

## Senate Substitute for HOUSE BILL No. 2051

By Committee on Education

3-30

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AN ACT concerning school district finance; authorizing and providing state aid and grants for various educational performance programs; relating to school district ad valorem taxes and other taxes for educational enhancement financing; making and concerning appropriations for the fiscal year ending June 30, 2002, for the department of education; amending K.S.A. 41-501, 72-1106, 72-6413, 79-3310, 79-3311, 79-3312, 79-3371, 79-3378, 79-4101, 79- 41a02 and 79-41a03 and K.S.A. 2000 Supp. 72-1398, 72-6407, 72-6410, 72-6412, 72-6414, 72-6431, 72-6442, 79-201x, 79-2959, 79-2964, 79-34,147, 79-3603, 79-3620, 79-3635, 79- 3703 and 79-3710 and repealing the existing sections.

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

Section 1. On July 1, 2001, K.S.A. 2000 Supp. 72-6407 shall be and is hereby amended to read as follows: 72-6407. (a) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district. Except as otherwise provided in this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the pupil's attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as  $\frac{1}{2}$  pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in either of the grades 11 or 12 is at least  $\frac{5}{6}$  time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of the pupil's postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in

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

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

28 (c) "At-risk pupils" means pupils who are eligible for free meals under  
29 the national school lunch act and who are enrolled in a district which  
30 maintains an approved at-risk pupil assistance plan.

31 (d) "Preschool-aged at-risk pupil" means an at-risk pupil who has at-  
32 tained the age of four years, is under the age of eligibility for attendance  
33 at kindergarten, and has been selected by the state board in accordance  
34 with guidelines consonant with guidelines governing the selection of pu-  
35 pils for participation in head start programs. The state board shall select  
36 not more than ~~1,794 preschool aged at risk pupils to be counted in the~~  
37 ~~1999-2000 school year and not more than 2,230~~ 2,666 preschool-aged at-  
38 risk pupils to be counted in any school year thereafter.

39 (e) "Enrollment" means, for districts scheduling the school days or  
40 school hours of the school term on a trimestral or quarterly basis, the  
41 number of pupils regularly enrolled in the district on September 20 plus  
42 the number of pupils regularly enrolled in the district on February 20  
43 less the number of pupils regularly enrolled on February 20 who were

1 counted in the enrollment of the district on September 20; and for dis-  
2 tricts not hereinbefore specified, the number of pupils regularly enrolled  
3 in the district on September 20. Notwithstanding the foregoing, if en-  
4 rollment in a district in any school year has decreased from enrollment  
5 in the preceding school year, enrollment of the district in the current  
6 school year means whichever is the greater of (1) enrollment in the pre-  
7 ceding school year minus enrollment in such school year of preschool-  
8 aged at-risk pupils, if any such pupils were enrolled, plus enrollment in  
9 the current school year of preschool-aged at-risk pupils, if any such pupils  
10 are enrolled, or (2) the sum of enrollment in the current school year of  
11 preschool-aged at-risk pupils, if any such pupils are enrolled and the av-  
12 erage (mean) of the sum of (A) enrollment of the district in the current  
13 school year minus enrollment in such school year of preschool-aged at-  
14 risk pupils, if any such pupils are enrolled and (B) enrollment in the  
15 preceding school year minus enrollment in such school year of preschool-  
16 aged at-risk pupils, if any such pupils were enrolled and (C) enrollment  
17 in the school year next preceding the preceding school year minus en-  
18 rollment in such school year of preschool-aged at-risk pupils, if any such  
19 pupils were enrolled.

20 (f) "Adjusted enrollment" means enrollment adjusted by adding at-risk  
21 pupil weighting, program weighting, low enrollment weighting, if any,  
22 correlation weighting, if any, school facilities weighting, if any, ancillary  
23 school facilities weighting, if any, and transportation weighting to  
24 enrollment.

25 (g) "At-risk pupil weighting" means an addend component assigned to  
26 enrollment of districts on the basis of enrollment of at-risk pupils.

27 (h) "Program weighting" means an addend component assigned to en-  
28 rollment of districts on the basis of pupil attendance in educational pro-  
29 grams which differ in cost from regular educational programs.

30 (i) "Low enrollment weighting" means an addend component assigned  
31 to enrollment of districts having under ~~1,725~~ 1,690 enrollment on the  
32 basis of costs attributable to maintenance of educational programs by such  
33 districts in comparison with costs attributable to maintenance of educa-  
34 tional programs by districts having ~~1,725~~ 1,690 or over enrollment.

35 (j) "School facilities weighting" means an addend component assigned  
36 to enrollment of districts on the basis of costs attributable to commencing  
37 operation of new school facilities. School facilities weighting may be as-  
38 signed to enrollment of a district only if the district has adopted a local  
39 option budget and budgeted therein the total amount authorized for the  
40 school year. School facilities weighting may be assigned to enrollment of  
41 the district only in the school year in which operation of a new school  
42 facility is commenced and in the next succeeding school year.

43 (k) "Transportation weighting" means an addend component assigned

1 to enrollment of districts on the basis of costs attributable to the provision  
2 or furnishing of transportation.

3 (l) "Correlation weighting" means an addend component assigned to  
4 enrollment of districts having ~~1,725~~ 1,690 or over enrollment on the basis  
5 of costs attributable to maintenance of educational programs by such  
6 districts as a correlate to low enrollment weighting assigned to enrollment  
7 of districts having under ~~1,725~~ 1,690 enrollment.

8 (m) "Ancillary school facilities weighting" means an addend component  
9 assigned to enrollment of districts to which the provisions of K.S.A. 2000  
10 Supp. 72-6441, and amendments thereto, apply on the basis of costs at-  
11 tributable to commencing operation of new school facilities. Ancillary  
12 school facilities weighting may be assigned to enrollment of a district only  
13 if the district has levied a tax under authority of K.S.A. 2000 Supp. 72-  
14 6441, and amendments thereto, and remitted the proceeds from such tax  
15 to the state treasurer. Ancillary school facilities weighting is in addition  
16 to assignment of school facilities weighting to enrollment of any district  
17 eligible for such weighting.

18 (n) "Juvenile detention facility" means any community juvenile correc-  
19 tions center or facility, the Forbes Juvenile Attention Facility, the Sappa  
20 Valley Youth Ranch of Oberlin, Salvation Army/Koch Center Youth Serv-  
21 ices, the Clarence M. Kelley Youth Center, Trego County Secure Care  
22 Center, St. Francis Academy at Atchison, St. Francis Academy at Ells-  
23 worth, St. Francis Academy at Salina, and St. Francis Center at Salina.

24 Sec. 2. On July 1, 2001, K.S.A. 2000 Supp. 72-6410 shall be and is  
25 hereby amended to read as follows: 72-6410. (a) "State financial aid"  
26 means an amount equal to the *sum of the* product obtained by multiplying  
27 base state aid per pupil by the adjusted enrollment of a district *and the*  
28 *product obtained by multiplying success in school state aid, if any, by the*  
29 *enrollment of the district.*

30 (b) "Base state aid per pupil" means an amount of state financial aid  
31 per pupil. Subject to the other provisions of this subsection, the amount  
32 of base state aid per pupil is ~~\$3,770 in the 1999-2000 school year and~~  
33 ~~\$3,820 in the 2000-01 school year and in school years thereafter~~ \$3,930  
34 *in the 2001-02 school year and \$4,060 in the 2002-03 school year and in*  
35 *school years thereafter.* The amount of base state aid per pupil is subject  
36 to reduction commensurate with any reduction under K.S.A. 75-6704,  
37 and amendments thereto, in the amount of the appropriation from the  
38 state general fund for general state aid. If the amount of appropriations  
39 for general state aid is insufficient to pay in full the amount each district  
40 is entitled to receive for any school year, the amount of base state aid per  
41 pupil for such school year is subject to reduction commensurate with the  
42 amount of the insufficiency.

43 (c) "Success in school state aid" means an amount of state financial aid

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

22 ~~(e)~~ (d) "Local effort" means the sum of an amount equal to the pro-  
23 ceeds from the tax levied under authority of K.S.A. 72-6431, and amend-  
24 ments thereto, and an amount equal to any unexpended and unencum-  
25 bered balance remaining in the general fund of the district, except  
26 amounts received by the district and authorized to be expended for the  
27 purposes specified in K.S.A. 72-6430, and amendments thereto, and an  
28 amount equal to any unexpended and unencumbered balances remaining  
29 in the program weighted funds of the district, except any amount in the  
30 vocational education fund of the district if the district is operating an area  
31 vocational school, and an amount equal to any remaining proceeds from  
32 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-  
33 ments thereto, prior to the repeal of such statutory sections, and an  
34 amount equal to the amount deposited in the general fund in the current  
35 school year from amounts received in such year by the district under the  
36 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,  
37 and an amount equal to the amount deposited in the general fund in the  
38 current school year from amounts received in such year by the district  
39 pursuant to contracts made and entered into under authority of K.S.A.  
40 72-6757, and amendments thereto, and an amount equal to the amount  
41 credited to the general fund in the current school year from amounts  
42 distributed in such year to the district under the provisions of articles 17  
43 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-

visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated, and an amount equal to 75% of the federal impact aid of the district.

~~(d)~~ (e) "Federal impact aid" means an amount equal to the federally qualified percentage of the amount of moneys a district receives in the current school year under the provisions of title I of public law 874 and congressional appropriations therefor, excluding amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program. The amount of federal impact aid defined herein as an amount equal to the federally qualified percentage of the amount of moneys provided for the district under title I of public law 874 shall be determined by the state board in accordance with terms and conditions imposed under the provisions of the public law and rules and regulations thereunder.

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

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

(b) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 200-399 enrollment in such school year;

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

(d) prescribe a schedule amount for each of the districts by preparing a schedule based upon an accepted mathematical formula and derived from a linear transition between (1) the median budgets per pupil determined under (a) and (b), and (2) the median budgets per pupil determined under (b) and (c). The schedule amount for districts with 0-99 enrollment is an amount equal to the amount of the median budget per pupil determined under (a). The schedule amount for districts with 100-299 enrollment is the amount derived from the linear transition under (1). The schedule amount for districts with 300-1,899 enrollment is the amount derived from the linear transition under (2);

(e) for districts with 0-99 enrollment:

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

(2) divide the remainder obtained under (1) by the amount determined under (c);

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

(f) for districts with 100-299 enrollment:

(1) Subtract the amount determined under (c) from the schedule

1 amount of the district;

2 (2) divide the remainder obtained under (1) by the amount determined  
3 under (c);

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

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

8 (1) Subtract the amount determined under (c) from the schedule  
9 amount of the district;

10 (2) divide the remainder obtained under (1) by the amount determined  
11 under (c);

12 (3) multiply the quotient obtained under (2) by the enrollment of the  
13 district in the current school year. The product is the low enrollment  
14 weighting of the district.

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

18 (a) Compute full time equivalent enrollment in programs of bilingual  
19 education and multiply the computed enrollment by 0.2;

20 (b) compute full time equivalent enrollment in approved vocational  
21 education programs and multiply the computed enrollment by 0.5;

22 (c) add the products obtained under (a) and (b). The sum is the pro-  
23 gram weighting of the district.

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

26 Sec. 5. On July 1, 2001, K.S.A. 2000 Supp. 72-6414 shall be and is  
27 hereby amended to read as follows: 72-6414. (a) The at-risk pupil weight-  
28 ing of each district shall be determined by the state board by multiplying  
29 the number of at-risk pupils included in enrollment of the district by ~~.09~~  
30 *.11*. The product is the at-risk pupil weighting of the district.

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

37 *(c) A district shall include such information in its at-risk pupil assis-  
38 tance plan as the state board may require regarding the district's reme-  
39 diation strategies and the results thereof in achieving the third grade  
40 reading standards and outcomes of mastery identified by the state board.  
41 The reporting requirements shall include information documenting re-  
42 mediation strategies and improvement made by pupils who performed  
43 below the expected standard on the second grade diagnostic reading test*

1 *prescribed by the state board.*

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

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

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

12 (2) paying a portion of the costs of operating and maintaining public  
13 schools in partial fulfillment of the constitutional obligation of the legis-  
14 lature to finance the educational interests of the state; and

15 (3) with respect to any redevelopment district established prior to July  
16 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a  
17 portion of the principal and interest on bonds issued by cities under au-  
18 thority of K.S.A. 12-1774, and amendments thereto, for the financing of  
19 redevelopment projects upon property located within the district.

20 (b) The tax required under subsection (a) shall be levied at a rate of  
21 20 mills in the ~~1999-2000~~ 2001-02 school year and in the ~~2000-01~~ 2002-  
22 03 school year.

23 (c) The proceeds from the tax levied by a district under authority of  
24 this section, except the proceeds of such tax levied for the purpose of  
25 paying a portion of the principal and interest on bonds issued by cities  
26 under authority of K.S.A. 12-1774, and amendments thereto, for the fi-  
27 nancing of redevelopment projects upon property located within the dis-  
28 trict, shall be deposited in the general fund of the district.

29 (d) On June 1 of each year, the amount, if any, by which a district's  
30 local effort exceeds the amount of the district's state financial aid, as  
31 determined by the state board, shall be remitted to the state treasurer.  
32 Upon receipt of any such remittance, the state treasurer shall deposit the  
33 same in the state treasury to the credit of the state school district finance  
34 fund.

35 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
36 1964b, and amendments to such sections.

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

41 (a) Determine the schedule amount for a district with ~~1,725~~ 1,690  
42 enrollment as derived from the linear transition under (d) of K.S.A. 72-  
43 6412, and amendments thereto, and subtract the amount determined



1 under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule  
2 amount so determined;

3 (b) divide the remainder obtained under (a) by the amount determined  
4 under (c) of K.S.A. 72-6412, and amendments thereto, and multiply the  
5 quotient by the enrollment of the district in the current school year. The  
6 product is the correlation weighting of the district.

7 Sec. 8. On July 1, 2001, K.S.A. 2000 Supp. 79-201x shall be and is  
8 hereby amended to read as follows: 79-201x. For taxable years ~~1999~~ 2001  
9 and ~~2000~~ 2002, the following described property, to the extent herein  
10 specified, shall be and is hereby exempt from the property tax levied  
11 pursuant to the provisions of K.S.A. 72-6431, and amendments thereto:  
12 Property used for residential purposes to the extent of \$20,000 of its  
13 appraised valuation.

14 Sec. 9. On July 1, 2001, K.S.A. 2000 Supp. 72-1398 shall be and is  
15 hereby amended to read as follows: 72-1398. (a) The national board for  
16 professional teaching standards certification incentive program is hereby  
17 established for the purpose of rewarding teachers who have attained cer-  
18 tification from the national board *and assisting school districts in the*  
19 *provision of staff development programs especially as such programs sup-*  
20 *port teachers engaged in the national board certification process.* Teach-  
21 ers who have attained certification from the national board shall be issued  
22 a master teacher's certificate by the state board of education. A master  
23 teacher's certificate shall be valid for 10 years and renewable thereafter  
24 every 10 years through compliance with continuing education and pro-  
25 fessional development requirements prescribed by the state board.  
26 Teachers who have attained certification from the national board and who  
27 are employed by a school district shall be paid an incentive bonus in the  
28 amount of ~~\$1,000~~ \$5,000 each school year, not exceeding 10 years, that  
29 the teacher remains employed by a school district and retains a valid  
30 master teacher's certificate. *Each school district employing one or more*  
31 *national board certified teachers shall be entitled to an incentive grant in*  
32 *the amount of \$3,000 for each such teacher in each school year that such*  
33 *teacher or teachers retain eligibility for payment of an incentive bonus.*

34 (b) The board of education of each school district employing one or  
35 more national board certified teachers shall pay the incentive bonus to  
36 each such teacher in each school year that the teacher retains eligibility  
37 for such payment. Each board of education which has made payments of  
38 incentive bonuses to national board certified teachers under this subsec-  
39 tion may file an application with the state board of education for state aid  
40 and shall certify to the state board the amount of such payments. The  
41 application and certification shall be on a form prescribed and furnished  
42 by the state board, shall contain such information as the state board shall  
43 require and shall be filed at the time specified by the state board.

1 (c) In each school year, each school district employing one or more  
2 national board certified teachers is entitled to receive from appropriations  
3 for the national board for professional teaching standards certification  
4 incentive program an amount which is equal to the amount certified to  
5 the state board of education in accordance with the provisions of subsec-  
6 tion (b) *and an amount which is equal to the product obtained by mul-*  
7 *tiplying \$3,000 by the number of national board certified teachers receiv-*  
8 *ing an incentive bonus in accordance with the provisions of subsection*  
9 *(b).* The state board shall certify to the director of accounts and reports  
10 the amount due each school district. The director of accounts and reports  
11 shall draw warrants on the state treasurer payable to the treasurer of each  
12 school district entitled to payment under this section upon vouchers ap-  
13 proved by the state board.

14 (d) *An amount equal to 5/8 of the amount of moneys received by a board*  
15 *of education under this section shall be deposited in the general fund of*  
16 *the school district. Moneys deposited in the general fund of the school*  
17 *district under this subsection shall be considered reimbursements to the*  
18 *district for the purpose of the school district finance and quality perform-*  
19 *ance act and may be expended whether the same have been budgeted or*  
20 *not. The remaining amount of moneys received by a board of education*  
21 *under this section shall be deposited in the inservice education fund of*  
22 *the district and expended for the provision of staff development programs*  
23 *in the schools in which national board certified teachers are located.*

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

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

27 (1) "School district" means any public school district.

28 (2) "School" means any school operated by a school district.

29 (3) "Exemplary school recognition award" means an award made under  
30 this section to recognize and reward exemplary schools for outstanding  
31 contribution to successful achievement of the mission for Kansas  
32 education.

33 (4) "Exemplary school" means a school determined by the state board  
34 of education to have met the building standard of excellence on the basis  
35 of criteria developed under the quality performance accreditation system  
36 in consideration of attainment or significant and continuous progress to-  
37 ward attainment by pupils in attendance at the school of levels of per-  
38 formance categorized as advanced or proficient or in which the high  
39 school graduation rate has been substantially increased.

40 (b) (1) The state board of education shall adopt rules and regulations  
41 for administration of the provisions of this act and shall develop and pre-  
42 scribe criteria for determination and recognition of exemplary schools.

43 (2) In each school year, each school recognized as an exemplary school

1 by the state board of education shall be entitled to an exemplary school  
2 recognition award in an amount to be determined by the state board of  
3 education within limits of appropriations made for the exemplary schools  
4 recognition program. The amount of the award shall not exceed an  
5 amount equal to \$50 per pupil in attendance at the exemplary school and  
6 shall be paid to the board of education having jurisdiction over the ex-  
7 emplary school, deposited in the general fund of the school district and  
8 credited to the account of the exemplary school. All amounts received by  
9 a school district and credited to the account of an exemplary school may  
10 be expended whether the same have been budgeted or not and amounts  
11 so expended shall not be considered operating expenses of the school  
12 district. The school site council of an exemplary school shall determine  
13 the purposes for which the award shall be expended.

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

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

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

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

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

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

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

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

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

9 (c) (1) The state board of education shall adopt rules and regulations  
10 for the administration of this act and shall:

11 (A) Establish standards and criteria for reviewing, evaluating and ap-  
12 proving alternative teacher compensation plans and applications of school  
13 districts for grants;

14 (B) evaluate and approve alternative teacher compensation plans;

15 (C) in evaluating and approving applications of school districts for  
16 grants, consider the endeavors of boards of education to enlist assistance  
17 and support in the development of an alternative teacher compensation  
18 plan from teachers, administrators, members of school site councils, dis-  
19 trict patrons and representatives of community organizations and private  
20 sector corporations and foundations.

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

22 (E) request of and receive from each school district which is awarded  
23 a grant for maintenance of an alternative teacher compensation plan re-  
24 ports containing information with regard to the effectiveness of the plan.

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

36 (d) The state board of education may provide any board, upon request,  
37 with technical advice and assistance regarding the establishment and  
38 maintenance of an alternative teacher compensation plan or an applica-  
39 tion for a grant of state moneys.

40 (e) This section shall take effect and be in force on and after July 1,  
41 2001.

42 New Sec. 12. The state board of education shall provide for a profes-  
43 sional evaluation of school district finance to determine the per pupil cost

1 of a suitable education for Kansas children. The evaluation shall include  
2 a thorough study of the school district finance and quality performance  
3 act with the objective of addressing inadequacies and inequities inherent  
4 in the act. In addition the evaluation shall address the following objectives:

5 (1) A determination of the funding needed to provide a suitable edu-  
6 cation in typical K-12 schools of various sizes and locations;

7 (2) a determination of the additional support needed for special edu-  
8 cation, at-risk, limited English proficient pupils and pupils impacted by  
9 other special circumstances;

10 (3) a determination of funding adjustments necessary to ensure com-  
11 parable purchasing power for all districts, regardless of size or location;  
12 and

13 (4) a determination of an appropriate annual adjustment for inflation.

14 (b) In addressing the objectives of the evaluation as specified in sub-  
15 section (a), consideration shall be given to:

16 (1) The cost of providing comparable opportunities in the state's small  
17 rural schools as well as the larger, more urban schools, including differ-  
18 ences in transportation needs resulting from population sparsity as well  
19 as differences in annual operating costs;

20 (2) the cost of providing suitable opportunities in elementary, middle  
21 and high schools;

22 (3) the additional costs of providing special programming opportunities,  
23 including vocational education programs;

24 (4) the additional cost associated with educating at-risk children and  
25 those with limited English proficiency;

26 (5) the additional cost associated with meeting the needs of pupils with  
27 disabilities; and

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

31 (c) The state board of education shall secure consultant services to  
32 conduct the professional evaluation of school district finance required by  
33 this section and provide for a presentation to the governor and the leg-  
34 islature of the findings of the evaluation along with recommendations for  
35 components of a school district finance plan that will fulfill the state's  
36 obligation to provide a suitable education for Kansas children. The find-  
37 ings of the evaluation and recommendations shall be presented to the  
38 governor and the legislature at the beginning of the 2002 legislative  
39 session.

40 (d) For the purpose of the professional evaluation of school district  
41 finance, the term "suitable education" means a curricular program con-  
42 sisting of the subjects and courses required under the provisions of K.S.A.  
43 72-1101, 72-1103 and 72-1117, and amendments thereto, the courses in

1 foreign language, fine arts and physical education required to qualify for  
2 a state scholarship under the provisions of K.S.A. 72-6810 through 72-  
3 6816, and amendments thereto, and the courses included in the precol-  
4 lege curriculum prescribed by the board of regents under the provisions  
5 of K.S.A. 76-717, and amendments thereto.

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

22 (b) Subject to a policy developed and adopted by it, the board of any  
23 school district may provide for a school term consisting of school hours.  
24 A school term provided for in a policy adopted under this subsection shall  
25 consist of: (1) For pupils attending kindergarten, not less than  $452\frac{1}{2}$   
26 ~~school hours in the 1992-93 school year, not less than  $457\frac{1}{2}$  school hours~~  
27 ~~in the 1993-94 school year, and not less than 465 school hours in each~~  
28 ~~school year commencing after June 30, 1994; and (2) for pupils attending~~  
29 ~~any of the grades one through 11, not less than 1,086 school hours in the~~  
30 ~~1992-93 school year, not less than 1,098 school hours in the 1993-94~~  
31 ~~school year, and not less than 1,116 school hours in each school year~~  
32 ~~commencing after June 30, 1994; and (3) for pupils attending grade 12,~~  
33 ~~not less than 1,056 school hours in the 1992-93 school year, not less than~~  
34 ~~1,068 school hours in the 1993-94 school year, and not less than 1,086~~  
35 ~~school hours in each school year commencing after June 30, 1994. Each~~  
36 ~~board of education which develops and adopts a policy providing for a~~  
37 ~~school term in accordance with this subsection shall notify the state board~~  
38 ~~of education thereof on or before September 15 in each school year for~~  
39 ~~which the policy is to be in effect.~~

40 (c) Subject to a plan developed and adopted by it, the board of any  
41 school district may schedule the school days required for a school term  
42 provided for under subsection (a), or the school hours required for a  
43 school term provided for in a policy adopted under subsection (b), on a

1 trimestral or quarterly basis. Each board of education which develops and  
2 adopts a plan providing for the scheduling of the school days or school  
3 hours of the school term on a trimestral or quarterly basis shall submit  
4 the plan to the state board of education for approval prior to implemen-  
5 tation. The plan shall be prepared in such form and manner as the state  
6 board shall require and shall be submitted at a time or times to be de-  
7 termined and specified by the state board.

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

24 ~~(e)~~ (e) If the board of any school district, or its designee, shall deter-  
25 mine that inclement weather will cause hazardous driving conditions, the  
26 board, or its designee, may close any or all of the schools within the  
27 district. The amount of time pupils have been in attendance when such  
28 determination is made shall be considered a school day of a school term  
29 or shall be considered the number of school hours for pupils to be in  
30 attendance at school in a day, whichever is applicable. Consonant with  
31 the other provisions of this section, a board may schedule any number of  
32 days or hours in excess of the regularly scheduled school days or school  
33 hours which the board determines will be necessary to compensate for  
34 those school days or school hours that schools of the district will remain  
35 closed during the school term due to hazardous driving conditions. If the  
36 number of days or hours schools remain closed due to hazardous driving  
37 conditions exceeds the number of days or hours scheduled by the board  
38 to compensate for such school days or school hours, the excess number  
39 of days or hours, not to exceed whichever is the lesser of (1) the number  
40 of compensatory days or hours scheduled by the board or (2) five days or  
41 the number of school hours regularly scheduled in five days, that schools  
42 remain closed due to such conditions shall be considered school days or  
43 school hours.

1     ~~(e)~~ (f) The state board of education may waive the requirements of law  
2 relating to the duration of the school term upon application for such  
3 waiver by a school district. Such waiver may be granted by the state board  
4 of education upon: (1) Certification by a board that, due to the persistence  
5 of inclement weather, hazardous driving conditions have existed in the  
6 school district for an inordinate period of time; and (2) a determination  
7 by the state board that the school district cannot reasonably adjust its  
8 schedule to comply with statutory requirements. Such waiver shall not  
9 exempt a school district from providing a school offering for each pupil  
10 which is substantially equivalent to that required by law.

11     ~~(f)~~ (g) Time reserved for parent-teacher conferences for discussions on  
12 the progress of pupils may be considered part of the school term.

13     ~~(g)~~ (h) Time reserved for staff development or inservice training pro-  
14 grams for the purpose of improving staff skills, developing competency  
15 in new or highly specialized fields, improving instructional techniques, or  
16 curriculum planning and study may be considered part of the school term  
17 for an aggregate amount of time equal to the amount of time in excess  
18 of the school term which is scheduled by a board of education for similar  
19 activities.

20     ~~(h)~~ (i) Boards of education may employ noncertificated personnel to  
21 supervise pupils for noninstructional activities.

22     New Sec. 14. (a) As used in this section:

23     (1) "Bottle" means any closed or sealed glass, metal, paper, plastic or  
24 any other type of container regardless of the size or shape of such  
25 container;

26     (2) "bottled soft drinks" means any complete, ready to consume, non-  
27 alcoholic drink, whether carbonated or not, commonly referred to as a  
28 soft drink, contained in any bottle;

29     (3) "director" means the director of taxation;

30     (4) "distributor, manufacturer or wholesale dealer" means any person  
31 who receives, stores, manufactures, bottles or sells bottled soft drinks,  
32 soft drink syrups, simple syrups or powders or base products for mixing,  
33 compounding or making soft drinks for sale to retail dealers, other man-  
34 ufacturers, wholesale dealers or distributors for resale purposes;

35     (5) "milk" means natural liquid milk, regardless of animal source or  
36 butterfat content; or natural milk concentrate, whether or not reconsti-  
37 tuted, regardless of animal source or butterfat content; or dehydrated  
38 natural milk, whether or not reconstituted;

39     (6) "natural fruit juice" means the original liquid resulting from the  
40 pressing of fruit, or the liquid resulting from the reconstitution of natural  
41 fruit juice concentrate or the liquid resulting from the restoration of water  
42 to dehydrated natural fruit juice;

43     (7) "natural vegetable juice" means the original liquid resulting from



1 the pressing of vegetables or the liquid resulting from the reconstitution  
2 of natural vegetable juice concentrate or the liquid resulting from the  
3 restoration of water to dehydrated natural vegetable juice;

4 (8) "nonalcoholic beverage" means and includes all beverages not sub-  
5 ject to tax under chapter 41 of the Kansas Statutes Annotated;

6 (9) "place of business" means any place where soft drinks, syrups, sim-  
7 ple syrups, powder or base products are manufactured or any place where  
8 bottled soft drinks, soft drink syrup, simple syrup, soft drink powder, or  
9 other soft drink base product or any other item taxed under this section  
10 is received;

11 (10) "powder" or "other base" means a solid mixture of basic ingredi-  
12 ents used in making, mixing or compounding soft drinks by mixing the  
13 powder or other base with water, ice, syrup or simple syrup, fruits, veg-  
14 etables, fruit juice, vegetable juice or any other product suitable to make  
15 a complete soft drink;

16 (11) "retailer" or "retail dealer" means any person, other than a man-  
17 ufacturer, distributor or wholesaler, who receives, stores mixes com-  
18 pounds or manufactures any soft drink and sells, or otherwise dispenses  
19 the same to the ultimate consumer;

20 (12) "sale" means the transfer of title or possession for a valuable con-  
21 sideration of tangible personal property regardless of the manner by  
22 which the transfer is accomplished. When a retailer is also acting as a  
23 wholesaler or distributor, the duty to report and pay the tax imposed by  
24 this section arises when the property is transferred to a retail store for  
25 sale to the ultimate consumer, as reflected by the records of the taxpayer;

26 (13) "simple syrup" means a mixture of sugar and water;

27 (14) "soft drink" means any nonalcoholic beverage sold for human con-  
28 sumption including, but not limited to, the following: Soda water, ginger  
29 ale, all drinks commonly referred to as cola, lime, lemon, lemon-lime and  
30 other flavored drinks, whether naturally or artificially flavored, including  
31 any fruit or vegetable drink containing 10% or less natural fruit juice,  
32 natural vegetable juice and all other drinks and beverages commonly re-  
33 ferred to as soft drinks, but not including coffee or tea unless the coffee  
34 or tea is bottled as a liquid for sale; and

35 (15) "syrup" means the liquid mixture of basic ingredients used in mak-  
36 ing, mixing or compounding soft drinks by mixing the syrup with water,  
37 simple syrup, ice, fruits, vegetables, fruit juice, vegetable juice or any  
38 other product suitable to make a complete soft drink.

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

43 (1) \$2 per gallon for each gallon of soft drink syrup or simple syrup

1 sold or offered for sale in the state of Kansas;

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

4 (3) Where a package or container of powder or other base product,  
5 other than a syrup or simple syrup, is sold or offered for sale in Kansas,  
6 and the powder is for the purpose of producing a liquid soft drink, then  
7 the tax on the sale of each package or container shall be equal to \$.20 for  
8 each gallon of soft drink which may be produced from each package or  
9 container by following the manufacturer's directions. This tax applies  
10 when the sale of the powder or other base is sold to a retailer for sale to  
11 the ultimate consumer after the liquid soft drink is produced by the  
12 retailer.

13 (c) The following shall be exempt from the tax levied by subsection (b):

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

16 (2) syrups, simple syrups, powders or base products, or soft drinks  
17 exported from the state of Kansas by a distributor, wholesaler or  
18 manufacturer;

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

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

23 (5) any soft drink containing more than 10% natural fruit juice or nat-  
24 ural vegetable juice;

25 (6) syrups, simple syrups, powders or base products or soft drinks sold  
26 by one distributor, wholesaler or manufacturer to another distributor,  
27 wholesaler or manufacturer. This exemption shall not apply to any sale  
28 to a retailer;

29 (7) any product, whether sold in liquid or powder form, which is in-  
30 tended by the manufacturer for consumption by infants and which is  
31 commonly referred to as "infant formula";

32 (8) any product, whether sold in liquid or powder form, which is in-  
33 tended by the manufacturer for use as a dietary supplement or for weight  
34 reduction;

35 (9) water to which no flavoring, whether artificial or natural, or car-  
36 bonation has been added;

37 (10) any powder or other base product which is intended by the man-  
38 ufacturer to be sold and used for the purpose of domestically mixing soft  
39 drinks by the ultimate consumer; and

40 (11) any product containing milk or milk products.

41 (d) (1) The tax levied by subsection (b) shall be paid by the distributor,  
42 wholesaler or manufacturer when the syrup, powder or base product or  
43 soft drink is sold.

1 (2) The tax levied by subsection (b) shall be paid by a retailer who  
2 purchases syrups, powder or base products, or soft drinks from an unli-  
3 censed distributor, wholesaler or manufacturer.

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

8 (4) The returns shall be made upon forms prescribed and furnished by  
9 the director and signed by the person required to collect and remit the  
10 tax and shall contain such information as the director shall require for the  
11 proper administration of this section.

12 (e) The secretary of revenue shall remit daily the taxes paid under this  
13 act to the state treasurer who shall deposit the entire amount in the state  
14 treasury to the credit of the state general fund.

15 (f) All taxes imposed by this section and not paid at or before the time  
16 taxes are due shall be deemed delinquent and shall bear interest at the  
17 rate prescribed by subsection (a) of K.S.A. 79-2968 and amendments  
18 thereto from the due date until paid. In addition, there is hereby imposed  
19 upon all amounts of such taxes remaining due and unpaid after the due  
20 date a penalty on the unpaid balance of the taxes due in the amounts and  
21 percentages prescribed by K.S.A. 79-3615 and amendments thereto.

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

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

28 (i) The secretary of revenue is hereby authorized to administer and  
29 enforce the provisions of this section and to adopt such rules and regu-  
30 lations as may be necessary to carry out the responsibilities of the sec-  
31 retary of revenue under this section.

32 Sec. 15. On and after June 1, 2001, K.S.A. 41-501 is hereby amended  
33 to read as follows: 41-501. (a) As used in this section and K.S.A. 41-501a  
34 and amendments thereto:

35 (1) "Gallon" means wine gallon.

36 (2) "Federal area" means any lands or premises which are located  
37 within the exterior boundaries of this state and which are held or acquired  
38 by or for the use of the United States or any department, establishment  
39 or agency of the United States.

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

41 (b) (1) For the purpose of raising revenue a tax is imposed upon the  
42 manufacturing, using, selling, storing or purchasing alcoholic liquor, ce-  
43 real malt beverage or malt products in this state or a federal area at a rate

1 of ~~\$.18~~ \$.25 per gallon on beer and cereal malt beverage; ~~\$.20~~ \$.28 per  
2 gallon on all wort or liquid malt; ~~\$.10~~ \$.14 per pound on all malt syrup  
3 or malt extract; ~~\$.30~~ \$.42 per gallon on wine containing 14% or less al-  
4cohol by volume; ~~\$.75~~ \$1.05 per gallon on wine containing more than  
5 14% alcohol by volume; and ~~\$2.50~~ \$3 per gallon on alcohol and spirits.

6 (2) The tax imposed by this section shall be paid only once and shall  
7 be paid by the person in this state or federal area who first manufactures,  
8 uses, sells, stores, purchases or receives the alcoholic liquor or cereal malt  
9 beverage. The tax shall be collected and paid to the director as provided  
10 in this act. If the alcoholic liquor or cereal malt beverage is manufactured  
11 and sold in this state or a federal area, the tax shall be paid by the man-  
12ufacturer, microbrewery or farm winery producing it. If the alcoholic  
13 liquor or cereal malt beverage is imported into this state by a distributor  
14 for the purpose of sale at wholesale in this state or a federal area, the tax  
15 shall be paid by the distributor, and in no event shall such tax be paid by  
16 the manufacturer unless the alcoholic liquor or cereal malt beverage is  
17 manufactured in this state. If not to exceed one gallon, or metric equiv-  
18alent, per person of alcoholic liquor has been purchased by a private  
19 citizen outside the borders of the United States and is brought into this  
20 state by the private citizen in such person's personal possession for such  
21 person's own personal use and not for sale or resale, such import is lawful  
22 and no tax payment shall be due thereon.

23 (c) Manufacturers, microbreweries, farm wineries or distributors at  
24 wholesale of alcoholic liquor or cereal malt beverage shall be exempt from  
25 the payment of the gallonage tax imposed on alcoholic liquor and cereal  
26 malt beverage, upon satisfactory proof, including bills of lading furnished  
27 to the director by affidavit or otherwise as the director requires, that the  
28 liquor or cereal malt beverage was manufactured in this state but was  
29 shipped out of the state for sale and consumption outside the state.

30 (d) Wines manufactured or imported solely and exclusively for sacra-  
31 mental purposes and uses shall not be subject to the tax provided for by  
32 this section.

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

34 (1) Any alcohol or wine, whether manufactured in or imported into  
35 this state, when sold to a nonbeverage user licensed by the state, for use  
36 in the manufacture of any of the following when they are unfit for bev-  
37erage purposes: Patent and proprietary medicines and medicinal, anti-  
38septic and toilet preparations; flavoring extracts and syrups and food prod-  
39ucts; scientific, industrial and chemical products; or scientific, chemical,  
40 experimental or mechanical purposes; or

41 (2) the privilege of engaging in any business of interstate commerce or  
42 otherwise, which business may not be made the subject of taxation by this  
43 state under the constitution and statutes of the United States.

1 (f) The tax imposed by this section shall be in addition to all other taxes  
2 imposed by the state of Kansas or by any municipal corporation or political  
3 subdivision thereof.

4 (g) Retail sales of alcoholic liquor, sales of beer to consumers by mi-  
5 crobreweries and sales of wine to consumers by farm wineries shall not  
6 be subject to the tax imposed by the Kansas retailers' sales tax act but  
7 shall be subject to the enforcement tax provided for in this act.

8 (h) Notwithstanding any ordinance to the contrary, no city shall impose  
9 an occupation or privilege tax on the business of any person, firm or  
10 corporation licensed as a manufacturer, distributor, microbrewery, farm  
11 winery, retailer or nonbeverage user under this act and doing business  
12 within the boundaries of the city except as specifically authorized by  
13 K.S.A. 41-310 and amendments thereto.

14 (i) The director shall collect the taxes imposed by this section and shall  
15 account for and turn over to the state treasurer at least once each week  
16 all moneys collected from the tax. The state treasurer shall credit ~~4%~~  
17 8.33% of the moneys collected from taxes imposed upon alcohol and  
18 spirits under subsection (b)(1) to the community alcoholism and intoxi-  
19 cation programs fund created by K.S.A. 41-1126 and amendments thereto  
20 and shall credit the balance of the moneys collected to the state general  
21 fund.

22 (j) If any alcoholic liquor manufactured in or imported into this state  
23 is sold to a licensed manufacturer or distributor of this state to be used  
24 solely as an ingredient in the manufacture of any beverage for human  
25 consumption, the tax imposed upon the manufacturer or distributor shall  
26 be reduced by the amount of the taxes which have been paid under this  
27 section as to the alcoholic liquor so used.

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

1 affidavit and invoice. Within 10 days after receipt of any alcohol or wine,  
2 the school, college, hospital or sanatorium ordering it shall file a report  
3 in the office of the director upon forms furnished by the director, showing  
4 the amount of alcohol or wine received, the place where it is to be stored,  
5 from whom it was received, the purpose for which it is to be used and  
6 such other information as required by the director. Any school, college,  
7 hospital, sanatorium or institution caring for the sick, which complies with  
8 the provisions of this subsection, shall not be required to have any other  
9 license to purchase alcohol or wine from a microbrewery, farm winery,  
10 manufacturer or distributor.

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

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

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

38 (b) On January 15 and on July 15 of each year, the director of accounts  
39 and reports shall make transfers in equal amounts which in the aggregate  
40 equal 4.5% of the total retail sales and compensating taxes credited to  
41 the state general fund pursuant to articles 36 and 37 of chapter 79 of  
42 Kansas Statutes Annotated and acts amendatory thereof and supplement-  
43 tal thereto during the preceding calendar year from the state general fund

1 to the local ad valorem tax reduction fund, except that: (1) The transfers  
2 on January 15 and July 15 of each year shall be in equal amounts which  
3 in the aggregate equal 3.630% of such taxes credited to the state general  
4 fund during the preceding calendar year; ~~and (2) the amount of the trans-~~  
5 ~~fer on each such date during state fiscal year 2001 shall be equal to 93.5%~~  
6 ~~of the amount transferred on the same date during state fiscal year 2000~~  
7 ~~2002 shall be \$28,951,485.50; (3) the amount of the transfer on each such~~  
8 ~~date during state fiscal year 2003 shall be \$32,299,569.84; (4) the amount~~  
9 ~~of the transfer on each such date during state fiscal year 2004 shall be~~  
10 ~~\$33,415,051.12; (5) the amount of the transfer on each such date during~~  
11 ~~state fiscal year 2005 shall be \$34,724,368.63; and (6) the amount of the~~  
12 ~~transfer on each such date during state fiscal year 2006 shall be~~  
13 ~~\$36,085,598.19.~~ All such transfers are subject to reduction under K.S.A.  
14 75-6704 and amendments thereto. All transfers made in accordance with  
15 the provisions of this section shall be considered to be demand transfers  
16 from the state general fund.

17 (c) The state treasurer shall apportion and pay the amounts transferred  
18 under subsection (b) to the several county treasurers on January 15 and  
19 on July 15 in each year as follows: (1) Sixty-five percent of the amount to  
20 be distributed shall be apportioned on the basis of the population figures  
21 of the counties certified to the secretary of state pursuant to K.S.A. 11-  
22 201 and amendments thereto on July 1 of the preceding year; and (2)  
23 thirty-five percent of such amount shall be apportioned on the basis of  
24 the equalized assessed tangible valuations on the tax rolls of the counties  
25 on November 1 of the preceding year as certified by the director of prop-  
26 erty valuation.

27 Sec. 18. On July 1, 2001, K.S.A. 2000 Supp. 79-2964 shall be and is  
28 hereby amended to read as follows: 79-2964. There is hereby created the  
29 county and city revenue sharing fund. All moneys transferred or credited  
30 to such fund under the provisions of this act or any other law shall be  
31 allocated and distributed in the manner provided herein. The director of  
32 accounts and reports in each year on July 15 and December 10, shall  
33 make transfers in equal amounts which in the aggregate equal 3.5% of  
34 the total retail sales and compensating taxes credited to the state general  
35 fund pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes  
36 Annotated and acts amendatory thereof and supplemental thereto during  
37 the preceding calendar year from the state general fund to the county  
38 and city revenue sharing fund, except that: (a) The transfers on July 15  
39 and December 10 of each year shall be in equal amounts which in the  
40 aggregate equal 2.823% of such taxes credited to the state general fund  
41 during the preceding calendar year; ~~and (b) the amount of the transfer~~  
42 ~~on each such date during state fiscal year 2001 shall be equal to 93.5%~~  
43 ~~of the amount transferred on the same date during state fiscal year 2000~~

1 2002 shall be \$18,465,844; (c) the amount of the transfer on each such  
2 date during state fiscal year 2003 shall be \$24,750,652.50; (d) the amount  
3 of the transfer on each such date during state fiscal year 2004 shall be  
4 \$25,487,190.84; (e) the amount of the transfer on each such date during  
5 state fiscal year 2005 shall be \$26,485,640.73; and (f) the amount of the  
6 transfer on each such date during state fiscal year 2006 shall be  
7 \$27,523,666.50. All such transfers are subject to reduction under K.S.A.  
8 75-6704 and amendments thereto. All transfers made in accordance with  
9 the provisions of this section shall be considered to be demand transfers  
10 from the state general fund.

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

19 The taxes imposed by this act are hereby levied upon all sales of ciga-  
20 rettes made to any department, institution or agency of the state of Kan-  
21 sas, and to the political subdivisions thereof and their departments, insti-  
22 tutions and agencies.

23 New Sec. 20. On or before June 30, 2001, each wholesale dealer, retail  
24 dealer and vending machine operator shall file a report with the director  
25 in such form as the director may prescribe showing cigarettes, cigarette  
26 stamps and meter imprints on hand at 12:01 a.m. on June 1, 2001. A tax  
27 of \$.10 on each 20 cigarettes or fractional part thereof or \$.125 on each  
28 25 cigarettes, as the case requires and \$.10 or \$.125, as the case requires  
29 upon all tax stamps and all meter imprints purchased from the director  
30 and not affixed to cigarettes prior to June 1, 2001, is hereby imposed and  
31 shall be due and payable on or before June 30, 2001. The tax imposed  
32 upon such cigarettes, tax stamps and meter imprints shall be imposed  
33 only once under this act. The director shall remit all moneys collected  
34 pursuant to this section to the state treasurer who shall credit the entire  
35 amount thereof to the state general fund.

36 Sec. 21. On and after June 1, 2001, K.S.A. 79-3311 is hereby amended  
37 to read as follows: 79-3311. The director shall design and designate indicia  
38 of tax payment to be affixed to each package of cigarettes as provided by  
39 this act. The director shall sell water applied stamps only to licensed  
40 wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps  
41 applied by the heat process shall be sold only in amounts of 30,000 or  
42 multiples thereof, except that such stamps which are suitable for packages  
43 containing 25 cigarettes each shall be sold in amounts prescribed by the



1 director. Meter imprints shall be sold only in amounts of 10,000 or mul-  
2 tiples thereof. Water applied stamps in amounts of 10,000 or multiples  
3 thereof and stamps applied by the heat process and meter imprints shall  
4 be supplied to wholesale dealers at a discount of ~~2.65%~~ 1.87% from the  
5 face value thereof, and shall be deducted at the time of purchase or from  
6 the remittance therefor as hereinafter provided. Any wholesale cigarette  
7 dealer who shall file with the director a bond, of acceptable form, payable  
8 to the state of Kansas with a corporate surety authorized to do business  
9 in Kansas, shall be permitted to purchase stamps, and remit therefor to  
10 the director within 30 days after each such purchase, up to a maximum  
11 outstanding at any one time of 85% of the amount of the bond. Failure  
12 on the part of any wholesale dealer to remit as herein specified shall be  
13 cause for forfeiture of such dealer's bond. All revenue received from the  
14 sale of such stamps or meter imprints shall be remitted to the state trea-  
15 surer daily. Upon receipt thereof, the state treasurer shall deposit the  
16 entire amount thereof in the state treasury. The state treasurer shall first  
17 credit such amount thereof as the director shall order to the cigarette tax  
18 refund fund and shall credit the remaining balance to the state general  
19 fund. A refund fund designated the cigarette tax refund fund not to ex-  
20 ceed \$10,000 at any time shall be set apart and maintained by the director  
21 from taxes collected under this act and held by the state treasurer for  
22 prompt payment of all refunds authorized by this act. Such cigarette tax  
23 refund fund shall be in such amount as the director shall determine is  
24 necessary to meet current refunding requirements under this act.

25 The wholesale cigarette dealer shall affix to each package of cigarettes  
26 stamps or tax meter imprints required by this act prior to the sale of  
27 cigarettes to any person, by such dealer or such dealer's agent or agents,  
28 within the state of Kansas. The director is empowered to authorize whole-  
29 sale dealers to affix revenue tax meter imprints upon original packages of  
30 cigarettes and is charged with the duty of regulating the use of tax meters  
31 to secure payment of the proper taxes. No wholesale dealer shall affix  
32 revenue tax meter imprints to original packages of cigarettes without first  
33 having obtained permission from the director to employ this method of  
34 affixation. If the director approves the wholesale dealer's application for  
35 permission to affix revenue tax meter imprints to original packages of  
36 cigarettes, the director shall require such dealer to file a suitable bond  
37 payable to the state of Kansas executed by a corporate surety authorized  
38 to do business in Kansas. The director may, to assure the proper collection  
39 of taxes imposed by the act, revoke or suspend the privilege of imprinting  
40 tax meter imprints upon original packages of cigarettes. All meters shall  
41 be under the direct control of the director, and all transfer assignments  
42 or anything pertaining thereto must first be authorized by the director.  
43 All inks used in the stamping of cigarettes must be of a special type

1 devised for use in connection with the machine employed and approved  
2 by the director. All repairs to the meter are strictly prohibited except by  
3 a duly authorized representative of the director. Requests for service shall  
4 be directed to the director. Meter machine ink imprints on all packages  
5 shall be clear and legible. If a wholesale dealer continuously issues illeg-  
6 ible cigarette tax meter imprints, it shall be considered sufficient cause  
7 for revocation of such dealer's permit to use a cigarette tax meter.

8 A licensed wholesale dealer may, for the purpose of sale in another  
9 state, transport cigarettes not bearing Kansas indicia of tax payment  
10 through the state of Kansas provided such cigarettes are contained in  
11 sealed and original cartons.

12 Sec. 22. On and after June 1, 2001, K.S.A. 79-3312 is hereby amended  
13 to read as follows: 79-3312. The director shall redeem any unused stamps  
14 or meter imprints that any wholesale dealer presents for redemption  
15 within six months after the purchase thereof, at the face value less ~~2.65%~~  
16 *1.87%* thereof if such stamps or meter imprints have been purchased  
17 from the director. The director shall prepare a voucher showing the net  
18 amount of such refund due, and the director of accounts and reports shall  
19 draw a warrant on the state treasurer for the same. Wholesale dealers  
20 shall be entitled to a refund of the tax paid on cigarettes which have  
21 become unfit for sale upon proof thereof less ~~2.65%~~ *1.87%* of such tax.

22 Sec. 23. On and after June 1, 2001, K.S.A. 79-3371 is hereby amended  
23 to read as follows: 79-3371. A tax is hereby imposed upon the privilege  
24 of selling or dealing in tobacco products in this state by any person en-  
25 gaged in business as a distributor thereof, at the rate of ~~ten percent (10%)~~  
26 *14%* of the wholesale sales price of such tobacco products. Such tax shall  
27 be imposed at the time the distributor (a) brings or causes to be brought  
28 into this state from without the state tobacco products for sale; (b) makes,  
29 manufactures, or fabricates tobacco products in this state for sale in this  
30 state; or (c) ships or transports tobacco products to retailers in this state  
31 to be sold by those retailers.

32 New Sec. 24. On or before June 30, 2001, each distributor having a  
33 place of business in this state shall file a report with the director in such  
34 form as the director may prescribe, showing the tobacco products on hand  
35 at 12:01 a.m. on June 1, 2001. A tax at a rate equal to 4% of the wholesale  
36 sales price of such tobacco products is hereby imposed upon such tobacco  
37 products and shall be due and payable on or before June 30, 2001. The  
38 tax upon such tobacco products shall be imposed only once under this  
39 act. The director shall remit all moneys collected pursuant to this section  
40 to the state treasurer who shall credit the entire amount thereof to the  
41 state general fund.

42 Sec. 25. On and after June 1, 2001, K.S.A. 79-3378 is hereby amended  
43 to read as follows: 79-3378. On or before the ~~twentieth~~ *20th* day of each

1 calendar month every distributor with a place of business in this state  
2 shall file a return with the director showing the quantity and wholesale  
3 sales price of each tobacco product ~~(1)~~ brought, or caused to be brought,  
4 into this state for sale; and (2) made, manufactured, or fabricated in this  
5 state for sale in this state during the preceding calendar month. Every  
6 licensed distributor outside this state shall in like manner file a return  
7 showing the quantity and wholesale sales price of each tobacco product  
8 shipped or transported to retailers in this state to be sold by those retail-  
9 ers, during the preceding calendar month. Returns shall be made upon  
10 forms furnished and prescribed by the director. Each return shall be  
11 accompanied by a remittance for the full tax liability shown therein, less  
12 ~~four percent (4%)~~ 2.85% of such liability as compensation to reimburse  
13 the distributor for ~~his or her~~ expenses incurred in the administration of  
14 this act. As soon as practicable after any return is filed, the director shall  
15 examine the return. If the director finds that, ~~in his or her judgment,~~ the  
16 return is incorrect and any amount of tax is due from the distributor and  
17 unpaid, ~~he or she~~ *the director* shall notify the distributor of the deficiency.  
18 If a deficiency disclosed by the director's examination cannot be allocated  
19 by him to a particular month or months, ~~he or she~~ *the director* may  
20 ~~nevertheless~~ notify the distributor that a deficiency exists and state the  
21 amount of tax due. Such notice shall be given to the distributor by reg-  
22 istered or certified mail.

23 Sec. 26. On July 1, 2001, K.S.A. 2000 Supp. 79-34,147 is hereby  
24 amended to read as follows: 79-34,147. (a) (1) On July 1, 1999, and quar-  
25 terly thereafter the secretary of revenue shall certify to the director of  
26 accounts and reports the amount equal to 7.628% of the total revenues  
27 received by the secretary from the taxes imposed under the Kansas retail-  
28 ers' sales tax act and deposited in the state treasury and credited to  
29 the state general fund during the preceding three calendar months.

30 (2) On July 1, 2001, and quarterly thereafter, the secretary of revenue  
31 shall certify to the director of accounts and reports the amount equal to  
32 9.5% of the total revenues received by the secretary from the taxes im-  
33 posed under the Kansas retailers' sales tax act and deposited in the state  
34 treasury and credited to the state general fund during the preceding three  
35 calendar months.

36 (3) On July 1, 2002, and quarterly thereafter, the secretary of revenue  
37 shall certify to the director of accounts and reports the amount equal to  
38 11% of the total revenues received by the secretary from the taxes im-  
39 posed under the Kansas retailers' sales tax act and deposited in the state  
40 treasury and credited to the state general fund during the preceding three  
41 calendar months.

42 (4) On July 1, 2003, and quarterly thereafter, the secretary of revenue  
43 shall certify to the director of accounts and reports the amount equal to

1 11.25% of the total revenues received by the secretary from the taxes  
2 imposed under the Kansas retailers' sales tax act and deposited in the  
3 state treasury and credited to the state general fund during the preceding  
4 three calendar months.

5 (5) On July 1, 2004, and quarterly thereafter, the secretary of revenue  
6 shall certify to the director of accounts and reports the amount equal to  
7 12% of the total revenues received by the secretary from the taxes im-  
8 posed under the Kansas retailers' sales tax act and deposited in the state  
9 treasury and credited to the state general fund during the preceding three  
10 calendar months.

11 (b) Upon receipt of each certification under subsection (a), the director  
12 of accounts and reports shall transfer from the state general fund to the  
13 state highway fund an amount equal to the amount so certified, on each  
14 July 1, October 1, January 1 and April 1, except that (1)~~(A) the amount~~  
15 ~~of the transfer on each such date during state fiscal year 2000 shall not~~  
16 ~~exceed the amount equal to 101.7% of the amount of the transfer on each~~  
17 ~~such date during state fiscal year 1999 and (B) the aggregate amount of~~  
18 ~~all such transfers during state fiscal year 2000 shall not exceed~~  
19 ~~\$62,240,428; and (2) the amount of the transfer on each such date during~~  
20 ~~state fiscal year 2001 2002 shall not exceed \$12,927,149.75-\$30,277,162;~~  
21 *(2) the amount of the transfer on each such date during state fiscal year*  
22 *2003 shall be \$43,399,726; (3) the amount of the transfer on each such*  
23 *date during state fiscal year 2004 shall be \$46,050,562; (4) the amount of*  
24 *the transfer on each such date during state fiscal year 2005 shall be*  
25 *\$50,962,622; and (5) the amount of the transfer on each such date during*  
26 *state fiscal year 2006 shall be \$52,873,720. All transfers made pursuant*  
27 *to this section are subject to reduction under K.S.A. 75-6704, and amend-*  
28 *ments thereto.*

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

31 Sec. 27. On and after June 1, 2001, K.S.A. 2000 Supp. 79-3603 is  
32 hereby amended to read as follows: 79-3603. For the privilege of engaging  
33 in the business of selling tangible personal property at retail in this state  
34 or rendering or furnishing any of the services taxable under this act, there  
35 is hereby levied and there shall be collected and paid a tax at the rate of  
36 ~~4.9%~~ *5% on and after June 1, 2001, but before June 1, 2002, and 5.1%*  
37 *on and after June 1, 2002, and, within a redevelopment district established*  
38 *pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby*  
39 *levied and there shall be collected and paid an additional tax at the rate*  
40 *of 2% until the earlier of the date the bonds issued to finance or refinance*  
41 *the redevelopment project have been paid in full or the final scheduled*  
42 *maturity of the first series of bonds issued to finance any part of the*  
43 *project upon:*

1 (a) The gross receipts received from the sale of tangible personal prop-  
2 erty at retail within this state;

3 (b) (1) the gross receipts from intrastate telephone or telegraph services  
4 and (2) the gross receipts received from the sale of interstate telephone  
5 or telegraph services, which (A) originate within this state and terminate  
6 outside the state and are billed to a customer's telephone number or  
7 account in this state; or (B) originate outside this state and terminate  
8 within this state and are billed to a customer's telephone number or ac-  
9 count in this state except that the sale of interstate telephone or telegraph  
10 service does not include: (A) Any interstate incoming or outgoing wide  
11 area telephone service or wide area transmission type service which en-  
12 titles the subscriber to make or receive an unlimited number of com-  
13 munications to or from persons having telephone service in a specified  
14 area which is outside the state in which the station provided this service  
15 is located; (B) any interstate private communications service to the per-  
16 sons contracting for the receipt of that service that entitles the purchaser  
17 to exclusive or priority use of a communications channel or group of  
18 channels between exchanges; (C) any value-added nonvoice service in  
19 which computer processing applications are used to act on the form, con-  
20 tent, code or protocol of the information to be transmitted; (D) any tel-  
21 ecommunication service to a provider of telecommunication services  
22 which will be used to render telecommunications services, including car-  
23 rier access services; or (E) any service or transaction defined in this sec-  
24 tion among entities classified as members of an affiliated group as pro-  
25 vided by federal law (26 U.S.C. Section 1504). For the purposes of this  
26 subsection the term gross receipts does not include purchases of tele-  
27 phone, telegraph or telecommunications using a prepaid telephone call-  
28 ing card or prepaid authorization number. As used in this subsection, a  
29 prepaid telephone calling card or prepaid authorization number means  
30 the right to exclusively make telephone calls, paid for in advance, with  
31 the prepaid value measured in minutes or other time units, that enables  
32 the origination of calls using an access number or authorization code or  
33 both, whether manually or electronically dialed;

34 (c) the gross receipts from the sale or furnishing of gas, water, elec-  
35 tricity and heat, which sale is not otherwise exempt from taxation under  
36 the provisions of this act, and whether furnished by municipally or pri-  
37 vately owned utilities;

38 (d) the gross receipts from the sale of meals or drinks furnished at any  
39 private club, drinking establishment, catered event, restaurant, eating  
40 house, dining car, hotel, drugstore or other place where meals or drinks  
41 are regularly sold to the public;

42 (e) the gross receipts from the sale of admissions to any place providing  
43 amusement, entertainment or recreation services including admissions to

1 state, county, district and local fairs, but such tax shall not be levied and  
2 collected upon the gross receipts received from sales of admissions to any  
3 cultural and historical event which occurs triennially;

4 (f) the gross receipts from the operation of any coin-operated device  
5 dispensing or providing tangible personal property, amusement or other  
6 services except laundry services, whether automatic or manually operated;

7 (g) the gross receipts from the service of renting of rooms by hotels,  
8 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
9 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto;

10 (h) the gross receipts from the service of renting or leasing of tangible  
11 personal property except such tax shall not apply to the renting or leasing  
12 of machinery, equipment or other personal property owned by a city and  
13 purchased from the proceeds of industrial revenue bonds issued prior to  
14 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
15 12-1749, and amendments thereto, and any city or lessee renting or leas-  
16 ing such machinery, equipment or other personal property purchased  
17 with the proceeds of such bonds who shall have paid a tax under the  
18 provisions of this section upon sales made prior to July 1, 1973, shall be  
19 entitled to a refund from the sales tax refund fund of all taxes paid  
20 thereon;

21 (i) the gross receipts from the rendering of dry cleaning, pressing, dye-  
22 ing and laundry services except laundry services rendered through a coin-  
23 operated device whether automatic or manually operated;

24 (j) the gross receipts from the rendering of the services of washing and  
25 washing and waxing of vehicles;

26 (k) the gross receipts from cable, community antennae and other sub-  
27 scriber radio and television services;

28 (l) (1) except as otherwise provided by paragraph (2), the gross receipts  
29 received from the sales of tangible personal property to all contractors,  
30 subcontractors or repairmen for use by them in erecting structures, or  
31 building on, or otherwise improving, altering, or repairing real or personal  
32 property.

33 (2) Any such contractor, subcontractor or repairman who maintains an  
34 inventory of such property both for sale at retail and for use by them for  
35 the purposes described by paragraph (1) shall be deemed a retailer with  
36 respect to purchases for and sales from such inventory, except that the  
37 gross receipts received from any such sale, other than a sale at retail, shall  
38 be equal to the total purchase price paid for such property and the tax  
39 imposed thereon shall be paid by the deemed retailer;

40 (m) the gross receipts received from fees and charges by public and  
41 private clubs, drinking establishments, organizations and businesses for  
42 participation in sports, games and other recreational activities, but such  
43 tax shall not be levied and collected upon the gross receipts received from:

1 (1) Fees and charges by any political subdivision, by any organization  
2 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-  
3 201, and amendments thereto, or by any youth recreation organization  
4 exclusively providing services to persons 18 years of age or younger which  
5 is exempt from federal income taxation pursuant to section 501(c)(3) of  
6 the federal internal revenue code of 1986, for participation in sports,  
7 games and other recreational activities; and (2) entry fees and charges for  
8 participation in a special event or tournament sanctioned by a national  
9 sporting association to which spectators are charged an admission which  
10 is taxable pursuant to subsection (e);

11 (n) the gross receipts received from dues charged by public and private  
12 clubs, drinking establishments, organizations and businesses, payment of  
13 which entitles a member to the use of facilities for recreation or enter-  
14 tainment, but such tax shall not be levied and collected upon the gross  
15 receipts received from: (1) Dues charged by any organization exempt  
16 from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A.  
17 79-201, and amendments thereto; and (2) sales of memberships in a non-  
18 profit organization which is exempt from federal income taxation pursuant  
19 to section 501 (c)(3) of the federal internal revenue code of 1986, and  
20 whose purpose is to support the operation of a nonprofit zoo;

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

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

1 construction, restoration, replacement or repair of a bridge or highway.

2 For the purposes of this subsection:

3 (1) "Original construction" shall mean the first or initial construction  
4 of a new building or facility. The term "original construction" shall include  
5 the addition of an entire room or floor to any existing building or facility,  
6 the completion of any unfinished portion of any existing building or fa-  
7 cility and the restoration, reconstruction or replacement of a building or  
8 facility damaged or destroyed by fire, flood, tornado, lightning, explosion  
9 or earthquake, but such term, except with regard to a residence, shall not  
10 include replacement, remodeling, restoration, renovation or reconstruc-  
11 tion under any other circumstances;

12 (2) "building" shall mean only those enclosures within which individ-  
13 uals customarily are employed, or which are customarily used to house  
14 machinery, equipment or other property, and including the land improve-  
15 ments immediately surrounding such building;

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

22 (4) "residence" shall mean only those enclosures within which individ-  
23 uals customarily live;

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

33 (r) the gross receipts from fees or charges made under service or main-  
34 tenance agreement contracts for services, charges for the providing of  
35 which are taxable under the provisions of subsection (p) or (q);

36 (s) the gross receipts received from the sale of computer software, and  
37 the sale of the services of modifying, altering, updating or maintaining  
38 computer software. As used in this subsection, "computer software"  
39 means information and directions loaded into a computer which dictate  
40 different functions to be performed by the computer. Computer software  
41 includes any canned or prewritten program which is held or existing for  
42 general or repeated sale, even if the program was originally developed  
43 for a single end user as custom computer software. The sale of computer



1 software or services does not include: (1) The initial sale of any custom  
2 computer program which is originally developed for the exclusive use of  
3 a single end user; or (2) those services rendered in the modification of  
4 computer software when the modification is developed exclusively for a  
5 single end user only to the extent of the modification and only to the  
6 extent that the actual amount charged for the modification is separately  
7 stated on invoices, statements and other billing documents provided to  
8 the end user. The services of modification, alteration, updating and main-  
9 tenance of computer software shall only include the modification, alter-  
10 ation, updating and maintenance of computer software taxable under this  
11 subsection whether or not the services are actually provided; and

12 (t) the gross receipts received for telephone answering services, in-  
13 cluding mobile phone services, beeper services and other similar services;  
14 and

15 (u) the gross receipts received from the sale of prepaid telephone call-  
16 ing cards or prepaid authorization numbers and the recharge of such cards  
17 or numbers. A prepaid telephone calling card or prepaid authorization  
18 number means the right to exclusively make telephone calls, paid for in  
19 advance, with the prepaid value measured in minutes or other time units,  
20 that enables the origination of calls using an access number or authori-  
21 zation code or both, whether manually or electronically dialed. If the sale  
22 or recharge of such card or number does not take place at the vendor's  
23 place of business, it shall be conclusively determined to take place at the  
24 customer's shipping address; if there is no item shipped then it shall be  
25 the customer's billing address.

26 Sec. 28. On and after June 1, 2001, K.S.A. 2000 Supp. 79-3620 is  
27 hereby amended to read as follows: 79-3620. (a) All revenue collected or  
28 received by the director of taxation from the taxes imposed by this act  
29 shall be deposited daily with the state treasurer. The state treasurer shall  
30 credit all revenue received from this act, less amounts withheld as pro-  
31 vided in subsection (b) and amounts credited as provided in subsection  
32 (c) and (d), to the state general fund.

33 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
34 \$100,000 shall be set apart and maintained by the director from sales tax  
35 collections and estimated tax collections and held by the state treasurer  
36 for prompt payment of all sales tax refunds including refunds authorized  
37 under the provisions of K.S.A. 79-3635, and amendments thereto. Such  
38 fund shall be in such amount, within the limit set by this section, as the  
39 director shall determine is necessary to meet current refunding require-  
40 ments under this act. In the event such fund as established by this section  
41 is, at any time, insufficient to provide for the payment of refunds due  
42 claimants thereof, the director shall certify the amount of additional funds  
43 required to the director of accounts and reports who shall promptly trans-

1 fer the required amount from the state general fund to the sales tax refund  
2 fund, and notify the state treasurer, who shall make proper entry in the  
3 records.

4 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
5 received from the tax imposed by K.S.A. 79-3603, and amendments  
6 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
7 exclusive of amounts credited pursuant to subsection (d), in the state  
8 highway fund.

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

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

18 (d) The state treasurer shall credit all revenue collected or received  
19 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
20 certified by the director, from taxpayers doing business within that por-  
21 tion of a redevelopment district occupied by a redevelopment project that  
22 was determined by the secretary of commerce and housing to be of state-  
23 wide as well as local importance or will create a major tourism area for  
24 the state as specified in subsection (a)(1)(D) of K.S.A. 12-1774, and  
25 amendments thereto, to the city bond finance fund, which fund is hereby  
26 created. The provisions of this subsection shall expire when the total of  
27 all amounts credited hereunder and under subsection (d) of K.S.A. 79-  
28 3710, and amendments thereto, is sufficient to retire the special obliga-  
29 tion bonds issued for the purpose of financing all or a portion of the costs  
30 of such redevelopment project.

31 Sec. 29. K.S.A. 2000 Supp. 79-3635 is hereby amended to read as fol-  
32 lows: 79-3635. (a) (1) A claimant shall be entitled to a refund of retailers'  
33 sales taxes paid upon food during the calendar year ~~1998~~ 2001 and each  
34 year thereafter in the amount hereinafter provided. There shall be al-  
35 lowed for each member of a household of a claimant having income of  
36 \$12,500 or less, an amount equal to ~~\$60~~ \$75. There shall be allowed for  
37 each member of a household of a claimant having income of more than  
38 \$12,500 but not more than \$25,000, an amount equal to ~~\$30~~ \$38. There  
39 shall be allowed for a claimant who qualifies for an additional personal  
40 exemption amount pursuant to K.S.A. 79-32,121, and amendments  
41 thereto, an additional amount of ~~\$30~~ \$38 or ~~\$60~~ \$75, as the case requires.  
42 All such claims shall be paid from the sales tax refund fund upon warrants  
43 of the director of accounts and reports pursuant to vouchers approved by

1 the director of taxation or by a person or persons designated by the  
2 director.

3 (2) As an alternative to the procedure described by paragraph 1, for all  
4 taxable years commencing after December 31, ~~1997~~ 2000, there shall be  
5 allowed as a credit against the tax liability of a resident individual imposed  
6 under the Kansas income tax act an amount equal to ~~\$60~~ \$75 or ~~\$30~~ \$38,  
7 as the case requires, for each member of a household. There shall be  
8 allowed for a claimant who qualifies for an additional personal exemption  
9 amount pursuant to K.S.A. 79-32,121, and amendments thereto, an ad-  
10 ditional amount of ~~\$30~~ \$38 or ~~\$60~~ \$75, as the case requires. If the amount  
11 of such tax credit exceeds the claimant's income tax liability for such  
12 taxable year, such excess amount shall be refunded to the claimant.

13 (b) A head of household shall make application for refunds for all mem-  
14 bers of the same household upon a common form provided for the making  
15 of joint claims. All claims paid to members of the same household shall  
16 be paid as a joint claim by means of a single warrant.

17 (c) No claim for a refund of taxes under the provisions of K.S.A. 79-  
18 3632 *et seq.* shall be paid or allowed unless such claim is actually filed  
19 with and in the possession of the department of revenue on or before  
20 April 15 of the year next succeeding the year in which such taxes were  
21 paid. The director of taxation may: (1) Extend the time for filing any claim  
22 under the provisions of this act when good cause exists therefor; or (2)  
23 accept a claim filed after the deadline for filing in the case of sickness,  
24 absence or disability of the claimant if such claim has been filed within  
25 four years of such deadline.

26 Sec. 30. On and after June 1, 2001, K.S.A. 2000 Supp. 79-3703 is  
27 hereby amended to read as follows: 79-3703. There is hereby levied and  
28 there shall be collected from every person in this state a tax or excise for  
29 the privilege of using, storing, or consuming within this state any article  
30 of tangible personal property. Such tax shall be levied and collected in an  
31 amount equal to the consideration paid by the taxpayer multiplied by the  
32 rate of ~~4.9%~~ 5% *on and after June 1, 2001, but before June 1, 2002, and*  
33 *5.1% on and after June 1, 2002.* Within a redevelopment district estab-  
34 lished pursuant to K.S.A. 2000 Supp. 74-8921, and amendments thereto,  
35 there is hereby levied and there shall be collected and paid an additional  
36 tax of 2% until the earlier of: (1) The date the bonds issued to finance or  
37 refinance the redevelopment project undertaken in the district have been  
38 paid in full; or (2) the final scheduled maturity of the first series of bonds  
39 issued to finance the redevelopment project. All property purchased or  
40 leased within or without this state and subsequently used, stored or con-  
41 sumed in this state shall be subject to the compensating tax if the same  
42 property or transaction would have been subject to the Kansas retailers'  
43 sales tax had the transaction been wholly within this state.

1 Sec. 31. On and after June 1, 2001, K.S.A. 2000 Supp. 79-3710 is  
2 hereby amended to read as follows: 79-3710. (a) All revenue collected or  
3 received by the director under the provisions of this act shall be deposited  
4 daily with the state treasurer and the state treasurer shall credit the same,  
5 less amounts set apart as provided in subsection (b) and amounts credited  
6 as provided in subsection (c) and (d), to the general revenue fund of the  
7 state.

8 (b) A revolving fund, designated as "compensating tax refund fund"  
9 not to exceed \$10,000 shall be set apart and maintained by the director  
10 from compensating tax collections and estimated tax collections and held  
11 by the state treasurer for prompt payment of all compensating tax refunds.  
12 Such fund shall be in such amount, within the limit set by this section,  
13 as the director shall determine is necessary to meet current refunding  
14 requirements under this act.

15 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or  
16 received from the tax imposed by K.S.A. 79-3703, and amendments  
17 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
18 exclusive of amounts credited pursuant to subsection (d), in the state  
19 highway fund.

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

24 (3) *The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected or re-*  
25 *ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,*  
26 *at the rate of 4.9%, and deposited as provided in subsection (a), exclusive*  
27 *of amounts credited pursuant to subsection (d), in the state highway fund.*

28 (d) The state treasurer shall credit all revenue collected or received  
29 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
30 certified by the director, from taxpayers doing business within that por-  
31 tion of a redevelopment district occupied by a redevelopment project that  
32 was determined by the secretary of commerce and housing to be of state-  
33 wide as well as local importance or will create a major tourism area for  
34 the state as specified in subsection (a)(1)(D) of K.S.A. 12-1774, and  
35 amendments thereto, to the city bond finance fund created by subsection  
36 (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this  
37 subsection shall expire when the total of all amounts credited hereunder  
38 and under subsection (d) of K.S.A. 79-3620, and amendments thereto, is  
39 sufficient to retire the special obligation bonds issued for the purpose of  
40 financing all or a portion of the costs of such redevelopment project.

41 Sec. 32. On and after June 1, 2001, K.S.A. 79-4101 is hereby amended  
42 to read as follows: 79-4101. (a) For the purpose of providing revenue  
43 which may be used by the state, counties and cities in the enforcement

1 of the provisions of this act, from and after the effective date of this act,  
2 for the privilege of engaging in the business of selling alcoholic liquor by  
3 retailers or farm wineries to consumers in this state or selling alcoholic  
4 liquor or cereal malt beverage by distributors to clubs, drinking estab-  
5 lishments or caterers in this state, there is hereby levied and there shall  
6 be collected and paid a tax at the rate of ~~8%~~ 10% upon the gross receipts  
7 received from: (1) The sale of alcoholic liquor by retailers, microbreweries  
8 or farm wineries to consumers within this state; and (2) the sale of alco-  
9 holic liquor or cereal malt beverage by distributors to clubs, drinking  
10 establishments or caterers in this state.

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

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

19 (b) The tax imposed by this section shall be paid by the consumer to  
20 the club, caterer, drinking establishment or temporary permit holder and  
21 it shall be the duty of each and every club, caterer, drinking establishment  
22 or temporary permit holder subject to this section to collect from the  
23 consumer the full amount of such tax, or an amount equal as nearly as  
24 possible or practicable to the average equivalent thereto. Each club, ca-  
25 terer, drinking establishment or temporary permit holder collecting the  
26 tax imposed hereunder shall be responsible for paying over the same to  
27 the state department of revenue in the manner prescribed by K.S.A. 79-  
28 41a03 and amendments thereto and the state department of revenue shall  
29 administer and enforce the collection of such tax.

30 Sec. 34. On and after June 1, 2001, K.S.A. 79-41a03 is hereby amended  
31 to read as follows: 79-41a03. (a) The tax levied and collected pursuant to  
32 K.S.A. 79-41a02 and amendments thereto shall become due and payable  
33 by the club, caterer, drinking establishment or temporary permit holder  
34 monthly, or on or before the 25th day of the month immediately suc-  
35 ceeding the month in which it is collected, but any club, caterer, drinking  
36 establishment or temporary permit holder filing an annual or quarterly  
37 return under the Kansas retailers' sales tax act, as prescribed in K.S.A.  
38 79-3607 and amendments thereto, shall, upon such conditions as the sec-  
39 retary of revenue may prescribe, pay the tax required by this act on the  
40 same basis and at the same time the club, caterer, drinking establishment  
41 or temporary permit holder pays such retailers' sales tax. Each club, ca-  
42 terer, drinking establishment or temporary permit holder shall make a  
43 true report to the department of revenue, on a form prescribed by the

1 secretary of revenue, providing such information as may be necessary to  
2 determine the amounts to which any such tax shall apply for all gross  
3 receipts derived from the sale of alcoholic liquor by the club, caterer,  
4 drinking establishment or temporary permit holder for the applicable  
5 month or months, which report shall be accompanied by the tax disclosed  
6 thereby. Records of gross receipts derived from the sale of alcoholic liquor  
7 shall be kept separate and apart from the records of other retail sales  
8 made by a club, caterer, drinking establishment or temporary permit  
9 holder in order to facilitate the examination of books and records as pro-  
10 vided herein.

11 (b) The secretary of revenue or the secretary's authorized representa-  
12 tive shall have the right at all reasonable times during business hours to  
13 make such examination and inspection of the books and records of a club,  
14 caterer, drinking establishment or temporary permit holder as may be  
15 necessary to determine the accuracy of such reports required hereunder.

16 (c) The secretary of revenue is hereby authorized to administer and  
17 collect the tax imposed hereunder and to adopt such rules and regulations  
18 as may be necessary for the efficient and effective administration and  
19 enforcement of the collection thereof. Whenever any club, caterer, drink-  
20 ing establishment or temporary permit holder liable to pay the tax im-  
21 posed hereunder refuses or neglects to pay the same, the amount, in-  
22 cluding any penalty, shall be collected in the manner prescribed for the  
23 collection of the retailers' sales tax by K.S.A. 79-3617 and amendments  
24 thereto.

25 (d) The secretary of revenue shall remit daily to the state treasurer all  
26 revenue collected under the provisions of this act. The state treasurer  
27 shall deposit the entire amount of each remittance in the state treasury.  
28 Subject to the maintenance requirements of the local alcoholic liquor  
29 refund fund created under K.S.A. 79-41a09 and amendments thereto,  
30 ~~25%~~ 37.5% of the remittance shall be credited to the state general fund,  
31 ~~5%~~ 4.17% shall be credited to the community alcoholism and intoxication  
32 programs fund created by K.S.A. 41-1126 and amendments thereto and  
33 the balance shall be credited to the local alcoholic liquor fund created by  
34 K.S.A. 79-41a04 and amendments thereto.

35 (e) Whenever, in the judgment of the secretary of revenue, it is nec-  
36 essary, in order to secure the collection of any tax, penalties or interest  
37 due, or to become due, under the provisions of this act, the secretary may  
38 require any person subject to such tax to file a bond with the director of  
39 taxation under conditions established by and in such form and amount as  
40 prescribed by rules and regulations adopted by the secretary.

41 Sec. 35.

#### 42 DEPARTMENT OF EDUCATION

43 (a) There is appropriated for the above agency from the state general

1 fund for the fiscal year ending June 30, 2002, the following:

2	General state aid .....	\$73,510,000
3	Special education services aid.....	\$14,200,000
4	KPERS — employer contributions.....	\$2,000,000
5	National board certified teacher incentive grants.....	\$500,000
6	Exemplary school recognition award .....	\$8,000,000
7	Alternative teacher compensation plan (rewarding out-	
8	standing teachers) grants .....	\$2,000,000

9 Sec. 36. K.S.A. 2000 Supp. 79-3635 is hereby repealed.

10 Sec. 37. On June 1, 2001, K.S.A. 41-501, 79-3310, 79-3311, 79-3312,  
11 79-3371, 79-3378, 79-4101, 79-41a02 and 79-41a03 and K.S.A. 2000  
12 Supp. 79-3603, 79-3620, 79-3703 and 79-3710 shall be and are hereby  
13 repealed.

14 Sec. 38. On July 1, 2001, K.S.A. 72-1106 and 72-6413 and K.S.A. 2000  
15 Supp. 72-1398, 72-6407, 72-6410, 72-6412, 72-6414, 72-6431, 72-6442,  
16 79-201x, 79-2959, 79-2964 and 79-34,147 shall be and are hereby re-  
17 pealed.

18 Sec. 39. This act shall take effect and be in force from and after its  
19 publication in the Kansas register.

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