*
14 *through compliance with continuing education and professional*
15 *development requirements prescribed by the state board. Teach-*
16 *ers who have attained certification from the national board and*
17 *who are employed by a school district shall be paid an incentive*
18 *bonus in the amount of ~~\$1,000~~ \$5,000 each school year, not exceed-*
19 *ing 10 years, that the teacher remains employed by a school district*
20 *and retains a valid master teacher's certificate. Each school district*
21 *employing one or more national board certified teachers shall be entitled*
22 *to an incentive grant in the amount of \$3,000 for each such teacher in*
23 *each school year that such teacher or teachers retain eligibility for pay-*
24 *ment of an incentive bonus.*

25 **(b) The board of education of each school district employing one**
26 **or more national board certified teachers shall pay the incentive**
27 **bonus to each such teacher in each school year that the teacher**
28 **retains eligibility for such payment. Each board of education which**
29 **has made payments of incentive bonuses to national board certi-**
30 **fied teachers under this subsection may file an application with the**
31 **state board of education for state aid and shall certify to the state**
32 **board the amount of such payments. The application and certifi-**
33 **cation shall be on a form prescribed and furnished by the state**
34 **board, shall contain such information as the state board shall re-**
35 **quire and shall be filed at the time specified by the state board.**

36 **(c) In each school year, each school district employing one or**
37 **more national board certified teachers is entitled to receive from**
38 **appropriations for the national board for professional teaching**
39 **standards certification incentive program an amount which is**
40 **equal to the amount certified to the state board of education in**
41 **accordance with the provisions of subsection (b) and an amount**
42 *which is equal to the product obtained by multiplying \$3,000 by the num-*
43 *ber of national board certified teachers receiving an incentive bonus in*

1 *accordance with the provisions of subsection (b). The state board shall*
2 **certify to the director of accounts and reports the amount due each**
3 **school district. The director of accounts and reports shall draw**
4 **warrants on the state treasurer payable to the treasurer of each**
5 **school district entitled to payment under this section upon vouch-**
6 **ers approved by the state board.**

7 (d) *An amount equal to $\frac{5}{8}$ of the amount of moneys received by a*
8 **board of education under this section shall be deposited in the**
9 **general fund of the school district. Moneys deposited in the gen-**
10 **eral fund of the school district under this subsection shall be con-**
11 **sidered reimbursements to the district for the purpose of the**
12 **school district finance and quality performance act and may be**
13 **expended whether the same have been budgeted or not. The re-**
14 **maining amount of moneys received by a board of education under this**
15 **section shall be deposited in the inservice education fund of the district**
16 **and expended for the provision of staff development programs in the**
17 **schools in which national board certified teachers are located.**

18 (e) **As used in this section, the term school district means any**
19 **school district organized and operating under the laws of this state.**

20 **New Sec. 10. (a) As used in this section:**

21 (1) **“School district” means any public school district.**

22 (2) **“School” means any school operated by a school district.**

23 (3) **“Exemplary school recognition award” means an award**
24 **made under this section to recognize and reward exemplary**
25 **schools for outstanding contribution to successful achievement of**
26 **the mission for Kansas education.**

27 (4) **“Exemplary school” means a school determined by the state**
28 **board of education to have met the building standard of excellence**
29 **on the basis of criteria developed under the quality performance**
30 **accreditation system in consideration of attainment or significant**
31 **and continuous progress toward attainment by pupils in attend-**
32 **ance at the school of levels of performance categorized as ad-**
33 **vanced or proficient or in which the high school graduation rate**
34 **has been substantially increased.**

35 (b) (1) **The state board of education shall adopt rules and regu-**
36 **lations for administration of the provisions of this act and shall**
37 **develop and prescribe criteria for determination and recognition**
38 **of exemplary schools.**

39 (2) **In each school year, each school recognized as an exemplary**
40 **school by the state board of education shall be entitled to an ex-**
41 **emplary school recognition award in an amount to be determined**
42 **by the state board of education within limits of appropriations**
43 **made for the exemplary schools recognition program. The amount**

1 of the award shall not exceed an amount equal to \$50 per pupil in
2 attendance at the exemplary school and shall be paid to the board
3 of education having jurisdiction over the exemplary school, de-
4 posited in the general fund of the school district and credited to
5 the account of the exemplary school. All amounts received by a
6 school district and credited to the account of an exemplary school
7 may be expended whether the same have been budgeted or not
8 and amounts so expended shall not be considered operating ex-
9 penses of the school district. The school site council of an exem-
10 plary school shall determine the purposes for which the award
11 shall be expended.

12 (3) Each school district which receives one or more exemplary
13 school recognition awards shall make such periodic and special
14 reports of statistical information to the state board as it may
15 request.

16 (c) (1) Periodically, but not less often than biennially, the state
17 board of education shall study, review and consider data and other
18 information collected by school districts under the quality per-
19 formance accreditation system in order to determine the extent to
20 which pupils are demonstrating attainment or significant and con-
21 tinuous progress toward attainment of advanced or proficient lev-
22 els of performance in order to qualify their schools as exemplary
23 schools.

24 (2) Upon completion of each review conducted under this sub-
25 section, the state board of education shall disseminate appropriate
26 information and summary data concerning the Kansas exemplary
27 schools recognition program to boards, the legislature, the gov-
28 ernor and to other interested parties.

29 (d) This section shall take effect and be in force from and after
30 July 1, 2001.

31 New Sec. 11. (a) As used in this section, the term “alternative
32 teacher compensation plan” means a compensation plan or salary
33 schedule that includes components of peer mentoring and peer
34 evaluation and that bases pay increases or differential pay rates on
35 the demonstration of excellence or significant improvement in
36 skills, knowledge and performance.

37 (b) (1) The board of education of each school district may estab-
38 lish and maintain an alternative teacher compensation plan and
39 apply for a grant of state moneys for the purpose of financing all
40 or a portion of the amount budgeted for maintenance of the plan.

41 (2) In order to be eligible to receive a grant of state moneys for
42 the maintenance of an alternative teacher compensation plan, a
43 board of education shall submit to the state board of education an

1 application for a grant and a description of the plan. The appli-
2 cation and description shall be prepared in such form and manner
3 as the state board shall require and shall be submitted at a time to
4 be determined and specified by the state board. Approval by the
5 state board of the plan and the application is prerequisite to the
6 award of a grant.

7 (3) Each board of education which is awarded a grant under this
8 act shall make such periodic and special reports of statistical and
9 financial information to the state board of education as it may
10 request.

11 (c) (1) The state board of education shall adopt rules and regu-
12 lations for the administration of this act and shall:

13 (A) Establish standards and criteria for reviewing, evaluating
14 and approving alternative teacher compensation plans and appli-
15 cations of school districts for grants;

16 (B) evaluate and approve alternative teacher compensation
17 plans;

18 (C) in evaluating and approving applications of school districts
19 for grants, consider the endeavors of boards of education to enlist
20 assistance and support in the development of an alternative
21 teacher compensation plan from teachers, administrators, mem-
22 bers of school site councils, district patrons and representatives of
23 community organizations and private sector corporations and
24 foundations.

25 (D) be responsible for awarding grants to school districts; and

26 (E) request of and receive from each school district which is
27 awarded a grant for maintenance of an alternative teacher com-
28 pensation plan reports containing information with regard to the
29 effectiveness of the plan.

30 (2) Within the limits of appropriations for alternative teacher
31 compensation plans maintained by school districts, the state board
32 of education shall determine the amount of grants to be awarded
33 school districts. In no event shall the amount of a grant to a school
34 district exceed the amount budgeted and expended by the school
35 district in the maintenance of a plan. Upon receipt of a grant of
36 state moneys for maintenance of an alternative teacher compen-
37 sation plan, the amount of the grant shall be deposited in the gen-
38 eral fund of the school district. Moneys deposited in the general
39 fund of a school district under this subsection shall be considered
40 reimbursements for the purpose of the school district finance and
41 quality performance act.

42 (d) The state board of education may provide any board, upon
43 request, with technical advice and assistance regarding the estab-

1 **lishment and maintenance of an alternative teacher compensation**
2 **plan or an application for a grant of state moneys.**

3 **(e) This section shall take effect and be in force on and after July**
4 **1, 2001.**

5 **New Sec. 12. The state board of education shall provide for a**
6 **professional evaluation of school district finance to determine the**
7 **per pupil cost of a suitable education for Kansas children. The**
8 **evaluation shall include a thorough study of the school district fi-**
9 **nance and quality performance act with the objective of addressing**
10 **inadequacies and inequities inherent in the act. In addition the**
11 **evaluation shall address the following objectives:**

12 **(1) A determination of the funding needed to provide a suitable**
13 **education in typical K-12 schools of various sizes and locations;**

14 **(2) a determination of the additional support needed for special**
15 **education, at-risk, limited English proficient pupils and pupils im-**
16 **acted by other special circumstances;**

17 **(3) a determination of funding adjustments necessary to ensure**
18 **comparable purchasing power for all districts, regardless of size**
19 **or location; and**

20 **(4) a determination of an appropriate annual adjustment for**
21 **inflation.**

22 **(b) In addressing the objectives of the evaluation as specified in**
23 **subsection (a), consideration shall be given to:**

24 **(1) The cost of providing comparable opportunities in the state's**
25 **small rural schools as well as the larger, more urban schools, in-**
26 **cluding differences in transportation needs resulting from popu-**
27 **lation sparsity as well as differences in annual operating costs;**

28 **(2) the cost of providing suitable opportunities in elementary,**
29 **middle and high schools;**

30 **(3) the additional costs of providing special programming op-**
31 **portunities, including vocational education programs;**

32 **(4) the additional cost associated with educating at-risk children**
33 **and those with limited English proficiency;**

34 **(5) the additional cost associated with meeting the needs of pu-**
35 **pils with disabilities; and**

36 **(6) the geographic variations in costs of personnel, materials,**
37 **supplies and equipment and other fixed costs so that districts**
38 **across the state are afforded comparable purchasing power.**

39 **(c) The state board of education shall secure consultant services**
40 **to conduct the professional evaluation of school district finance**
41 **required by this section and provide for a presentation to the gov-**
42 **ernor and the legislature of the findings of the evaluation along**
43 **with recommendations for components of a school district finance**

1 plan that will fulfill the state's obligation to provide a suitable ed-
2 ucation for Kansas children. The findings of the evaluation and
3 recommendations shall be presented to the governor and the leg-
4 islatre at the beginning of the 2002 legislative session.

5 (d) For the purpose of the professional evaluation of school dis-
6 trict finance, the term "suitable education" means a curricular
7 program consisting of the subjects and courses required under the
8 provisions of K.S.A. 72-1101, 72-1103 and 72-1117, and amend-
9 ments thereto, the courses in foreign language, fine arts and phys-
10 ical education required to qualify for a state scholarship under the
11 provisions of K.S.A. 72-6810 through 72-6816, and amendments
12 thereto, and the courses included in the precollege curriculum
13 prescribed by the board of regents under the provisions of K.S.A.
14 76-717, and amendments thereto.

15 **Sec. 13. On July 1, 2001, K.S.A. 72-1106 shall be and is hereby**
16 **amended to read as follows: 72-1106. (a) Subject to the other pro-**
17 **visions of this section, a school term during which public school**
18 **shall be maintained in the ~~1992-93~~ each school year by each school**
19 **district organized under the laws of this state shall consist of: (1)**
20 **For pupils attending kindergarten, not less than 181 school days and each**
21 **such school day shall consist of not less than 2½ hours; and (2) for pupils**
22 **attending any of the grades one through 11, not less than 181 school days**
23 **and each such school day shall consist of not less than six hours; and (3)**
24 **for pupils attending grade 12, not less than 176 school days and each such**
25 **school day shall consist of not less than six hours. The minimum number**
26 **of school days in a school term shall be increased by two school days in**
27 **the 1993-94 school year. The school term in school years commencing**
28 **after June 30, 1994, shall consist of not less than 186 school days for**
29 **pupils attending kindergarten or any of the grades one through 11**
30 **and not less than 181 school days for pupils attending grade 12.**

31 **(b) Subject to a policy developed and adopted by it, the board**
32 **of any school district may provide for a school term consisting of**
33 **school hours. A school term provided for in a policy adopted under**
34 **this subsection shall consist of: (1) For pupils attending kindergar-**
35 **ten, not less than ~~452½~~ school hours in the ~~1992-93~~ school year, not**
36 **less than ~~457½~~ school hours in the 1993-94 school year, and not less than**
37 **465 school hours in each school year commencing after June 30, 1994;**
38 **and (2) for pupils attending any of the grades one through 11, not**
39 **less than ~~1,086~~ school hours in the ~~1992-93~~ school year, not less than**
40 **1,098 school hours in the 1993-94 school year, and not less than 1,116**
41 **school hours in each school year commencing after June 30, 1994;**
42 **and (3) for pupils attending grade 12, not less than ~~1,056~~ school**
43 **hours in the ~~1992-93~~ school year, not less than ~~1,068~~ school hours in the**

1 1993-94 school year, and not less than **1,086 school hours in each**
2 **school year commencing after June 30, 1994. Each board of education**
3 **which develops and adopts a policy providing for a school term in**
4 **accordance with this subsection shall notify the state board of ed-**
5 **ucation thereof on or before September 15 in each school year for**
6 **which the policy is to be in effect.**

7 (c) **Subject to a plan developed and adopted by it, the board of**
8 **any school district may schedule the school days required for a**
9 **school term provided for under subsection (a), or the school hours**
10 **required for a school term provided for in a policy adopted under**
11 **subsection (b), on a trimestral or quarterly basis. Each board of**
12 **education which develops and adopts a plan providing for the**
13 **scheduling of the school days or school hours of the school term**
14 **on a trimestral or quarterly basis shall submit the plan to the state**
15 **board of education for approval prior to implementation. The plan**
16 **shall be prepared in such form and manner as the state board shall**
17 **require and shall be submitted at a time or times to be determined**
18 **and specified by the state board.**

19 (d) *Subject to a policy developed and adopted by the board of any*
20 *district as a part of the district's disciplinary policy or school improvement*
21 *plan, the board may schedule school days in addition to the school days*
22 *scheduled for a school term provided for under subsection (a), or school*
23 *hours in addition to the school hours scheduled for a school term provided*
24 *for in a policy adopted under subsection (b), or both such additional*
25 *school days and school hours for pupils who are in need of remedial*
26 *education or who are subject to disciplinary measures imposed under the*
27 *district's disciplinary policy. Any school day or school hour scheduled for*
28 *a pupil under a policy adopted under this subsection may be scheduled*
29 *on weekends, before or after regular school hours, and during the summer*
30 *months. Inexcusable absence from school on any school day or during any*
31 *school hour by any pupil for whom additional school days or school hours*
32 *have been scheduled under a policy adopted under this subsection shall*
33 *be counted as an inexcusable absence from school for the purposes of*
34 *K.S.A. 72-1113, and amendments thereto.*

35 ~~(d)~~ (e) **If the board of any school district, or its designee, shall**
36 **determine that inclement weather will cause hazardous driving**
37 **conditions, the board, or its designee, may close any or all of the**
38 **schools within the district. The amount of time pupils have been**
39 **in attendance when such determination is made shall be consid-**
40 **ered a school day of a school term or shall be considered the num-**
41 **ber of school hours for pupils to be in attendance at school in a**
42 **day, whichever is applicable. Consonant with the other provisions**
43 **of this section, a board may schedule any number of days or hours**

1 in excess of the regularly scheduled school days or school hours
2 which the board determines will be necessary to compensate for
3 those school days or school hours that schools of the district will
4 remain closed during the school term due to hazardous driving
5 conditions. If the number of days or hours schools remain closed
6 due to hazardous driving conditions exceeds the number of days
7 or hours scheduled by the board to compensate for such school
8 days or school hours, the excess number of days or hours, not to
9 exceed whichever is the lesser of (1) the number of compensatory
10 days or hours scheduled by the board or (2) five days or the num-
11 ber of school hours regularly scheduled in five days, that schools
12 remain closed due to such conditions shall be considered school
13 days or school hours.

14 ~~(e)~~ (f) The state board of education may waive the requirements
15 of law relating to the duration of the school term upon application
16 for such waiver by a school district. Such waiver may be granted
17 by the state board of education upon: (1) Certification by a board
18 that, due to the persistence of inclement weather, hazardous driv-
19 ing conditions have existed in the school district for an inordinate
20 period of time; and (2) a determination by the state board that the
21 school district cannot reasonably adjust its schedule to comply with
22 statutory requirements. Such waiver shall not exempt a school dis-
23 trict from providing a school offering for each pupil which is sub-
24 stantially equivalent to that required by law.

25 ~~(f)~~ (g) Time reserved for parent-teacher conferences for discus-
26 sions on the progress of pupils may be considered part of the
27 school term.

28 ~~(g)~~ (h) Time reserved for staff development or inservice training
29 programs for the purpose of improving staff skills, developing
30 competency in new or highly specialized fields, improving instruc-
31 tional techniques, or curriculum planning and study may be con-
32 sidered part of the school term for an aggregate amount of time
33 equal to the amount of time in excess of the school term which is
34 scheduled by a board of education for similar activities.

35 ~~(h)~~ (i) Boards of education may employ noncertificated person-
36 nel to supervise pupils for noninstructional activities.

37 [Sec. 14. K.S.A. 72-8136e is hereby amended to read as fol-
38 lows: 72-8136e. (a) Subsequent to the public hearing provided for
39 in K.S.A. 72-8136d, and amendments thereto, the board of edu-
40 cation ~~shall~~, after considering all the testimony and evidence
41 brought forth at the public hearing and reconsidering the factors
42 set forth in K.S.A. 72-8136b, and amendments thereto, *shall* make
43 a final decision as to the closing of the affected school building.

1 **The decision shall be in writing and shall include a statement by**
2 **the board of all factors considered by the board in reaching its**
3 **decision, including those factors heretofore set forth and all of the**
4 **factors shall be supported with appropriate data and information.**

5 **[(b) Within 30 days after the date of the public hearing and in**
6 **no event later than January 15 of the school year, the board shall**
7 **publish its final decision as to the closing of the affected school**
8 **building in a newspaper of general circulation in the school district**
9 **at least once a week for two consecutive weeks. The final decision**
10 **either not to close the affected school building or to close the af-**
11 **fectured school building at the conclusion of the school year may be**
12 **implemented unless a petition in opposition to implementation of**
13 **the same, signed by not less than 5% of the registered electors**
14 **residing within the member district of the unified school district in**
15 **which the affected school building is located, is filed with the county**
16 **election officer of the home county of the school district within 45**
17 **days after publication of the final decision. In the event such a**
18 **petition is filed, such county election officer shall hold an election**
19 **upon the question of whether such school building should be**
20 **closed. Such election shall be called within 30 days after such pe-**
21 **tition is filed and shall be held in the manner provided by law for**
22 **elections on questions submitted in the school district. All regis-**
23 **tered electors residing within the member district of the unified**
24 **school district in which the affected school building is located may vote**
25 **at the election. The board shall not close any affected school build-**
26 **ing pending any election to be held under the provisions of this**
27 **section. If a majority of those voting at such election are not in**
28 **favor of closing the affected school building the same shall not be**
29 **closed. If a majority of the votes at such election are in favor of**
30 **closing the affected school building, the board may close the af-**
31 **fectured school building at the conclusion of the current school year.**

32 ~~[(c) In the event the attendance area in which the affected school~~
33 ~~building is located consists of territory which is located in more than one~~
34 ~~member district of the school district, the registered electors residing in~~
35 ~~any precinct or precincts in which any portion of the attendance area~~
36 ~~which is outside the member district in which the affected school building~~
37 ~~is located shall be eligible to sign the petition and to vote at the election~~
38 ~~provided for by subsection (b) of this section.]~~

39 **New Sec. 14. [15.] (a) As used in this section:**

40 **(1) “Bottle” means any closed or sealed glass, metal, paper, plas-**
41 **tic or any other type of container regardless of the size or shape**
42 **of such container;**

43 **(2) “bottled soft drinks” means any complete, ready to consume,**

1 nonalcoholic drink, whether carbonated or not, commonly re-
2 ferred to as a soft drink, contained in any bottle;

3 (3) “director” means the director of taxation;

4 (4) “distributor, manufacturer or wholesale dealer” means any
5 person who receives, stores, manufactures, bottles or sells bottled
6 soft drinks, soft drink syrups, simple syrups or powders or base
7 products for mixing, compounding or making soft drinks for sale
8 to retail dealers, other manufacturers, wholesale dealers or dis-
9 tributors for resale purposes;

10 (5) “milk” means natural liquid milk, regardless of animal source
11 or butterfat content; or natural milk concentrate, whether or not
12 reconstituted, regardless of animal source or butterfat content; or
13 dehydrated natural milk, whether or not reconstituted;

14 (6) “natural fruit juice” means the original liquid resulting from
15 the pressing of fruit, or the liquid resulting from the reconstitution
16 of natural fruit juice concentrate or the liquid resulting from the
17 restoration of water to dehydrated natural fruit juice;

18 (7) “natural vegetable juice” means the original liquid resulting
19 from the pressing of vegetables or the liquid resulting from the
20 reconstitution of natural vegetable juice concentrate or the liquid
21 resulting from the restoration of water to dehydrated natural veg-
22 etable juice;

23 (8) “nonalcoholic beverage” means and includes all beverages
24 not subject to tax under chapter 41 of the Kansas Statutes
25 Annotated;

26 (9) “place of business” means any place where soft drinks, syr-
27 ups, simple syrups, powder or base products are manufactured or
28 any place where bottled soft drinks, soft drink syrup, simple syrup,
29 soft drink powder, or other soft drink base product or any other
30 item taxed under this section is received;

31 (10) “powder” or “other base” means a solid mixture of basic
32 ingredients used in making, mixing or compounding soft drinks by
33 mixing the powder or other base with water, ice, syrup or simple
34 syrup, fruits, vegetables, fruit juice, vegetable juice or any other
35 product suitable to make a complete soft drink;

36 (11) “retailer” or “retail dealer” means any person, other than
37 a manufacturer, distributor or wholesaler, who receives, stores
38 mixes compounds or manufactures any soft drink and sells, or oth-
39 erwise dispenses the same to the ultimate consumer;

40 (12) “sale” means the transfer of title or possession for a valuable
41 consideration of tangible personal property regardless of the man-
42 ner by which the transfer is accomplished. When a retailer is also
43 acting as a wholesaler or distributor, the duty to report and pay

1 the tax imposed by this section arises when the property is trans-
2 ferred to a retail store for sale to the ultimate consumer, as re-
3 flected by the records of the taxpayer;

4 (13) “simple syrup” means a mixture of sugar and water;

5 (14) “soft drink” means any nonalcoholic beverage sold for hu-
6 man consumption including, but not limited to, the following: Soda
7 water, ginger ale, all drinks commonly referred to as cola, lime,
8 lemon, lemon-lime and other flavored drinks, whether naturally
9 or artificially flavored, including any fruit or vegetable drink con-
10 taining 10% or less natural fruit juice, natural vegetable juice and
11 all other drinks and beverages commonly referred to as soft drinks,
12 but not including coffee or tea unless the coffee or tea is bottled
13 as a liquid for sale; and

14 (15) “syrup” means the liquid mixture of basic ingredients used
15 in making, mixing or compounding soft drinks by mixing the syrup
16 with water, simple syrup, ice, fruits, vegetables, fruit juice, vege-
17 table juice or any other product suitable to make a complete soft
18 drink.

19 (b) On and after June 1, 2001, for the privilege of engaging in
20 the business of distributing, manufacturing or wholesale dealing
21 of soft drinks, there is hereby levied and there shall be collected
22 a tax upon every distributor, manufacturer or wholesale dealer, to
23 be calculated as follows:

24 (1) \$2 per gallon for each gallon of soft drink syrup or simple
25 syrup sold or offered for sale in the state of Kansas;

26 (2) \$.20 per gallon for each gallon of bottled soft drinks sold or
27 offered for sale in the state of Kansas.

28 (3) Where a package or container of powder or other base prod-
29 uct, other than a syrup or simple syrup, is sold or offered for sale
30 in Kansas, and the powder is for the purpose of producing a liquid
31 soft drink, then the tax on the sale of each package or container
32 shall be equal to \$.20 for each gallon of soft drink which may be
33 produced from each package or container by following the man-
34 ufacturer’s directions. This tax applies when the sale of the powder
35 or other base is sold to a retailer for sale to the ultimate consumer
36 after the liquid soft drink is produced by the retailer.

37 (c) The following shall be exempt from the tax levied by subsec-
38 tion (b):

39 (1) Syrups, simple syrups, powders or base products or soft
40 drinks sold to the United States Government;

41 (2) syrups, simple syrups, powders or base products, or soft
42 drinks exported from the state of Kansas by a distributor, whole-
43 saler or manufacturer;

1 **(3) any powder or base product that is used in preparing coffee**
2 **or tea;**

3 **(4) any frozen concentrate or freeze-dried concentrate to which**
4 **only water is added to produce a soft drink containing more than**
5 **10% natural fruit juice or natural vegetable juice;**

6 **(5) any soft drink containing more than 10% natural fruit juice**
7 **or natural vegetable juice;**

8 **(6) syrups, simple syrups, powders or base products or soft**
9 **drinks sold by one distributor, wholesaler or manufacturer to an-**
10 **other distributor, wholesaler or manufacturer. This exemption**
11 **shall not apply to any sale to a retailer;**

12 **(7) any product, whether sold in liquid or powder form, which**
13 **is intended by the manufacturer for consumption by infants and**
14 **which is commonly referred to as “infant formula”;**

15 **(8) any product, whether sold in liquid or powder form, which**
16 **is intended by the manufacturer for use as a dietary supplement**
17 **or for weight reduction;**

18 **(9) water to which no flavoring, whether artificial or natural, or**
19 **carbonation has been added;**

20 **(10) any powder or other base product which is intended by the**
21 **manufacturer to be sold and used for the purpose of domestically**
22 **mixing soft drinks by the ultimate consumer; and**

23 **(11) any product containing milk or milk products.**

24 **(d) (1) The tax levied by subsection (b) shall be paid by the dis-**
25 **tributor, wholesaler or manufacturer when the syrup, powder or**
26 **base product or soft drink is sold.**

27 **(2) The tax levied by subsection (b) shall be paid by a retailer**
28 **who purchases syrups, powder or base products, or soft drinks**
29 **from an unlicensed distributor, wholesaler or manufacturer.**

30 **(3) The distributor, wholesaler or manufacturer and any retailer**
31 **subject to this tax shall file a monthly return and remit the tax for**
32 **the month to the director on or before the 15th day of the month**
33 **next following the month in which the sale or purchase was made.**

34 **(4) The returns shall be made upon forms prescribed and fur-**
35 **nished by the director and signed by the person required to collect**
36 **and remit the tax and shall contain such information as the director**
37 **shall require for the proper administration of this section.**

38 **(e) The secretary of revenue shall remit daily the taxes paid un-**
39 **der this act to the state treasurer who shall deposit the entire**
40 **amount in the state treasury to the credit of the state general fund.**

41 **(f) All taxes imposed by this section and not paid at or before the**
42 **time taxes are due shall be deemed delinquent and shall bear in-**
43 **terest at the rate prescribed by subsection (a) of K.S.A. 79-2968**

1 and amendments thereto from the due date until paid. In addition,
2 there is hereby imposed upon all amounts of such taxes remaining
3 due and unpaid after the due date a penalty on the unpaid balance
4 of the taxes due in the amounts and percentages prescribed by
5 K.S.A. 79-3615 and amendments thereto.

6 (g) Whenever any taxpayer or person liable to pay tax imposed
7 by this section refuses or neglects to pay the tax, the amount of
8 the tax, including any interest or penalty, shall be collected in the
9 manner provided by law for collection of delinquent taxes under
10 the Kansas retailers' sales tax act.

11 (h) Insofar as not inconsistent with this act, the provisions of the
12 Kansas retailers' sales tax act shall apply to the tax imposed by this
13 section.

14 (i) The secretary of revenue is hereby authorized to administer
15 and enforce the provisions of this section and to adopt such rules
16 and regulations as may be necessary to carry out the responsibil-
17 ities of the secretary of revenue under this section.

18 ~~Sec. 15.~~ [16.] On and after June 1, 2001, K.S.A. 41-501 is hereby
19 amended to read as follows: 41-501. (a) As used in this section and
20 K.S.A. 41-501a and amendments thereto:

21 (1) "Gallon" means wine gallon.

22 (2) "Federal area" means any lands or premises which are lo-
23 cated within the exterior boundaries of this state and which are
24 held or acquired by or for the use of the United States or any
25 department, establishment or agency of the United States.

26 (3) "Malt product" means malt syrup, malt extract, liquid malt
27 or wort.

28 (b) (1) For the purpose of raising revenue a tax is imposed upon
29 the manufacturing, using, selling, storing or purchasing alcoholic
30 liquor, cereal malt beverage or malt products in this state or a
31 federal area at a rate of ~~\$.18~~ \$.25 per gallon on beer and cereal
32 malt beverage; ~~\$.20~~ \$.28 per gallon on all wort or liquid malt; ~~\$.10~~
33 \$.14 per pound on all malt syrup or malt extract; ~~\$.30~~ \$.42 per gallon
34 on wine containing 14% or less alcohol by volume; ~~\$.75~~ \$1.05 per
35 gallon on wine containing more than 14% alcohol by volume; and
36 ~~\$2.50~~ \$3 per gallon on alcohol and spirits.

37 (2) The tax imposed by this section shall be paid only once and
38 shall be paid by the person in this state or federal area who first
39 manufactures, uses, sells, stores, purchases or receives the alco-
40 holic liquor or cereal malt beverage. The tax shall be collected and
41 paid to the director as provided in this act. If the alcoholic liquor
42 or cereal malt beverage is manufactured and sold in this state or
43 a federal area, the tax shall be paid by the manufacturer, micro-

1 **brewery or farm winery producing it. If the alcoholic liquor or**
2 **cereal malt beverage is imported into this state by a distributor for**
3 **the purpose of sale at wholesale in this state or a federal area, the**
4 **tax shall be paid by the distributor, and in no event shall such tax**
5 **be paid by the manufacturer unless the alcoholic liquor or cereal**
6 **malt beverage is manufactured in this state. If not to exceed one**
7 **gallon, or metric equivalent, per person of alcoholic liquor has**
8 **been purchased by a private citizen outside the borders of the**
9 **United States and is brought into this state by the private citizen**
10 **in such person's personal possession for such person's own per-**
11 **sonal use and not for sale or resale, such import is lawful and no**
12 **tax payment shall be due thereon.**

13 **(c) Manufacturers, microbreweries, farm wineries or distribu-**
14 **tors at wholesale of alcoholic liquor or cereal malt beverage shall**
15 **be exempt from the payment of the gallonage tax imposed on al-**
16 **coholic liquor and cereal malt beverage, upon satisfactory proof,**
17 **including bills of lading furnished to the director by affidavit or**
18 **otherwise as the director requires, that the liquor or cereal malt**
19 **beverage was manufactured in this state but was shipped out of**
20 **the state for sale and consumption outside the state.**

21 **(d) Wines manufactured or imported solely and exclusively for**
22 **sacramental purposes and uses shall not be subject to the tax pro-**
23 **vided for by this section.**

24 **(e) The tax provided for by this section is not imposed upon:**

25 **(1) Any alcohol or wine, whether manufactured in or imported**
26 **into this state, when sold to a nonbeverage user licensed by the**
27 **state, for use in the manufacture of any of the following when they**
28 **are unfit for beverage purposes: Patent and proprietary medicines**
29 **and medicinal, antiseptic and toilet preparations; flavoring ex-**
30 **tracts and syrups and food products; scientific, industrial and**
31 **chemical products; or scientific, chemical, experimental or me-**
32 **chanical purposes; or**

33 **(2) the privilege of engaging in any business of interstate com-**
34 **merce or otherwise, which business may not be made the subject**
35 **of taxation by this state under the constitution and statutes of the**
36 **United States.**

37 **(f) The tax imposed by this section shall be in addition to all other**
38 **taxes imposed by the state of Kansas or by any municipal corpo-**
39 **ration or political subdivision thereof.**

40 **(g) Retail sales of alcoholic liquor, sales of beer to consumers by**
41 **microbreweries and sales of wine to consumers by farm wineries**
42 **shall not be subject to the tax imposed by the Kansas retailers' sales**
43 **tax act but shall be subject to the enforcement tax provided for in**

1 **this act.**

2 **(h) Notwithstanding any ordinance to the contrary, no city shall**
3 **impose an occupation or privilege tax on the business of any per-**
4 **son, firm or corporation licensed as a manufacturer, distributor,**
5 **microbrewery, farm winery, retailer or nonbeverage user under**
6 **this act and doing business within the boundaries of the city except**
7 **as specifically authorized by K.S.A. 41-310 and amendments**
8 **thereto.**

9 **(i) The director shall collect the taxes imposed by this section**
10 **and shall account for and turn over to the state treasurer at least**
11 **once each week all moneys collected from the tax. The state trea-**
12 **surer shall credit ~~1/4~~ 8.33% of the moneys collected from taxes im-**
13 **posed upon alcohol and spirits under subsection (b)(1) to the com-**
14 **munity alcoholism and intoxication programs fund created by**
15 **K.S.A. 41-1126 and amendments thereto and shall credit the bal-**
16 **ance of the moneys collected to the state general fund.**

17 **(j) If any alcoholic liquor manufactured in or imported into this**
18 **state is sold to a licensed manufacturer or distributor of this state**
19 **to be used solely as an ingredient in the manufacture of any bev-**
20 **erage for human consumption, the tax imposed upon the manu-**
21 **facturer or distributor shall be reduced by the amount of the taxes**
22 **which have been paid under this section as to the alcoholic liquor**
23 **so used.**

24 **(k) The tax provided for by this section is not imposed upon**
25 **alcohol or wine used by any school or college for scientific, chem-**
26 **ical, experimental or mechanical purposes or by hospitals, sanito-**
27 **ria or other institutions caring for the sick. Any school, college,**
28 **hospital, sanatorium or other institution caring for the sick may**
29 **import alcohol or wine for scientific, chemical, experimental, me-**
30 **chanical or medicinal purposes by making application to the di-**
31 **rector for a permit to import it and receiving such a permit. Ap-**
32 **plication for the permit shall be on a form prescribed and**
33 **furnished by the director, and a separate permit shall be required**
34 **for each purchase of alcohol or wine. A fee of \$2 shall accompany**
35 **each application. All permits shall be issued in triplicate to the**
36 **applicant and shall be under the seal of the office of the director.**
37 **Two copies of the permit shall be forwarded by the applicant to**
38 **the microbrewery, farm winery, manufacturer or distributor from**
39 **which the alcohol or wine is purchased, and the microbrewery,**
40 **farm winery, manufacturer or distributor shall return to the office**
41 **of the director one copy of the permit with its shipping affidavit**
42 **and invoice. Within 10 days after receipt of any alcohol or wine,**
43 **the school, college, hospital or sanatorium ordering it shall file a**

1 report in the office of the director upon forms furnished by the
2 director, showing the amount of alcohol or wine received, the
3 place where it is to be stored, from whom it was received, the
4 purpose for which it is to be used and such other information as
5 required by the director. Any school, college, hospital, sanatorium
6 or institution caring for the sick, which complies with the provi-
7 sions of this subsection, shall not be required to have any other
8 license to purchase alcohol or wine from a microbrewery, farm
9 winery, manufacturer or distributor.

10 **New Sec. 16.** [17.] On June 1, 2001, a tax at the rate of \$.07 per
11 gallon on all beer and cereal malt beverage, \$.12 per gallon for
12 wine containing 14% or less of alcohol by volume, \$.30 per gallon
13 for wine containing more than 14% of alcohol by volume, \$.50 per
14 gallon on alcohol and spirits, \$.08 per gallon on wort and liquid
15 malt, and \$.04 per pound of malt syrup and malt extract, is hereby
16 imposed on the manufacture, use, sale, storage or purchase of such
17 alcoholic liquors owned at 12:01 a.m. on June 1, 2001, by a licensed
18 distributor or retail dealer as to which the tax has been imposed
19 as provided in K.S.A. 41-501, and amendments thereto. Such tax
20 shall be paid by the licensed distributor or retail dealer owning
21 such alcoholic liquors, cereal malt beverage or beer at such time
22 and date. On or before June 25, 2001, every such distributor and
23 retail dealer shall make a report to the director on a form pre-
24 scribed and furnished by the director showing the total number of
25 gallons of such alcoholic liquors, cereal malt beverage or beer so
26 owned at 12:01 a.m. on June 2, 2001, and such report shall be
27 accompanied by a remittance of the tax due.

28 The license of any licensed distributor or retail dealer who shall
29 fail to make such report or pay such tax, within the time herein-
30 before prescribed, shall be subject to suspension or revocation as
31 provided by K.S.A. 41-320 and amendments thereto. All taxes col-
32 lected by the director under this section shall be paid into the state
33 treasury and the state treasurer shall credit the same to the state
34 school district finance fund.

35 **Sec. 17.** [18.] On July 1, 2001, K.S.A. 2000 Supp. 79-2959 shall
36 be and is hereby amended to read as follows: 79-2959. (a) There
37 is hereby created the local ad valorem tax reduction fund. All mon-
38 eys transferred or credited to such fund under the provisions of
39 this act or any other law shall be apportioned and distributed in
40 the manner provided herein.

41 (b) On January 15 and on July 15 of each year, the director of
42 accounts and reports shall make transfers in equal amounts which
43 in the aggregate equal 4.5% of the total retail sales and compen-

1 **sating taxes credited to the state general fund pursuant to articles**
2 **36 and 37 of chapter 79 of Kansas Statutes Annotated and acts**
3 **amendatory thereof and supplemental thereto during the preced-**
4 **ing calendar year from the state general fund to the local ad va-**
5 **lorem tax reduction fund, except that: (1) The transfers on January**
6 **15 and July 15 of each year shall be in equal amounts which in the**
7 **aggregate equal 3.630% of such taxes credited to the state general**
8 **fund during the preceding calendar year; and (2) the amount of**
9 **the transfer on each such date during state fiscal year 2001 shall be**
10 **equal to 3.5% of the amount transferred on the same date during state**
11 **fiscal year 2000 2002 shall be \$28,951,485.50; (3) the amount of the trans-**
12 **fer on each such date during state fiscal year 2003 shall be \$32,299,569.84;**
13 **(4) the amount of the transfer on each such date during state fiscal year**
14 **2004 shall be \$33,415,051.12; (5) the amount of the transfer on each such**
15 **date during state fiscal year 2005 shall be \$34,724,368.63; and (6) the**
16 **amount of the transfer on each such date during state fiscal year 2006**
17 **shall be \$36,085,598.19. All such transfers are subject to reduction**
18 **under K.S.A. 75-6704 and amendments thereto. All transfers made**
19 **in accordance with the provisions of this section shall be consid-**
20 **ered to be demand transfers from the state general fund.**

21 **(c) The state treasurer shall apportion and pay the amounts**
22 **transferred under subsection (b) to the several county treasurers**
23 **on January 15 and on July 15 in each year as follows: (1) Sixty-five**
24 **percent of the amount to be distributed shall be apportioned on**
25 **the basis of the population figures of the counties certified to the**
26 **secretary of state pursuant to K.S.A. 11-201 and amendments**
27 **thereto on July 1 of the preceding year; and (2) thirty-five percent**
28 **of such amount shall be apportioned on the basis of the equalized**
29 **assessed tangible valuations on the tax rolls of the counties on No-**
30 **vember 1 of the preceding year as certified by the director of prop-**
31 **erty valuation.**

32 **Sec. 18. [19.] On July 1, 2001, K.S.A. 2000 Supp. 79-2964 shall**
33 **be and is hereby amended to read as follows: 79-2964. There is**
34 **hereby created the county and city revenue sharing fund. All mon-**
35 **neys transferred or credited to such fund under the provisions of**
36 **this act or any other law shall be allocated and distributed in the**
37 **manner provided herein. The director of accounts and reports in**
38 **each year on July 15 and December 10, shall make transfers in**
39 **equal amounts which in the aggregate equal 3.5% of the total retail**
40 **sales and compensating taxes credited to the state general fund**
41 **pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes**
42 **Annotated and acts amendatory thereof and supplemental thereto**
43 **during the preceding calendar year from the state general fund to**

1 the county and city revenue sharing fund, except that: (a) The
2 transfers on July 15 and December 10 of each year shall be in equal
3 amounts which in the aggregate equal 2.823% of such taxes cred-
4 ited to the state general fund during the preceding calendar year;
5 and (b) the amount of the transfer on each such date during state
6 fiscal year 2001 shall be equal to 93.5% of the amount transferred on
7 the same date during state fiscal year 2000 2002 shall be \$18,465,844; (c)
8 the amount of the transfer on each such date during state fiscal year 2003
9 shall be \$24,750,652.50; (d) the amount of the transfer on each such date
10 during state fiscal year 2004 shall be \$25,487,190.84; (e) the amount of
11 the transfer on each such date during state fiscal year 2005 shall be
12 \$26,485,640.73; and (f) the amount of the transfer on each such date
13 during state fiscal year 2006 shall be \$27,523,666.50. All such transfers
14 are subject to reduction under K.S.A. 75-6704 and amendments
15 thereto. All transfers made in accordance with the provisions of
16 this section shall be considered to be demand transfers from the
17 state general fund.

18 ~~Sec. 19.~~ [20.] On and after June 1, 2001, K.S.A. 79-3310 is hereby
19 amended to read as follows: 79-3310. There is imposed a tax upon
20 all cigarettes sold, distributed or given away within the state of
21 Kansas. The rate of such tax shall be ~~\$.24~~ \$.34 on each 20 cigarettes
22 or fractional part thereof or ~~\$.30~~ \$.425 on each 25 cigarettes, as the
23 case requires. Such tax shall be collected and paid to the director
24 as provided in this act. Such tax shall be paid only once and shall
25 be paid by the wholesale dealer first receiving the cigarettes as
26 herein provided.

27 The taxes imposed by this act are hereby levied upon all sales of
28 cigarettes made to any department, institution or agency of the
29 state of Kansas, and to the political subdivisions thereof and their
30 departments, institutions and agencies.

31 ~~New Sec. 20.~~ [21.] On or before June 30, 2001, each wholesale
32 dealer, retail dealer and vending machine operator shall file a re-
33 port with the director in such form as the director may prescribe
34 showing cigarettes, cigarette stamps and meter imprints on hand
35 at 12:01 a.m. on June 1, 2001. A tax of \$.10 on each 20 cigarettes
36 or fractional part thereof or \$.125 on each 25 cigarettes, as the
37 case requires and \$.10 or \$.125, as the case requires upon all tax
38 stamps and all meter imprints purchased from the director and not
39 affixed to cigarettes prior to June 1, 2001, is hereby imposed and
40 shall be due and payable on or before June 30, 2001. The tax im-
41 posed upon such cigarettes, tax stamps and meter imprints shall
42 be imposed only once under this act. The director shall remit all
43 moneys collected pursuant to this section to the state treasurer

1 who shall credit the entire amount thereof to the state general
2 fund.

3 ~~Sec. 21.~~ [22.] On and after June 1, 2001, K.S.A. 79-3311 is hereby
4 amended to read as follows: 79-3311. The director shall design and
5 designate indicia of tax payment to be affixed to each package of
6 cigarettes as provided by this act. The director shall sell water
7 applied stamps only to licensed wholesale dealers in the amounts
8 of 1,000 or multiples thereof. Stamps applied by the heat process
9 shall be sold only in amounts of 30,000 or multiples thereof, except
10 that such stamps which are suitable for packages containing 25
11 cigarettes each shall be sold in amounts prescribed by the director.
12 Meter imprints shall be sold only in amounts of 10,000 or multiples
13 thereof. Water applied stamps in amounts of 10,000 or multiples
14 thereof and stamps applied by the heat process and meter imprints
15 shall be supplied to wholesale dealers at a discount of ~~2.65%~~ 1.87%
16 from the face value thereof, and shall be deducted at the time of
17 purchase or from the remittance therefor as hereinafter provided.
18 Any wholesale cigarette dealer who shall file with the director a
19 bond, of acceptable form, payable to the state of Kansas with a
20 corporate surety authorized to do business in Kansas, shall be per-
21 mitted to purchase stamps, and remit therefor to the director
22 within 30 days after each such purchase, up to a maximum out-
23 standing at any one time of 85% of the amount of the bond. Failure
24 on the part of any wholesale dealer to remit as herein specified
25 shall be cause for forfeiture of such dealer's bond. All revenue
26 received from the sale of such stamps or meter imprints shall be
27 remitted to the state treasurer daily. Upon receipt thereof, the
28 state treasurer shall deposit the entire amount thereof in the state
29 treasury. The state treasurer shall first credit such amount thereof
30 as the director shall order to the cigarette tax refund fund and
31 shall credit the remaining balance to the state general fund. A
32 refund fund designated the cigarette tax refund fund not to exceed
33 \$10,000 at any time shall be set apart and maintained by the di-
34 rector from taxes collected under this act and held by the state
35 treasurer for prompt payment of all refunds authorized by this act.
36 Such cigarette tax refund fund shall be in such amount as the di-
37 rector shall determine is necessary to meet current refunding
38 requirements under this act.

39 The wholesale cigarette dealer shall affix to each package of
40 cigarettes stamps or tax meter imprints required by this act prior
41 to the sale of cigarettes to any person, by such dealer or such
42 dealer's agent or agents, within the state of Kansas. The director
43 is empowered to authorize wholesale dealers to affix revenue tax

1 meter imprints upon original packages of cigarettes and is charged
2 with the duty of regulating the use of tax meters to secure payment
3 of the proper taxes. No wholesale dealer shall affix revenue tax
4 meter imprints to original packages of cigarettes without first hav-
5 ing obtained permission from the director to employ this method
6 of affixation. If the director approves the wholesale dealer's ap-
7 plication for permission to affix revenue tax meter imprints to orig-
8 inal packages of cigarettes, the director shall require such dealer
9 to file a suitable bond payable to the state of Kansas executed by
10 a corporate surety authorized to do business in Kansas. The direc-
11 tor may, to assure the proper collection of taxes imposed by the
12 act, revoke or suspend the privilege of imprinting tax meter im-
13 prints upon original packages of cigarettes. All meters shall be un-
14 der the direct control of the director, and all transfer assignments
15 or anything pertaining thereto must first be authorized by the di-
16 rector. All inks used in the stamping of cigarettes must be of a
17 special type devised for use in connection with the machine em-
18 ployed and approved by the director. All repairs to the meter are
19 strictly prohibited except by a duly authorized representative of
20 the director. Requests for service shall be directed to the director.
21 Meter machine ink imprints on all packages shall be clear and
22 legible. If a wholesale dealer continuously issues illegible cigarette
23 tax meter imprints, it shall be considered sufficient cause for rev-
24 ocation of such dealer's permit to use a cigarette tax meter.

25 A licensed wholesale dealer may, for the purpose of sale in an-
26 other state, transport cigarettes not bearing Kansas indicia of tax
27 payment through the state of Kansas provided such cigarettes are
28 contained in sealed and original cartons.

29 ~~Sec. 22.~~ [23.] On and after June 1, 2001, K.S.A. 79-3312 is hereby
30 amended to read as follows: 79-3312. The director shall redeem
31 any unused stamps or meter imprints that any wholesale dealer
32 presents for redemption within six months after the purchase
33 thereof, at the face value less ~~2.65%~~ 1.87% thereof if such stamps
34 or meter imprints have been purchased from the director. The
35 director shall prepare a voucher showing the net amount of such
36 refund due, and the director of accounts and reports shall draw a
37 warrant on the state treasurer for the same. Wholesale dealers
38 shall be entitled to a refund of the tax paid on cigarettes which
39 have become unfit for sale upon proof thereof less ~~2.65%~~ 1.87% of
40 such tax.

41 ~~Sec. 23.~~ [24.] On and after June 1, 2001, K.S.A. 79-3371 is hereby
42 amended to read as follows: 79-3371. A tax is hereby imposed upon
43 the privilege of selling or dealing in tobacco products in this state

1 by any person engaged in business as a distributor thereof, at the
2 rate of ~~ten percent (10%)~~ 14% of the wholesale sales price of such
3 tobacco products. Such tax shall be imposed at the time the dis-
4 tributor (a) brings or causes to be brought into this state from
5 without the state tobacco products for sale; (b) makes, manufac-
6 tures, or fabricates tobacco products in this state for sale in this
7 state; or (c) ships or transports tobacco products to retailers in this
8 state to be sold by those retailers.

9 ~~New Sec. 24.~~ [25.] On or before June 30, 2001, each distributor
10 having a place of business in this state shall file a report with the
11 director in such form as the director may prescribe, showing the
12 tobacco products on hand at 12:01 a.m. on June 1, 2001. A tax at
13 a rate equal to 4% of the wholesale sales price of such tobacco
14 products is hereby imposed upon such tobacco products and shall
15 be due and payable on or before June 30, 2001. The tax upon such
16 tobacco products shall be imposed only once under this act. The
17 director shall remit all moneys collected pursuant to this section
18 to the state treasurer who shall credit the entire amount thereof
19 to the state general fund.

20 ~~Sec. 25.~~ [26.] On and after June 1, 2001, K.S.A. 79-3378 is hereby
21 amended to read as follows: 79-3378. On or before the ~~twentieth~~
22 *20th* day of each calendar month every distributor with a place of
23 business in this state shall file a return with the director showing
24 the quantity and wholesale sales price of each tobacco product ~~(1)~~
25 brought, or caused to be brought, into this state for sale; and ~~(2)~~
26 made, manufactured, or fabricated in this state for sale in this state
27 during the preceding calendar month. Every licensed distributor
28 outside this state shall in like manner file a return showing the
29 quantity and wholesale sales price of each tobacco product shipped
30 or transported to retailers in this state to be sold by those retailers,
31 during the preceding calendar month. Returns shall be made upon
32 forms furnished and prescribed by the director. Each return shall
33 be accompanied by a remittance for the full tax liability shown
34 therein, less ~~four percent (4%)~~ 2.85% of such liability as compensa-
35 tion to reimburse the distributor for ~~his or her~~ expenses incurred
36 in the administration of this act. As soon as practicable after any
37 return is filed, the director shall examine the return. If the director
38 finds that, in ~~his or her~~ judgment, the return is incorrect and any
39 amount of tax is due from the distributor and unpaid, ~~he or she~~ *the*
40 director shall notify the distributor of the deficiency. If a deficiency
41 disclosed by the director's examination cannot be allocated by him
42 to a particular month or months, ~~he or she~~ *the* director may ~~never-~~
43 ~~theless~~ notify the distributor that a deficiency exists and state the

1 amount of tax due. Such notice shall be given to the distributor by
2 registered or certified mail.

3 ~~Sec. 26.~~ [27.] On July 1, 2001, K.S.A. 2000 Supp. 79-34,147 is
4 hereby amended to read as follows: 79-34,147. (a) (1) On July 1,
5 1999, and quarterly thereafter the secretary of revenue shall cer-
6 tify to the director of accounts and reports the amount equal to
7 7.628% of the total revenues received by the secretary from the
8 taxes imposed under the Kansas retailers' sales tax act and depos-
9 ited in the state treasury and credited to the state general fund
10 during the preceding three calendar months.

11 (2) On July 1, 2001, and quarterly thereafter, the secretary of
12 revenue shall certify to the director of accounts and reports the
13 amount equal to 9.5% of the total revenues received by the sec-
14 retary from the taxes imposed under the Kansas retailers' sales tax
15 act and deposited in the state treasury and credited to the state
16 general fund during the preceding three calendar months.

17 (3) On July 1, 2002, and quarterly thereafter, the secretary of
18 revenue shall certify to the director of accounts and reports the
19 amount equal to 11% of the total revenues received by the secre-
20 tary from the taxes imposed under the Kansas retailers' sales tax
21 act and deposited in the state treasury and credited to the state
22 general fund during the preceding three calendar months.

23 (4) On July 1, 2003, and quarterly thereafter, the secretary of
24 revenue shall certify to the director of accounts and reports the
25 amount equal to 11.25% of the total revenues received by the sec-
26 retary from the taxes imposed under the Kansas retailers' sales tax
27 act and deposited in the state treasury and credited to the state
28 general fund during the preceding three calendar months.

29 (5) On July 1, 2004, and quarterly thereafter, the secretary of
30 revenue shall certify to the director of accounts and reports the
31 amount equal to 12% of the total revenues received by the secre-
32 tary from the taxes imposed under the Kansas retailers' sales tax
33 act and deposited in the state treasury and credited to the state
34 general fund during the preceding three calendar months.

35 (b) Upon receipt of each certification under subsection (a), the
36 director of accounts and reports shall transfer from the state gen-
37 eral fund to the state highway fund an amount equal to the amount
38 so certified, on each July 1, October 1, January 1 and April 1, ex-
39 cept that (1)(A) the amount of the transfer on each such date during
40 state fiscal year 2000 shall not exceed the amount equal to 101.7% of the
41 amount of the transfer on each such date during state fiscal year 1999
42 and (B) the aggregate amount of all such transfers during state fiscal year
43 2000 shall not exceed \$62,240,428; and (2) the amount of the transfer

1 **on each such date during state fiscal year ~~2001~~ 2002 shall not exceed**
2 **~~\$12,927,149.75~~ \$30,277,162; (2) the amount of the transfer on each such**
3 **date during state fiscal year 2003 shall be \$43,399,726; (3) the amount of**
4 **the transfer on each such date during state fiscal year 2004 shall be**
5 **\$46,050,562; (4) the amount of the transfer on each such date during state**
6 **fiscal year 2005 shall be \$50,962,622; and (5) the amount of the transfer**
7 **on each such date during state fiscal year 2006 shall be \$52,873,720. All**
8 **transfers made pursuant to this section are subject to reduction**
9 **under K.S.A. 75-6704, and amendments thereto.**

10 **(c) All transfers made in accordance with the provisions of this**
11 **section shall be considered to be demand transfers from the state**
12 **general fund.**

13 **Sec. ~~27~~, [28.] On and after June 1, 2001, K.S.A. 2000 Supp. 79-**
14 **3603 is hereby amended to read as follows: 79-3603. For the priv-**
15 **ilege of engaging in the business of selling tangible personal prop-**
16 **erty at retail in this state or rendering or furnishing any of the**
17 **services taxable under this act, there is hereby levied and there**
18 **shall be collected and paid a tax at the rate of ~~4.9%~~ 5% on and after**
19 **June 1, 2001, but before June 1, 2002, and 5.1% on and after June 1, 2002,**
20 **and, within a redevelopment district established pursuant to K.S.A.**
21 **74-8921, and amendments thereto, there is hereby levied and**
22 **there shall be collected and paid an additional tax at the rate of**
23 **2% until the earlier of the date the bonds issued to finance or**
24 **refinance the redevelopment project have been paid in full or the**
25 **final scheduled maturity of the first series of bonds issued to fi-**
26 **nance any part of the project upon:**

27 **(a) The gross receipts received from the sale of tangible personal**
28 **property at retail within this state;**

29 **(b) (1) the gross receipts from intrastate telephone or telegraph**
30 **services and (2) the gross receipts received from the sale of inter-**
31 **state telephone or telegraph services, which (A) originate within**
32 **this state and terminate outside the state and are billed to a cus-**
33 **tomers' telephone number or account in this state; or (B) originate**
34 **outside this state and terminate within this state and are billed to**
35 **a customer's telephone number or account in this state except that**
36 **the sale of interstate telephone or telegraph service does not in-**
37 **clude: (A) Any interstate incoming or outgoing wide area tele-**
38 **phone service or wide area transmission type service which entitles**
39 **the subscriber to make or receive an unlimited number of com-**
40 **munications to or from persons having telephone service in a spec-**
41 **ified area which is outside the state in which the station provided**
42 **this service is located; (B) any interstate private communications**
43 **service to the persons contracting for the receipt of that service**

1 that entitles the purchaser to exclusive or priority use of a com-
2 munication channel or group of channels between exchanges; (C)
3 any value-added nonvoice service in which computer processing
4 applications are used to act on the form, content, code or protocol
5 of the information to be transmitted; (D) any telecommunication
6 service to a provider of telecommunication services which will be
7 used to render telecommunications services, including carrier ac-
8 cess services; or (E) any service or transaction defined in this sec-
9 tion among entities classified as members of an affiliated group as
10 provided by federal law (26 U.S.C. Section 1504). For the purposes
11 of this subsection the term gross receipts does not include pur-
12 chases of telephone, telegraph or telecommunications using a pre-
13 paid telephone calling card or prepaid authorization number. As
14 used in this subsection, a prepaid telephone calling card or prepaid
15 authorization number means the right to exclusively make tele-
16 phone calls, paid for in advance, with the prepaid value measured
17 in minutes or other time units, that enables the origination of calls
18 using an access number or authorization code or both, whether
19 manually or electronically dialed;

20 (c) the gross receipts from the sale or furnishing of gas, water,
21 electricity and heat, which sale is not otherwise exempt from tax-
22 ation under the provisions of this act, and whether furnished by
23 municipally or privately owned utilities;

24 (d) the gross receipts from the sale of meals or drinks furnished
25 at any private club, drinking establishment, catered event, restau-
26 rant, eating house, dining car, hotel, drugstore or other place
27 where meals or drinks are regularly sold to the public;

28 (e) the gross receipts from the sale of admissions to any place
29 providing amusement, entertainment or recreation services in-
30 cluding admissions to state, county, district and local fairs, but such
31 tax shall not be levied and collected upon the gross receipts re-
32 ceived from sales of admissions to any cultural and historical event
33 which occurs triennially;

34 (f) the gross receipts from the operation of any coin-operated
35 device dispensing or providing tangible personal property, amuse-
36 ment or other services except laundry services, whether automatic
37 or manually operated;

38 (g) the gross receipts from the service of renting of rooms by
39 hotels, as defined by K.S.A. 36-501 and amendments thereto, or
40 by accommodation brokers, as defined by K.S.A. 12-1692, and
41 amendments thereto;

42 (h) the gross receipts from the service of renting or leasing of
43 tangible personal property except such tax shall not apply to the

1 renting or leasing of machinery, equipment or other personal
2 property owned by a city and purchased from the proceeds of in-
3 dustrial revenue bonds issued prior to July 1, 1973, in accordance
4 with the provisions of K.S.A. 12-1740 through 12-1749, and amend-
5 ments thereto, and any city or lessee renting or leasing such ma-
6 chinery, equipment or other personal property purchased with the
7 proceeds of such bonds who shall have paid a tax under the pro-
8 visions of this section upon sales made prior to July 1, 1973, shall
9 be entitled to a refund from the sales tax refund fund of all taxes
10 paid thereon;

11 (i) the gross receipts from the rendering of dry cleaning, press-
12 ing, dyeing and laundry services except laundry services rendered
13 through a coin-operated device whether automatic or manually
14 operated;

15 (j) the gross receipts from the rendering of the services of wash-
16 ing and washing and waxing of vehicles;

17 (k) the gross receipts from cable, community antennae and other
18 subscriber radio and television services;

19 (l) (1) except as otherwise provided by paragraph (2), the gross
20 receipts received from the sales of tangible personal property to
21 all contractors, subcontractors or repairmen for use by them in
22 erecting structures, or building on, or otherwise improving, alter-
23 ing, or repairing real or personal property.

24 (2) Any such contractor, subcontractor or repairman who main-
25 tains an inventory of such property both for sale at retail and for
26 use by them for the purposes described by paragraph (1) shall be
27 deemed a retailer with respect to purchases for and sales from
28 such inventory, except that the gross receipts received from any
29 such sale, other than a sale at retail, shall be equal to the total
30 purchase price paid for such property and the tax imposed thereon
31 shall be paid by the deemed retailer;

32 (m) the gross receipts received from fees and charges by public
33 and private clubs, drinking establishments, organizations and busi-
34 nesses for participation in sports, games and other recreational
35 activities, but such tax shall not be levied and collected upon the
36 gross receipts received from: (1) Fees and charges by any political
37 subdivision, by any organization exempt from property taxation
38 pursuant to paragraph *Ninth* of K.S.A. 79-201, and amendments
39 thereto, or by any youth recreation organization exclusively pro-
40 viding services to persons 18 years of age or younger which is ex-
41 empt from federal income taxation pursuant to section 501(c)(3)
42 of the federal internal revenue code of 1986, for participation in
43 sports, games and other recreational activities; and (2) entry fees

1 and charges for participation in a special event or tournament
2 sanctioned by a national sporting association to which spectators
3 are charged an admission which is taxable pursuant to subsection
4 (e);

5 (n) the gross receipts received from dues charged by public and
6 private clubs, drinking establishments, organizations and busi-
7 nesses, payment of which entitles a member to the use of facilities
8 for recreation or entertainment, but such tax shall not be levied
9 and collected upon the gross receipts received from: (1) Dues
10 charged by any organization exempt from property taxation pur-
11 suant to paragraphs *Eighth* and *Ninth* of K.S.A. 79-201, and amend-
12 ments thereto; and (2) sales of memberships in a nonprofit organ-
13 ization which is exempt from federal income taxation pursuant to
14 section 501 (c)(3) of the federal internal revenue code of 1986, and
15 whose purpose is to support the operation of a nonprofit zoo;

16 (o) the gross receipts received from the isolated or occasional
17 sale of motor vehicles or trailers but not including: (1) The transfer
18 of motor vehicles or trailers by a person to a corporation solely in
19 exchange for stock securities in such corporation; or (2) the trans-
20 fer of motor vehicles or trailers by one corporation to another
21 when all of the assets of such corporation are transferred to such
22 other corporation; or (3) the sale of motor vehicles or trailers
23 which are subject to taxation pursuant to the provisions of K.S.A.
24 79-5101 *et seq.*, and amendments thereto, by an immediate family
25 member to another immediate family member. For the purposes
26 of clause (3), immediate family member means lineal ascendants
27 or descendants, and their spouses. In determining the base for
28 computing the tax on such isolated or occasional sale, the fair mar-
29 ket value of any motor vehicle or trailer traded in by the purchaser
30 to the seller may be deducted from the selling price;

31 (p) the gross receipts received for the service of installing or
32 applying tangible personal property which when installed or ap-
33 plied is not being held for sale in the regular course of business,
34 and whether or not such tangible personal property when installed
35 or applied remains tangible personal property or becomes a part
36 of real estate, except that no tax shall be imposed upon the service
37 of installing or applying tangible personal property in connection
38 with the original construction of a building or facility, the original
39 construction, reconstruction, restoration, remodeling, renovation,
40 repair or replacement of a residence or the construction, recon-
41 struction, restoration, replacement or repair of a bridge or
42 highway.

43 For the purposes of this subsection:

1 (1) “Original construction” shall mean the first or initial con-
2 struction of a new building or facility. The term “original construc-
3 tion” shall include the addition of an entire room or floor to any
4 existing building or facility, the completion of any unfinished por-
5 tion of any existing building or facility and the restoration, recon-
6 struction or replacement of a building or facility damaged or de-
7 stroyed by fire, flood, tornado, lightning, explosion or earthquake,
8 but such term, except with regard to a residence, shall not include
9 replacement, remodeling, restoration, renovation or reconstruc-
10 tion under any other circumstances;

11 (2) “building” shall mean only those enclosures within which
12 individuals customarily are employed, or which are customarily
13 used to house machinery, equipment or other property, and in-
14 cluding the land improvements immediately surrounding such
15 building;

16 (3) “facility” shall mean a mill, plant, refinery, oil or gas well,
17 water well, feedlot or any conveyance, transmission or distribution
18 line of any cooperative, nonprofit, membership corporation or-
19 ganized under or subject to the provisions of K.S.A. 17-4601 et
20 seq., and amendments thereto, or of any municipal or quasi-mu-
21 nicipal corporation, including the land improvements immediately
22 surrounding such facility; and

23 (4) “residence” shall mean only those enclosures within which
24 individuals customarily live;

25 (q) the gross receipts received for the service of repairing, serv-
26 icing, altering or maintaining tangible personal property, except
27 computer software described in subsection (s), which when such
28 services are rendered is not being held for sale in the regular
29 course of business, and whether or not any tangible personal prop-
30 erty is transferred in connection therewith. The tax imposed by
31 this subsection shall be applicable to the services of repairing, serv-
32 icing, altering or maintaining an item of tangible personal prop-
33 erty which has been and is fastened to, connected with or built into
34 real property;

35 (r) the gross receipts from fees or charges made under service
36 or maintenance agreement contracts for services, charges for the
37 providing of which are taxable under the provisions of subsection
38 (p) or (q);

39 (s) the gross receipts received from the sale of computer soft-
40 ware, and the sale of the services of modifying, altering, updating
41 or maintaining computer software. As used in this subsection,
42 “computer software” means information and directions loaded
43 into a computer which dictate different functions to be performed

1 by the computer. Computer software includes any canned or pre-
2 written program which is held or existing for general or repeated
3 sale, even if the program was originally developed for a single end
4 user as custom computer software. The sale of computer software
5 or services does not include: (1) The initial sale of any custom com-
6 puter program which is originally developed for the exclusive use
7 of a single end user; or (2) those services rendered in the modifi-
8 cation of computer software when the modification is developed
9 exclusively for a single end user only to the extent of the modifi-
10 cation and only to the extent that the actual amount charged for
11 the modification is separately stated on invoices, statements and
12 other billing documents provided to the end user. The services of
13 modification, alteration, updating and maintenance of computer
14 software shall only include the modification, alteration, updating
15 and maintenance of computer software taxable under this subsec-
16 tion whether or not the services are actually provided; and

17 (t) the gross receipts received for telephone answering services,
18 including mobile phone services, beeper services and other similar
19 services; and

20 (u) the gross receipts received from the sale of prepaid tele-
21 phone calling cards or prepaid authorization numbers and the re-
22 charge of such cards or numbers. A prepaid telephone calling card
23 or prepaid authorization number means the right to exclusively
24 make telephone calls, paid for in advance, with the prepaid value
25 measured in minutes or other time units, that enables the origi-
26 nation of calls using an access number or authorization code or
27 both, whether manually or electronically dialed. If the sale or re-
28 charge of such card or number does not take place at the vendor's
29 place of business, it shall be conclusively determined to take place
30 at the customer's shipping address; if there is no item shipped then
31 it shall be the customer's billing address.

32 ~~Sec. 28.~~ [29.] On and after June 1, 2001, K.S.A. 2000 Supp. 79-
33 3620 is hereby amended to read as follows: 79-3620. (a) All revenue
34 collected or received by the director of taxation from the taxes
35 imposed by this act shall be deposited daily with the state trea-
36 surer. The state treasurer shall credit all revenue received from
37 this act, less amounts withheld as provided in subsection (b) and
38 amounts credited as provided in subsection (c) and (d), to the state
39 general fund.

40 (b) A refund fund, designated as "sales tax refund fund" not to
41 exceed \$100,000 shall be set apart and maintained by the director
42 from sales tax collections and estimated tax collections and held
43 by the state treasurer for prompt payment of all sales tax refunds

1 including refunds authorized under the provisions of K.S.A. 79-
2 3635, and amendments thereto. Such fund shall be in such amount,
3 within the limit set by this section, as the director shall determine
4 is necessary to meet current refunding requirements under this
5 act. In the event such fund as established by this section is, at any
6 time, insufficient to provide for the payment of refunds due claim-
7 ants thereof, the director shall certify the amount of additional
8 funds required to the director of accounts and reports who shall
9 promptly transfer the required amount from the state general
10 fund to the sales tax refund fund, and notify the state treasurer,
11 who shall make proper entry in the records.

12 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue col-
13 lected or received from the tax imposed by K.S.A. 79-3603, and
14 amendments thereto, at the rate of 4.9%, and deposited as pro-
15 vided in subsection (a), exclusive of amounts credited pursuant to
16 subsection (d), in the state highway fund.

17 (2) The state treasurer shall credit 5% of the revenue collected or re-
18 ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,
19 at the rate of 5%, and deposited as provided in subsection (a), exclusive
20 of amounts credited pursuant to subsection (d), in the state highway fund.

21 (3) The state treasurer shall credit 5.1% of the revenue collected or
22 received from the tax imposed by K.S.A. 79-3603, and amendments
23 thereto, at the rate of 5.1%, and deposited as provided in subsection (a),
24 exclusive of amounts credited pursuant to subsection (d), in the state high-
25 way fund.

26 (d) The state treasurer shall credit all revenue collected or re-
27 ceived from the tax imposed by K.S.A. 79-3603, and amendments
28 thereto, as certified by the director, from taxpayers doing business
29 within that portion of a redevelopment district occupied by a re-
30 development project that was determined by the secretary of com-
31 merce and housing to be of statewide as well as local importance
32 or will create a major tourism area for the state as specified in
33 subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto,
34 to the city bond finance fund, which fund is hereby created. The
35 provisions of this subsection shall expire when the total of all
36 amounts credited hereunder and under subsection (d) of K.S.A.
37 79-3710, and amendments thereto, is sufficient to retire the special
38 obligation bonds issued for the purpose of financing all or a por-
39 tion of the costs of such redevelopment project.

40 ~~Sec. 29.~~ [30.] K.S.A. 2000 Supp. 79-3635 is hereby amended to
41 read as follows: 79-3635. (a) (1) A claimant shall be entitled to a
42 refund of retailers' sales taxes paid upon food during the calendar
43 year ~~1998~~ 2001 and each year thereafter in the amount hereinafter

1 provided. There shall be allowed for each member of a household
2 of a claimant having income of \$12,500 or less, an amount equal
3 to ~~§60~~ \$75. There shall be allowed for each member of a household
4 of a claimant having income of more than \$12,500 but not more
5 than \$25,000, an amount equal to ~~§30~~ \$38. There shall be allowed
6 for a claimant who qualifies for an additional personal exemption
7 amount pursuant to K.S.A. 79-32,121, and amendments thereto,
8 an additional amount of ~~§30~~ \$38 or ~~§60~~ \$75, as the case requires.
9 All such claims shall be paid from the sales tax refund fund upon
10 warrants of the director of accounts and reports pursuant to vouch-
11 ers approved by the director of taxation or by a person or persons
12 designated by the director.

13 (2) As an alternative to the procedure described by paragraph
14 1, for all taxable years commencing after December 31, ~~1997~~ 2000,
15 there shall be allowed as a credit against the tax liability of a res-
16 ident individual imposed under the Kansas income tax act an
17 amount equal to ~~§60~~ \$75 or ~~§30~~ \$38, as the case requires, for each
18 member of a household. There shall be allowed for a claimant who
19 qualifies for an additional personal exemption amount pursuant to
20 K.S.A. 79-32,121, and amendments thereto, an additional amount
21 of ~~§30~~ \$38 or ~~§60~~ \$75, as the case requires. If the amount of such
22 tax credit exceeds the claimant's income tax liability for such tax-
23 able year, such excess amount shall be refunded to the claimant.

24 (b) A head of household shall make application for refunds for
25 all members of the same household upon a common form provided
26 for the making of joint claims. All claims paid to members of the
27 same household shall be paid as a joint claim by means of a single
28 warrant.

29 (c) No claim for a refund of taxes under the provisions of K.S.A.
30 79-3632 *et seq.* shall be paid or allowed unless such claim is actually
31 filed with and in the possession of the department of revenue on
32 or before April 15 of the year next succeeding the year in which
33 such taxes were paid. The director of taxation may: (1) Extend the
34 time for filing any claim under the provisions of this act when good
35 cause exists therefor; or (2) accept a claim filed after the deadline
36 for filing in the case of sickness, absence or disability of the claim-
37 ant if such claim has been filed within four years of such deadline.

38 ~~Sec. 30.~~ [31.] On and after June 1, 2001, K.S.A. 2000 Supp. 79-
39 3703 is hereby amended to read as follows: 79-3703. There is
40 hereby levied and there shall be collected from every person in
41 this state a tax or excise for the privilege of using, storing, or con-
42 suming within this state any article of tangible personal property.
43 Such tax shall be levied and collected in an amount equal to the

1 **consideration paid by the taxpayer multiplied by the rate of 4.9%**
2 **5% on and after June 1, 2001, but before June 1, 2002, and 5.1% on and**
3 **after June 1, 2002. Within a redevelopment district established pur-**
4 **suant to K.S.A. 2000 Supp. 74-8921, and amendments thereto,**
5 **there is hereby levied and there shall be collected and paid an**
6 **additional tax of 2% until the earlier of: (1) The date the bonds**
7 **issued to finance or refinance the redevelopment project under-**
8 **taken in the district have been paid in full; or (2) the final sched-**
9 **uled maturity of the first series of bonds issued to finance the re-**
10 **development project. All property purchased or leased within or**
11 **without this state and subsequently used, stored or consumed in**
12 **this state shall be subject to the compensating tax if the same prop-**
13 **erty or transaction would have been subject to the Kansas retailers'**
14 **sales tax had the transaction been wholly within this state.**

15 **Sec. ~~31.~~ [32.] On and after June 1, 2001, K.S.A. 2000 Supp. 79-**
16 **3710 is hereby amended to read as follows: 79-3710. (a) All revenue**
17 **collected or received by the director under the provisions of this**
18 **act shall be deposited daily with the state treasurer and the state**
19 **treasurer shall credit the same, less amounts set apart as provided**
20 **in subsection (b) and amounts credited as provided in subsection**
21 **(c) and (d), to the general revenue fund of the state.**

22 **(b) A revolving fund, designated as "compensating tax refund**
23 **fund" not to exceed \$10,000 shall be set apart and maintained by**
24 **the director from compensating tax collections and estimated tax**
25 **collections and held by the state treasurer for prompt payment of**
26 **all compensating tax refunds. Such fund shall be in such amount,**
27 **within the limit set by this section, as the director shall determine**
28 **is necessary to meet current refunding requirements under this**
29 **act.**

30 **(c) (1) The state treasurer shall credit $\frac{5}{8}$ s of the revenue col-**
31 **lected or received from the tax imposed by K.S.A. 79-3703, and**
32 **amendments thereto, at the rate of 4.9%, and deposited as pro-**
33 **vided in subsection (a), exclusive of amounts credited pursuant to**
34 **subsection (d), in the state highway fund.**

35 **(2) The state treasurer shall credit 5% of the revenue collected or re-**
36 **ceived from the tax imposed by K.S.A. 79-3703, and amendments thereto,**
37 **at the rate of 5%, and deposited as provided in subsection (a), exclusive**
38 **of amounts credited pursuant to subsection (d), in the state highway fund.**

39 **(3) The state treasurer shall credit $\frac{5}{8}$ s of the revenue collected or re-**
40 **ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,**
41 **at the rate of 4.9%, and deposited as provided in subsection (a), exclusive**
42 **of amounts credited pursuant to subsection (d), in the state highway fund.**

43 **(d) The state treasurer shall credit all revenue collected or re-**

1 ceived from the tax imposed by K.S.A. 79-3703, and amendments
2 thereto, as certified by the director, from taxpayers doing business
3 within that portion of a redevelopment district occupied by a re-
4 development project that was determined by the secretary of com-
5 merce and housing to be of statewide as well as local importance
6 or will create a major tourism area for the state as specified in
7 subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto,
8 to the city bond finance fund created by subsection (d) of K.S.A.
9 79-3620, and amendments thereto. The provisions of this subsec-
10 tion shall expire when the total of all amounts credited hereunder
11 and under subsection (d) of K.S.A. 79-3620, and amendments
12 thereto, is sufficient to retire the special obligation bonds issued
13 for the purpose of financing all or a portion of the costs of such
14 redevelopment project.

15 ~~Sec. 32.~~ [33.] On and after June 1, 2001, K.S.A. 79-4101 is hereby
16 amended to read as follows: 79-4101. (a) For the purpose of pro-
17 viding revenue which may be used by the state, counties and cities
18 in the enforcement of the provisions of this act, from and after the
19 effective date of this act, for the privilege of engaging in the busi-
20 ness of selling alcoholic liquor by retailers or farm wineries to con-
21 sumers in this state or selling alcoholic liquor or cereal malt bev-
22 erage by distributors to clubs, drinking establishments or caterers
23 in this state, there is hereby levied and there shall be collected and
24 paid a tax at the rate of ~~8%~~ 10% upon the gross receipts received
25 from: (1) The sale of alcoholic liquor by retailers, microbreweries
26 or farm wineries to consumers within this state; and (2) the sale of
27 alcoholic liquor or cereal malt beverage by distributors to clubs,
28 drinking establishments or caterers in this state.

29 (b) The tax imposed by this section shall be in addition to the
30 license fee imposed on distributors, retailers, microbreweries and
31 farm wineries by K.S.A. 41-310 and amendments thereto.

32 ~~Sec. 33.~~ [34.] On and after June 1, 2001, K.S.A. 79-41a02 is
33 hereby amended to read as follows: 79-41a02. (a) There is hereby
34 imposed, for the privilege of selling alcoholic liquor, a tax at the
35 rate of ~~10%~~ 12% upon the gross receipts derived from the sale of
36 alcoholic liquor by any club, caterer, drinking establishment or
37 temporary permit holder.

38 (b) The tax imposed by this section shall be paid by the consumer
39 to the club, caterer, drinking establishment or temporary permit
40 holder and it shall be the duty of each and every club, caterer,
41 drinking establishment or temporary permit holder subject to this
42 section to collect from the consumer the full amount of such tax,
43 or an amount equal as nearly as possible or practicable to the av-

1 erage equivalent thereto. Each club, caterer, drinking establish-
2 ment or temporary permit holder collecting the tax imposed here-
3 under shall be responsible for paying over the same to the state
4 department of revenue in the manner prescribed by K.S.A. 79-
5 41a03 and amendments thereto and the state department of rev-
6 enue shall administer and enforce the collection of such tax.

7 ~~Sec. 34.~~ [35.] On and after June 1, 2001, K.S.A. 79-41a03 is
8 hereby amended to read as follows: 79-41a03. (a) The tax levied
9 and collected pursuant to K.S.A. 79-41a02 and amendments
10 thereto shall become due and payable by the club, caterer, drink-
11 ing establishment or temporary permit holder monthly, or on or
12 before the 25th day of the month immediately succeeding the
13 month in which it is collected, but any club, caterer, drinking es-
14 tablishment or temporary permit holder filing an annual or quar-
15 terly return under the Kansas retailers' sales tax act, as prescribed
16 in K.S.A. 79-3607 and amendments thereto, shall, upon such con-
17 ditions as the secretary of revenue may prescribe, pay the tax re-
18 quired by this act on the same basis and at the same time the club,
19 caterer, drinking establishment or temporary permit holder pays
20 such retailers' sales tax. Each club, caterer, drinking establishment
21 or temporary permit holder shall make a true report to the de-
22 partment of revenue, on a form prescribed by the secretary of
23 revenue, providing such information as may be necessary to de-
24 termine the amounts to which any such tax shall apply for all gross
25 receipts derived from the sale of alcoholic liquor by the club, ca-
26 terer, drinking establishment or temporary permit holder for the
27 applicable month or months, which report shall be accompanied
28 by the tax disclosed thereby. Records of gross receipts derived
29 from the sale of alcoholic liquor shall be kept separate and apart
30 from the records of other retail sales made by a club, caterer,
31 drinking establishment or temporary permit holder in order to
32 facilitate the examination of books and records as provided herein.

33 (b) The secretary of revenue or the secretary's authorized rep-
34 resentative shall have the right at all reasonable times during busi-
35 ness hours to make such examination and inspection of the books
36 and records of a club, caterer, drinking establishment or tempo-
37 rary permit holder as may be necessary to determine the accuracy
38 of such reports required hereunder.

39 (c) The secretary of revenue is hereby authorized to administer
40 and collect the tax imposed hereunder and to adopt such rules and
41 regulations as may be necessary for the efficient and effective ad-
42 ministration and enforcement of the collection thereof. Whenever
43 any club, caterer, drinking establishment or temporary permit

1 holder liable to pay the tax imposed hereunder refuses or neglects
 2 to pay the same, the amount, including any penalty, shall be col-
 3 lected in the manner prescribed for the collection of the retailers'
 4 sales tax by K.S.A. 79-3617 and amendments thereto.

5 (d) The secretary of revenue shall remit daily to the state trea-
 6 surer all revenue collected under the provisions of this act. The
 7 state treasurer shall deposit the entire amount of each remittance
 8 in the state treasury. Subject to the maintenance requirements of
 9 the local alcoholic liquor refund fund created under K.S.A. 79-
 10 41a09 and amendments thereto, ~~25%~~ 37.5% of the remittance shall
 11 be credited to the state general fund, ~~5%~~ 4.17% shall be credited
 12 to the community alcoholism and intoxication programs fund cre-
 13 ated by K.S.A. 41-1126 and amendments thereto and the balance
 14 shall be credited to the local alcoholic liquor fund created by
 15 K.S.A. 79-41a04 and amendments thereto.

16 (e) Whenever, in the judgment of the secretary of revenue, it is
 17 necessary, in order to secure the collection of any tax, penalties or
 18 interest due, or to become due, under the provisions of this act,
 19 the secretary may require any person subject to such tax to file a
 20 bond with the director of taxation under conditions established by
 21 and in such form and amount as prescribed by rules and regula-
 22 tions adopted by the secretary.

23 ~~Sec. 35.~~ [36.]

24 DEPARTMENT OF EDUCATION

25 (a) There is appropriated for the above agency from the state
 26 general fund for the fiscal year ending June 30, 2002, the
 27 following:

28	General state aid.....	\$73,510,000
29	Special education services aid.....	\$14,200,000
30	KPERS — employer contributions	\$2,000,000
31	National board certified teacher incentive grants.....	\$500,000
32	Exemplary school recognition award.....	\$8,000,000
33	Alternative teacher compensation plan (rewarding	
34	outstanding teachers) grants.....	\$2,000,000

35 ~~Sec. 36.~~ [37.] K.S.A. [72-8136e and K.S.A.] 2000 Supp. 79-3635
 36 is [are] hereby repealed.

37 ~~Sec. 37.~~ [38.] On June 1, 2001, K.S.A. 41-501, 79-3310, 79-3311,
 38 79-3312, 79-3371, 79-3378, 79-4101, 79-41a02 and 79-41a03 and
 39 K.S.A. 2000 Supp. 79-3603, 79-3620, 79-3703 and 79-3710 shall be
 40 and are hereby repealed.

41 ~~Sec. 38.~~ [39.] On July 1, 2001, K.S.A. 72-1106 and 72-6413 and
 42 K.S.A. 2000 Supp. 72-1398, 72-6407, 72-6410, 72-6412, 72-6414,
 43 72-6431, 72-6442, 79-201x, 79-2959, 79-2964 and 79-34,147 shall

1 **be and are hereby repealed.**

2 **Sec. ~~39~~. [40.] This act shall take effect and be in force from and**
3 **after its publication in the Kansas register.**

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