

SENATE Substitute for HOUSE BILL No. 2940

By Committee on Education

4-1

10 AN ACT concerning school finance; relating to sources of revenue there-
11 for; amending K.S.A. 72-979, 72-6410, 72-6413, 72-6414, 72-6433 and
12 72-6441 and K.S.A. 2003 Supp. 72-978, 72-6407, 79-32,110, 79-3603,
13 79-3620, 79-3703 and 79-3710 and repealing the existing sections; also
14 repealing K.S.A. 2003 Supp. 79-3603c, 79-3620c and 79-3710a.
15

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

17 Section 1. K.S.A. 2003 Supp. 72-978 is hereby amended to read as
18 follows: 72-978. (a) ~~(1) In each school year, in accordance with appropri-~~
19 ~~ations for special education and related services provided under this act,~~
20 ~~each school district which has~~ *school districts which have* provided special
21 education and related services in compliance with the provisions of this
22 act shall be entitled to receive *state aid in an amount which shall be*
23 *computed by the state board as provided in this section. The state board*
24 *shall:*

25 (1) *Determine the total amount of general fund and local option budg-*
26 *ets of all school districts for the preceding school year;*

27 (2) *subtract from the amount determined in provision (1) the total*
28 *amount attributable in the preceding school year to assignment of trans-*
29 *portation weighting, program weighting and at-risk pupil weighting to*
30 *enrollment of all school districts in such school year;*

31 (3) *divide the remainder obtained in provision (2) by the total number*
32 *of pupils enrolled in all school districts on September 20 of the preceding*
33 *school year;*

34 (4) *determine the total full-time equivalent enrollment of exceptional*
35 *children in special education services provided by all school districts in*
36 *the preceding school year;*

37 (5) *multiply the amount of the quotient obtained in provision (3) by*
38 *the full-time equivalent enrollment determined in provision (4);*

39 (6) *determine the amount of federal funds received by all school dis-*
40 *tricts for the provision of special education services in the preceding school*
41 *year;*

42 (7) *determine the amount of revenue received by all school districts*
43 *in the preceding school year for services rendered under contracts with*

1 *the state institutions for the provisions of special education services by*
2 *the state institution;*
3 (8) *add the amounts determined under (6) and (7) to the amount of*
4 *the product obtained under (5);*
5 (9) *determine the total amount of expenditures of all school districts*
6 *for the provision of special education services in the preceding school year;*
7 (10) *subtract the amount of the sum obtained under (8) from the*
8 *amount determined under (9);*
9 (11) *The amount computed under paragraph (10) is the amount of*
10 *state special education aid school districts are entitled to receive for the*
11 *provision of special education services.*
12 (b) *Each school district shall be entitled to receive:*
13 ~~(A)~~ (1) *Reimbursement for actual travel allowances paid to special*
14 *teachers at not to exceed the rate specified under K.S.A. 75-3203, and*
15 *amendments thereto, for each mile actually traveled during the school*
16 *year in connection with duties in providing special education or related*
17 *services for exceptional children; such reimbursement shall be computed*
18 *by the state board by ascertaining the actual travel allowances paid to*
19 *special teachers by the school district for the school year and shall be in*
20 *an amount equal to 80% of such actual travel allowances;*
21 ~~(B)~~ (2) *reimbursement in an amount equal to 80% of the actual travel*
22 *expenses incurred for providing transportation for exceptional children to*
23 *special education or related services; such reimbursement shall not be*
24 *paid if such child has been counted in determining the transportation*
25 *weighting of the district under the provisions of the school district finance*
26 *and quality performance act;*
27 ~~(C)~~ (3) *reimbursement in an amount equal to 80% of the actual ex-*
28 *penses incurred for the maintenance of an exceptional child at some place*
29 *other than the residence of such child for the purpose of providing special*
30 *education or related services; such reimbursement shall not exceed \$600*
31 *per exceptional child per school year; and*
32 ~~(D)~~ (4) *except for those school districts entitled to receive reimburse-*
33 *ment under subsection (b) or (c), after subtracting the amounts of re-*
34 *imbursement under paragraphs ~~(A)~~, ~~(B)~~ and ~~(C)~~ (1), (2) and (3) of this*
35 *subsection (a) from the total amount appropriated of state aid for special*
36 *education and related services under ~~this act~~ subsection (a), an amount*
37 *which bears the same proportion to the remaining amount appropriated*
38 *as the number of full-time equivalent special teachers who are qualified*
39 *to provide special education or related services to exceptional children*
40 *and are employed by the school district for approved special education*
41 *or related services bears to the total number of such qualified full-time*
42 *equivalent special teachers employed by all school districts for approved*
43 *special education or related services.*

1 ~~(2)~~ Each special teacher who is qualified to assist in the provision of
2 special education or related services to exceptional children shall be
3 counted as $\frac{2}{3}$ full-time equivalent special teacher who is qualified to pro-
4 vide special education or related services to exceptional children.

5 (b) Each school district which has paid amounts for the provision of
6 special education and related services under an interlocal agreement shall
7 be entitled to receive reimbursement under subsection (a)~~(1)(D)~~ (4). The
8 amount of such reimbursement for the district shall be the amount which
9 bears the same relation to the aggregate amount available for reimburse-
10 ment for the provision of special education and related services under the
11 interlocal agreement, as the amount paid by such district in the current
12 school year for provision of such special education and related services
13 bears to the aggregate of all amounts paid by all school districts in the
14 current school year who have entered into such interlocal agreement for
15 provision of such special education and related services.

16 (c) Each contracting school district which has paid amounts for the
17 provision of special education and related services as a member of a co-
18 operative shall be entitled to receive reimbursement under subsection
19 (a)~~(1)(D)~~ (4). The amount of such reimbursement for the district shall be
20 the amount which bears the same relation to the aggregate amount avail-
21 able for reimbursement for the provision of special education and related
22 services by the cooperative, as the amount paid by such district in the
23 current school year for provision of such special education and related
24 services bears to the aggregate of all amounts paid by all contracting
25 school districts in the current school year by such cooperative for provi-
26 sion of such special education and related services.

27 (d) No time spent by a special teacher in connection with duties
28 performed under a contract entered into by the Kansas juvenile correc-
29 tional complex, the Atchison juvenile correctional facility, the Beloit ju-
30 venile correctional facility, the Larned juvenile correctional facility, or the
31 Topeka juvenile correctional facility and a school district for the provision
32 of special education services by such state institution shall be counted in
33 making computations under this section.

34 Sec. 2. K.S.A. 72-979 is hereby amended to read as follows: 72-979.

35 (a) Payments under this act shall be made in the manner and at such
36 times during each school year as are determined by the state board. All
37 amounts received by a district under this section shall be deposited in the
38 general fund of the district and transferred to its special education fund.
39 If any district is paid more than it is entitled to receive under ~~any distri-~~
40 ~~bution made as state aid for the provision of special education services~~
41 under this act, the state board shall notify the district of the amount of
42 such overpayment, and such district shall remit the same to the state
43 board. The state board shall remit any moneys so received to the state

1 treasurer in accordance with the provisions of K.S.A. 75-4215, and
2 amendments thereto. Upon receipt of each such remittance, the state
3 treasurer shall deposit the entire amount in the state treasury to the credit
4 of the state general fund. If any such district fails so to remit, the state
5 board shall deduct the excess amounts so paid from future payments
6 becoming due to such district. If any district is paid less than the amount
7 to which it is entitled under any distribution made under this act, the
8 state board shall pay the additional amount due at any time within the
9 school year in which the underpayment was made or within 60 days after
10 the end of such school year. *If the amount of appropriations for special*
11 *education services is insufficient to pay in full the amount of state aid*
12 *each school district is entitled to receive for the school year, the state board*
13 *shall prorate the amount appropriated among all school districts.*

14 (b) The state board shall prescribe all forms necessary for reporting
15 under this act.

16 (c) Every board shall make such periodic and special reports of in-
17 formation to the state board as it may request in order to carry out its
18 responsibilities under this act.

19 Sec. 3. K.S.A. 72-6410 is hereby amended to read as follows: 72-
20 6410. (a) “State financial aid” means an amount equal to the product
21 obtained by multiplying base state aid per pupil by the adjusted enroll-
22 ment of a district.

23 (b) “Base state aid per pupil” means an amount of state financial aid
24 per pupil. ~~Subject to the other provisions of this subsection, the amount~~
25 ~~of base state aid per pupil is \$3,890.~~

26 (1) *Subject to the provisions of paragraph (2) of this subsection:*

27 (A) *For school year 2003-2004, the amount of base state aid per pupil*
28 *shall be \$3,863.*

29 (B) *For school year 2004-2005, and each school year thereafter, the*
30 *amount of base state aid per pupil shall be \$3,963.*

31 (2) The amount of base state aid per pupil is subject to reduction
32 commensurate with any reduction under K.S.A. 75-6704, and amend-
33 ments thereto, in the amount of the appropriation from the state general
34 fund for general state aid. If the amount of appropriations for general
35 state aid is insufficient to pay in full the amount each district is entitled
36 to receive for any school year, the amount of base state aid per pupil for
37 such school year is subject to reduction commensurate with the amount
38 of the insufficiency.

39 (c) “Local effort” means the sum of an amount equal to the proceeds
40 from the tax levied under authority of K.S.A. 72-6431, and amendments
41 thereto, and an amount equal to any unexpended and unencumbered
42 balance remaining in the general fund of the district, except amounts
43 received by the district and authorized to be expended for the purposes

1 specified in K.S.A. 72-6430, and amendments thereto, and an amount
2 equal to any unexpended and unencumbered balances remaining in the
3 program weighted funds of the district, except any amount in the voca-
4 tional education fund of the district if the district is operating an area
5 vocational school, and an amount equal to any remaining proceeds from
6 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-
7 ments thereto, prior to the repeal of such statutory sections, and an
8 amount equal to the amount deposited in the general fund in the current
9 school year from amounts received in such year by the district under the
10 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
11 and an amount equal to the amount deposited in the general fund in the
12 current school year from amounts received in such year by the district
13 pursuant to contracts made and entered into under authority of K.S.A.
14 72-6757, and amendments thereto, and an amount equal to the amount
15 credited to the general fund in the current school year from amounts
16 distributed in such year to the district under the provisions of articles 17
17 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-
18 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,
19 and an amount equal to the amount of payments received by the district
20 under the provisions of K.S.A. 72-979, and amendments thereto, and an
21 amount equal to the amount of a grant, if any, received by the district
22 under the provisions of K.S.A. 72-983, and amendments thereto, and an
23 amount equal to 75% of the federal impact aid of the district.

24 (d) “Federal impact aid” means an amount equal to the federally
25 qualified percentage of the amount of moneys a district receives in the
26 current school year under the provisions of title I of public law 874 and
27 congressional appropriations therefor, excluding amounts received for as-
28 sistance in cases of major disaster and amounts received under the low-
29 rent housing program. The amount of federal impact aid defined herein
30 as an amount equal to the federally qualified percentage of the amount
31 of moneys provided for the district under title I of public law 874 shall
32 be determined by the state board in accordance with terms and conditions
33 imposed under the provisions of the public law and rules and regulations
34 thereunder.

35 Sec. 4. K.S.A. 72-6413 is hereby amended to read as follows: 72-
36 6413. The program weighting of each district shall be determined by the
37 state board as follows:

38 (a) Compute full time equivalent enrollment in programs of bilingual
39 education and multiply the computed enrollment by ~~0.2~~ .22;

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

42 (c) add the products obtained under ~~(a) and (b)~~ subsections (a) and
43 (b). The sum is the program weighting of the district.

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

3 Sec. 5. K.S.A. 72-6414 is hereby amended to read as follows: 72-
4 6414. (a) The at-risk pupil weighting of each district shall be determined
5 by the state board ~~by multiplying as follows:~~

6 (1) *multiply* the number of at-risk pupils included in enrollment of
7 the district by ~~10~~ .15.

8 (b) The product *obtained under subsection (a)* is the at-risk pupil
9 weighting of the district.

10 ~~(b)~~ (c) Except as provided in subsection ~~(d)~~ (e), of the amount a dis-
11 trict receives from the at-risk pupil weighting, an amount produced by a
12 pupil weighting of .01 shall be used by the district for achieving mastery
13 of basic reading skills by completion of the third grade in accordance with
14 standards and outcomes of mastery identified by the state board under
15 K.S.A. 72-7534, and amendments thereto.

16 ~~(c)~~ (d) A district shall include such information in its at-risk pupil
17 assistance plan as the state board may require regarding the district's
18 remediation strategies and the results thereof in achieving the third grade
19 reading standards and outcomes of mastery identified by the state board.
20 The reporting requirements shall include information documenting re-
21 medi- ation strategies and improvement made by pupils who performed
22 below the expected standard on the second grade diagnostic reading test
23 prescribed by the state board.

24 ~~(d)~~ (e) A district whose pupils substantially achieve the state board
25 standards and outcomes of mastery of reading skills upon completion of
26 third grade may be released, upon request, by the state board from the
27 requirements of subsection (b).

28 Sec. 6. K.S.A. 2003 Supp. 79-32,110 is hereby amended to read as
29 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
30 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
31 hereby imposed upon the Kansas taxable income of every resident indi-
32 vidual, which tax shall be computed in accordance with the following tax
33 schedules:

34 (1) *Married individuals filing joint returns.*

35 If the taxable income is:	The tax is:
36 Not over \$30,000	3.5% of Kansas taxable income
37 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
38 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

39 (2) *All other individuals.*

40 (A) For tax year 1997:

41 If the taxable income is:	The tax is:
42 Not over \$20,000	4.1% of Kansas taxable income
43 Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000

1	Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000
2	(B) For tax year 1998, and all tax years thereafter:	
3	If the taxable income is:	The tax is:
4	Not over \$15,000	3.5% of Kansas taxable income
5	Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
6	Over \$30,000	\$1,462.50 plus 6.45% of excess over \$30,000

7 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
8 taxable income of every nonresident individual, which tax shall be an
9 amount equal to the tax computed under subsection (a) as if the nonres-
10 ident were a resident multiplied by the ratio of modified Kansas source
11 income to Kansas adjusted gross income.

12 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
13 income of every corporation doing business within this state or deriving
14 income from sources within this state. Such tax shall consist of a normal
15 tax and a surtax and shall be computed as follows:

16 (1) The normal tax shall be in an amount equal to 4% of the Kansas
17 taxable income of such corporation; and

18 (2) the surtax shall be in an amount equal to 3.35% of the Kansas
19 taxable income of such corporation in excess of \$50,000.

20 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
21 income of estates and trusts at the rates provided in paragraph (2) of
22 subsection (a) hereof.

23 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
24 *for tax years commencing after December 31, 2003, a surcharge shall be*
25 *imposed on resident individuals and nonresident individuals in the*
26 *amount of 4.5% of the tax due pursuant to subsections (a) and (b), com-*
27 *puted without regard to any applicable income tax credits.*

28 Sec. 7. K.S.A. 2003 Supp. 79-3603 is hereby amended to read as
29 follows: 79-3603. For the privilege of engaging in the business of selling
30 tangible personal property at retail in this state or rendering or furnishing
31 any of the services taxable under this act, there is hereby levied and there
32 shall be collected and paid a tax at the rate of 5.3% on and after July 1,
33 2002, and before July 1, 2004, ~~5.2%~~ and 5.5% on and after July 1, 2004,
34 ~~before July 1, 2005, and 5% on and after July 1, 2005,~~ and, within a
35 redevelopment district established pursuant to K.S.A. 74-8921, and
36 amendments thereto, there is hereby levied and there shall be collected
37 and paid an additional tax at the rate of 2% until the earlier of the date
38 the bonds issued to finance or refinance the redevelopment project have
39 been paid in full or the final scheduled maturity of the first series of bonds
40 issued to finance any part of the project upon:

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

43 (b) (1) the gross receipts from intrastate telephone or telegraph serv-

1 ices; (2) the gross receipts received from the sale of interstate telephone
2 or telegraph services, which (A) originate within this state and terminate
3 outside the state and are billed to a customer's telephone number or
4 account in this state; or (B) originate outside this state and terminate
5 within this state and are billed to a customer's telephone number or ac-
6 count in this state except that the sale of interstate telephone or telegraph
7 service does not include: (A) Any interstate incoming or outgoing wide
8 area telephone service or wide area transmission type service which en-
9 titles the subscriber to make or receive an unlimited number of com-
10 munications to or from persons having telephone service in a specified
11 area which is outside the state in which the station provided this service
12 is located; (B) any interstate private communications service to the per-
13 sons contracting for the receipt of that service that entitles the purchaser
14 to exclusive or priority use of a communications channel or group of
15 channels between exchanges; (C) any value-added nonvoice service in
16 which computer processing applications are used to act on the form, con-
17 tent, code or protocol of the information to be transmitted; (D) any tel-
18 ecommunication service to a provider of telecommunication services
19 which will be used to render telecommunications services, including car-
20 rier access services; or (E) any service or transaction defined in this sec-
21 tion among entities classified as members of an affiliated group as pro-
22 vided by section 1504 of the federal internal revenue code of 1986, as in
23 effect on January 1, 2001; and (3) the gross receipts from the provision
24 of services taxable under this subsection which are billed on a combined
25 basis with nontaxable services, shall be accounted for and the tax remitted
26 as follows: The taxable portion of the selling price of those combined
27 services shall include only those charges for taxable services if the selling
28 price for the taxable services can be readily distinguishable in the retailer's
29 books and records from the selling price for the nontaxable services. Oth-
30 erwise, the gross receipts from the sale of both taxable and nontaxable
31 services billed on a combined basis shall be deemed attributable to the
32 taxable services included therein. Within 90 days of billing taxable services
33 on a combined basis with nontaxable services, the retailer shall enter into
34 a written agreement with the secretary identifying the methodology to be
35 used in determining the taxable portion of the selling price of those com-
36 bined services. The burden of proving that any receipt or charge is not
37 taxable shall be upon the retailer. Upon request from the customer, the
38 retailer shall disclose to the customer the selling price for the taxable
39 services included in the selling price for the taxable and nontaxable ser-
40 vices billed on a combined basis;

41 (c) the gross receipts from the sale or furnishing of gas, water, elec-
42 tricity and heat, which sale is not otherwise exempt from taxation under
43 the provisions of this act, and whether furnished by municipally or pri-

1 vately owned utilities, except that, on and after January 1, 2006, for sales
2 of gas, electricity and heat delivered through mains, lines or pipes to
3 residential premises for noncommercial use by the occupant of such
4 premises, and for agricultural use and also, for such use, all sales of pro-
5 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP
6 gas, coal, wood and other fuel sources for the production of heat or light-
7 ing for noncommercial use of an occupant of residential premises, the
8 state rate shall be 0%, but such tax shall not be levied and collected upon
9 the gross receipts from: (1) The sale of a rural water district benefit unit;
10 (2) a water system impact fee, system enhancement fee or similar fee
11 collected by a water supplier as a condition for establishing service; or (3)
12 connection or reconnection fees collected by a water supplier;

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

17 (e) the gross receipts from the sale of admissions to any place pro-
18 viding amusement, entertainment or recreation services including admis-
19 sions to state, county, district and local fairs, but such tax shall not be
20 levied and collected upon the gross receipts received from sales of ad-
21 missions to any cultural and historical event which occurs triennially;

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

25 (g) the gross receipts from the service of renting of rooms by hotels,
26 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
27 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
28 but such tax shall not be levied and collected upon the gross receipts
29 received from sales of such service to the federal government and any
30 agency, officer or employee thereof in association with the performance
31 of official government duties;

32 (h) the gross receipts from the service of renting or leasing of tangible
33 personal property except such tax shall not apply to the renting or leasing
34 of machinery, equipment or other personal property owned by a city and
35 purchased from the proceeds of industrial revenue bonds issued prior to
36 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
37 12-1749, and amendments thereto, and any city or lessee renting or leas-
38 ing such machinery, equipment or other personal property purchased
39 with the proceeds of such bonds who shall have paid a tax under the
40 provisions of this section upon sales made prior to July 1, 1973, shall be
41 entitled to a refund from the sales tax refund fund of all taxes paid
42 thereon;

43 (i) the gross receipts from the rendering of dry cleaning, pressing,

- 1 dyeing and laundry services except laundry services rendered through a
2 coin-operated device whether automatic or manually operated;
- 3 (j) the gross receipts from the rendering of the services of washing
4 and washing and waxing of vehicles;
- 5 (k) the gross receipts from cable, community antennae and other sub-
6 scriber radio and television services;
- 7 (l) (1) except as otherwise provided by paragraph (2), the gross re-
8 cepts received from the sales of tangible personal property to all con-
9 tractors, subcontractors or repairmen for use by them in erecting struc-
10 tures, or building on, or otherwise improving, altering, or repairing real
11 or personal property.
- 12 (2) Any such contractor, subcontractor or repairman who maintains
13 an inventory of such property both for sale at retail and for use by them
14 for the purposes described by paragraph (1) shall be deemed a retailer
15 with respect to purchases for and sales from such inventory, except that
16 the gross receipts received from any such sale, other than a sale at retail,
17 shall be equal to the total purchase price paid for such property and the
18 tax imposed thereon shall be paid by the deemed retailer;
- 19 (m) the gross receipts received from fees and charges by public and
20 private clubs, drinking establishments, organizations and businesses for
21 participation in sports, games and other recreational activities, but such
22 tax shall not be levied and collected upon the gross receipts received from:
- 23 (1) Fees and charges by any political subdivision, by any organization
24 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
25 201, and amendments thereto, or by any youth recreation organization
26 exclusively providing services to persons 18 years of age or younger which
27 is exempt from federal income taxation pursuant to section 501(c)(3) of
28 the federal internal revenue code of 1986, for participation in sports,
29 games and other recreational activities; and (2) entry fees and charges for
30 participation in a special event or tournament sanctioned by a national
31 sporting association to which spectators are charged an admission which
32 is taxable pursuant to subsection (e);
- 33 (n) the gross receipts received from dues charged by public and pri-
34 vate clubs, drinking establishments, organizations and businesses, pay-
35 ment of which entitles a member to the use of facilities for recreation or
36 entertainment, but such tax shall not be levied and collected upon the
37 gross receipts received from: (1) Dues charged by any organization ex-
38 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
39 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
40 in a nonprofit organization which is exempt from federal income taxation
41 pursuant to section 501 (c)(3) of the federal internal revenue code of
42 1986, and whose purpose is to support the operation of a nonprofit zoo;
- 43 (o) the gross receipts received from the isolated or occasional sale of

1 motor vehicles or trailers but not including: (1) The transfer of motor
2 vehicles or trailers by a person to a corporation or limited liability com-
3 pany solely in exchange for stock securities or membership interest in
4 such corporation or limited liability company; or (2) the transfer of motor
5 vehicles or trailers by one corporation or limited liability company to
6 another when all of the assets of such corporation or limited liability
7 company are transferred to such other corporation or limited liability
8 company; or (3) the sale of motor vehicles or trailers which are subject
9 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and
10 amendments thereto, by an immediate family member to another im-
11 mediate family member. For the purposes of clause (3), immediate family
12 member means lineal ascendants or descendants, and their spouses. In
13 determining the base for computing the tax on such isolated or occasional
14 sale, the fair market value of any motor vehicle or trailer traded in by the
15 purchaser to the seller may be deducted from the selling price;

16 (p) the gross receipts received for the service of installing or applying
17 tangible personal property which when installed or applied is not being
18 held for sale in the regular course of business, and whether or not such
19 tangible personal property when installed or applied remains tangible
20 personal property or becomes a part of real estate, except that no tax shall
21 be imposed upon the service of installing or applying tangible personal
22 property in connection with the original construction of a building or
23 facility, the original construction, reconstruction, restoration, remodeling,
24 renovation, repair or replacement of a residence or the construction, re-
25 construction, restoration, replacement or repair of a bridge or highway.

26 For the purposes of this subsection:

27 (1) “Original construction” shall mean the first or initial construction
28 of a new building or facility. The term “original construction” shall include
29 the addition of an entire room or floor to any existing building or facility,
30 the completion of any unfinished portion of any existing building or fa-
31 cility and the restoration, reconstruction or replacement of a building or
32 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
33 or earthquake, but such term, except with regard to a residence, shall not
34 include replacement, remodeling, restoration, renovation or reconstruc-
35 tion under any other circumstances;

36 (2) “building” shall mean only those enclosures within which individ-
37 uals customarily are employed, or which are customarily used to house
38 machinery, equipment or other property, and including the land improve-
39 ments immediately surrounding such building;

40 (3) “facility” shall mean a mill, plant, refinery, oil or gas well, water
41 well, feedlot or any conveyance, transmission or distribution line of any
42 cooperative, nonprofit, membership corporation organized under or sub-
43 ject to the provisions of K.S.A. 17-4601 *et seq.*, and amendments thereto,

1 or of any municipal or quasi-municipal corporation, including the land
2 improvements immediately surrounding such facility; and

3 (4) “residence” shall mean only those enclosures within which indi-
4 viduals customarily live;

5 (q) the gross receipts received for the service of repairing, servicing,
6 altering or maintaining tangible personal property which when such serv-
7 ices are rendered is not being held for sale in the regular course of busi-
8 ness, and whether or not any tangible personal property is transferred in
9 connection therewith. The tax imposed by this subsection shall be appli-
10 cable to the services of repairing, servicing, altering or maintaining an
11 item of tangible personal property which has been and is fastened to,
12 connected with or built into real property;

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

16 (s) the gross receipts received from the sale of computer software,
17 the sale of the service of providing computer software other than pre-
18 written computer software and the sale of the services of modifying, al-
19 tering, updating or maintaining computer software, whether the com-
20 puter software is installed or delivered electronically by tangible storage
21 media physically transferred to the purchaser or by load and leave;

22 (t) the gross receipts received for telephone answering services, mo-
23 bile telecommunication services, beeper services and other similar serv-
24 ices. On and after August 1, 2002, the provisions of the federal mobile
25 telecommunications sourcing act as in effect on January 1, 2002, shall be
26 applicable to all sales of mobile telecommunication services taxable pur-
27 suant to this subsection. The secretary of revenue is hereby authorized
28 and directed to perform any act deemed necessary to properly implement
29 such provisions;

30 (u) the gross receipts received from the sale of prepaid calling service
31 as defined in K.S.A. 2003 Supp. 79-3673, and amendments thereto; and

32 (v) the gross receipts received from the sales of bingo cards, bingo
33 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
34 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
35 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
36 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
37 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
38 and amendments thereto, shall be exempt from taxes imposed pursuant
39 to this section.

40 Sec. 8. K.S.A. 2003 Supp. 79-3620 is hereby amended to read as
41 follows: 79-3620. (a) All revenue collected or received by the director of
42 taxation from the taxes imposed by this act shall be remitted to the state
43 treasurer in accordance with the provisions of K.S.A. 75-4215, and

1 amendments thereto. Upon receipt of each such remittance, the state
2 treasurer shall deposit the entire amount in the state treasury, less
3 amounts withheld as provided in subsection (b) and amounts credited as
4 provided in subsection (c) and (d), to the credit of the state general fund.

5 (b) A refund fund, designated as “sales tax refund fund” not to exceed
6 \$100,000 shall be set apart and maintained by the director from sales tax
7 collections and estimated tax collections and held by the state treasurer
8 for prompt payment of all sales tax refunds including refunds authorized
9 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
10 fund shall be in such amount, within the limit set by this section, as the
11 director shall determine is necessary to meet current refunding require-
12 ments under this act. In the event such fund as established by this section
13 is, at any time, insufficient to provide for the payment of refunds due
14 claimants thereof, the director shall certify the amount of additional funds
15 required to the director of accounts and reports who shall promptly trans-
16 fer the required amount from the state general fund to the sales tax refund
17 fund, and notify the state treasurer, who shall make proper entry in the
18 records.

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

24 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
25 received from the tax imposed by K.S.A. 79-3603, and amendments
26 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
27 exclusive of amounts credited pursuant to subsection (d), in the state
28 highway fund.

29 ~~(3) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and~~
30 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
31 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
32 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
33 ~~highway fund. *The state treasurer shall credit $\frac{1}{22}$ of the revenue collected*~~
34 ~~*or received from the tax imposed by K.S.A. 79-3603, and amendments*~~
35 ~~*thereto, at the rate of 5.5%, and deposited as provided in subsection (a),*~~
36 ~~*exclusive of amounts credited pursuant to subsection (d), in the state high-*~~
37 ~~*way fund.*~~

38 (d) The state treasurer shall credit all revenue collected or received
39 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
40 certified by the director, from taxpayers doing business within that por-
41 tion of a redevelopment district occupied by a redevelopment project that
42 was determined by the secretary of commerce and housing to be of state-
43 wide as well as local importance or will create a major tourism area for

1 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
2 city bond finance fund, which fund is hereby created. The provisions of
3 this subsection shall expire when the total of all amounts credited here-
4 under and under subsection (d) of K.S.A. 79-3710, and amendments
5 thereto, is sufficient to retire the special obligation bonds issued for the
6 purpose of financing all or a portion of the costs of such redevelopment
7 project.

8 Sec. 9. K.S.A. 2003 Supp. 79-3703 is hereby amended to read as
9 follows: 79-3703. There is hereby levied and there shall be collected from
10 every person in this state a tax or excise for the privilege of using, storing,
11 or consuming within this state any article of tangible personal property.
12 Such tax shall be levied and collected in an amount equal to the consid-
13 eration paid by the taxpayer multiplied by the rate of 5.3% on and after
14 July 1, 2002, and before *July 1, 2004, and 5.5% on and after July 1, 2004*
15 ~~July 1, 2006, and 5% on and after July 1, 2006~~. Within a redevelopment
16 district established pursuant to K.S.A. 74-8921, and amendments thereto,
17 there is hereby levied and there shall be collected and paid an additional
18 tax of 2% until the earlier of: (1) The date the bonds issued to finance or
19 refinance the redevelopment project undertaken in the district have been
20 paid in full; or (2) the final scheduled maturity of the first series of bonds
21 issued to finance the redevelopment project. All property purchased or
22 leased within or without this state and subsequently used, stored or con-
23 sumed in this state shall be subject to the compensating tax if the same
24 property or transaction would have been subject to the Kansas retailers'
25 sales tax had the transaction been wholly within this state.

26 Sec. 10. K.S.A. 2003 Supp. 79-3710 is hereby amended to read as
27 follows: 79-3710. (a) All revenue collected or received by the director
28 under the provisions of this act shall be remitted to the state treasurer in
29 accordance with the provisions of K.S.A. 75-4215, and amendments
30 thereto. Upon receipt of each such remittance, the state treasurer shall
31 deposit the entire amount in the state treasury, less amounts set apart as
32 provided in subsection (b) and amounts credited as provided in subsection
33 (c) and (d), to the credit of the state general fund.

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

41 (c) (1) The state treasurer shall credit $\frac{5}{8}$ s of the revenue collected
42 or received from the tax imposed by K.S.A. 79-3703, and amendments
43 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),

1 exclusive of amounts credited pursuant to subsection (d), in the state
2 highway fund.

3 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
4 received from the tax imposed by K.S.A. 79-3703, and amendments
5 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
6 exclusive of amounts credited pursuant to subsection (d), in the state
7 highway fund.

8 ~~(3) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or~~
9 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
10 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
11 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
12 ~~highway fund. The state treasurer shall credit $\frac{1}{22}$ of the revenue collected~~
13 ~~or received from the tax imposed by K.S.A. 79-3703, and amendments~~
14 ~~thereto, at the rate of 5.5%, and deposited as provided in subsection (a),~~
15 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~
16 ~~way fund.~~

17 (d) The state treasurer shall credit all revenue collected or received
18 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
19 certified by the director, from taxpayers doing business within that por-
20 tion of a redevelopment district occupied by a redevelopment project that
21 was determined by the secretary of commerce and housing to be of state-
22 wide as well as local importance or will create a major tourism area for
23 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
24 city bond finance fund created by subsection (d) of K.S.A. 79-3620, and
25 amendments thereto. The provisions of this subsection shall expire when
26 the total of all amounts credited hereunder and under subsection (d) of
27 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special
28 obligation bonds issued for the purpose of financing all or a portion of
29 the costs of such redevelopment project.

30 Sec. 11. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as
31 follows: 72-6407. *As used in this act:*

32 (a) (1) “Pupil” means any person (A) who is regularly enrolled in a
33 district and attending kindergarten or any of the grades one through 12
34 maintained by the district ~~or~~; (B) who is regularly enrolled in a district
35 and attending kindergarten or any of the grades one through 12 in another
36 district in accordance with an agreement entered into under authority of
37 K.S.A. 72-8233, and amendments thereto, ~~or~~; or (C) who is regularly
38 enrolled in a district and attending special education *and related* services
39 provided for preschool-aged exceptional children by the district.

40 (2) Except as otherwise provided in this subsection, a pupil in at-
41 tendance full time shall be counted as one pupil. A pupil in attendance
42 part time shall be counted as that proportion of one pupil (to the nearest
43 $\frac{1}{10}$) that the pupil’s attendance bears to full-time attendance. A pupil

1 attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in
2 and attending an institution of postsecondary education which is author-
3 ized under the laws of this state to award academic degrees shall be
4 counted as one pupil if the pupil's postsecondary education enrollment
5 and attendance together with the pupil's attendance in either of the
6 grades 11 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted
7 as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of
8 the pupil's postsecondary education attendance and attendance in grade
9 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in
10 and attending an area vocational school, area vocational-technical school
11 or approved vocational education program shall be counted as one pupil
12 if the pupil's vocational education enrollment and attendance together
13 with the pupil's attendance in any of grades nine through 12 is at least $\frac{5}{6}$
14 time, otherwise the pupil shall be counted as that proportion of one pupil
15 (to the nearest $\frac{1}{10}$) that the total time of the pupil's vocational education
16 attendance and attendance in any of grades nine through 12 bears to full-
17 time attendance. A pupil enrolled in a district and attending special ed-
18 ucation and related services, except special education and related services
19 for preschool-aged exceptional children, provided for by the district shall
20 be counted as one pupil. A pupil enrolled in a district and attending
21 special education and related services for preschool-aged exceptional chil-
22 dren provided for by the district shall be counted as $\frac{1}{2}$ pupil. A preschool-
23 aged at-risk pupil enrolled in a district and receiving services under an
24 approved at-risk pupil assistance plan maintained by the district shall be
25 counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social and
26 rehabilitation services and enrolled in unified school district No. 259,
27 Sedgwick county, Kansas, but housed, maintained, and receiving educa-
28 tional services at the Judge James V. Riddel Boys Ranch, shall be counted
29 as two pupils.

30 (3) A pupil residing at the Flint Hills job corps center shall not be
31 counted. A pupil confined in and receiving educational services provided
32 for by a district at a juvenile detention facility shall not be counted. A
33 pupil enrolled in a district but housed, maintained, and receiving edu-
34 cational services at a state institution shall not be counted.

35 (b) "Preschool-aged exceptional children" means exceptional chil-
36 dren, except gifted children, who have attained the age of three years but
37 are under the age of eligibility for attendance at kindergarten.

38 (c) "At-risk pupils" means pupils who are eligible for free meals un-
39 der the national school lunch act and who are enrolled in a district which
40 maintains an approved at-risk pupil assistance plan.

41 (d) "Preschool-aged at-risk pupil" means an at-risk pupil who has
42 attained the age of four years, is under the age of eligibility for attendance
43 at kindergarten, and has been selected by the state board in accordance

1 with guidelines consonant with guidelines governing the selection of pu-
2 pils for participation in head start programs. The state board shall select
3 not more than 5,500 preschool-aged at-risk pupils to be counted in any
4 school year.

5 (e) “Enrollment” means: (1) (A) *Subject to the provisions of para-*
6 *graph (1)(B), for districts scheduling the school days or school hours of*
7 *the school term on a trimestral or quarterly basis, the number of pupils*
8 *regularly enrolled in the district on September 20 plus the number of*
9 *pupils regularly enrolled in the district on February 20 less the number*
10 *of pupils regularly enrolled on February 20 who were counted in the*
11 *enrollment of the district on September 20; and for districts not specified*
12 *in this ~~clause~~ paragraph (1), the number of pupils regularly enrolled in*
13 *the district on September 20;*

14 (B) *a pupil who is a foreign exchange student shall not be counted*
15 *unless such student is regularly enrolled in the district on September 20*
16 *and attending Kindergarten or any of the grades one through 12 main-*
17 *tained by the district for at least one trimester or two quarters;*

18 (2) If enrollment in a district in any school year has decreased from
19 enrollment in the preceding school year, enrollment of the district in the
20 current school year means whichever is the greater of (A) enrollment in
21 the preceding school year minus enrollment in such school year of pre-
22 school-aged at-risk pupils, if any such pupils were enrolled, plus enroll-
23 ment in the current school year of preschool-aged at-risk pupils, if any
24 such pupils are enrolled, or (B) the sum of enrollment in the current
25 school year of preschool-aged at-risk pupils, if any such pupils are enrolled
26 and the average (mean) of the sum of (i) enrollment of the district in the
27 current school year minus enrollment in such school year of preschool-
28 aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in
29 the preceding school year minus enrollment in such school year of pre-
30 school-aged at-risk pupils, if any such pupils were enrolled and (iii) en-
31 rollment in the school year next preceding the preceding school year
32 minus enrollment in such school year of preschool-aged at-risk pupils, if
33 any such pupils were enrolled, ~~or~~.

34 (3) *For districts affected by a disaster, as defined by K.S.A. 72-6447,*
35 *and amendments thereto, the number of pupils as determined under*
36 *K.S.A. 72-6447, and amendments thereto.*

37 (f) “Adjusted enrollment” means enrollment adjusted by adding at-
38 risk pupil weighting, program weighting, low enrollment weighting, if any,
39 correlation weighting, if any, school facilities weighting, if any, ancillary
40 school facilities weighting, if any, special education and related services
41 weighting, and transportation weighting to enrollment.

42 (g) “At-risk pupil weighting” means an addend component assigned
43 to enrollment of districts on the basis of enrollment of at-risk pupils.

1 (h) “Program weighting” means an addend component assigned to
2 enrollment of districts on the basis of pupil attendance in educational
3 programs which differ in cost from regular educational programs.

4 (i) “Low enrollment weighting” means an addend component as-
5 signed to enrollment of districts having under 1,725 enrollment on the
6 basis of costs attributable to maintenance of educational programs by such
7 districts in comparison with costs attributable to maintenance of educa-
8 tional programs by districts having 1,725 or over enrollment.

9 (j) “School facilities weighting” means an addend component as-
10 signed to enrollment of districts on the basis of costs attributable to com-
11 mencing operation of new school facilities. School facilities weighting may
12 be assigned to enrollment of a district only if the district has adopted a
13 local option budget and budgeted therein the total amount authorized for
14 ~~the school year~~ *in an amount that is at least 25% of the state financial aid*
15 *determined for the district in the current school year.* School facilities
16 weighting may be assigned to enrollment of the district only in the school
17 year in which operation of a new school facility is commenced and in the
18 next succeeding school year.

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

22 (l) “Correlation weighting” means an addend component assigned to
23 enrollment of districts having 1,725 or over enrollment on the basis of
24 costs attributable to maintenance of educational programs by such dis-
25 tricts as a correlate to low enrollment weighting assigned to enrollment
26 of districts having under 1,725 enrollment.

27 (m) “Ancillary school facilities weighting” means an addend compo-
28 nent assigned to enrollment of districts to which the provisions of K.S.A.
29 72-6441, and amendments thereto, apply on the basis of costs attributable
30 to commencing operation of new school facilities. Ancillary school facil-
31 ities weighting may be assigned to enrollment of a district only if the
32 district has levied a tax under authority of K.S.A. 72-6441, and amend-
33 ments thereto, and remitted the proceeds from such tax to the state trea-
34 surer. Ancillary school facilities weighting is in addition to assignment of
35 school facilities weighting to enrollment of any district eligible for such
36 weighting.

37 (n) “Juvenile detention facility” means: (1) Any secure public or pri-
38 vate facility which is used for the lawful custody of accused or adjudicated
39 juvenile offenders and which shall not be a jail;

40 (2) any level VI treatment facility licensed by the Kansas department
41 of health and environment which is a psychiatric residential treatment
42 facility for individuals under the age of 21 which conforms with the reg-
43 ulations of the centers for medicare/medicaid services and the joint com-

1 mission on accreditation of health care organizations governing such fa-
2 cilities; and

3 (3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth
4 Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clar-
5 ence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living
6 Center, Trego County Secure Care Center, St. Francis Academy at At-
7 chison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina,
8 St. Francis Center at Salina, King's Achievement Center, and Liberty
9 Juvenile Services and Treatment.

10 (o) "Special education and related services weighting" means an ad-
11 dendum component assigned to enrollment of districts on the basis of costs
12 attributable to provision of special education and related services for pu-
13 pils determined to be exceptional children.

14 Sec. 12. K.S.A. 72-6433 is hereby amended to read as follows: 72-
15 6433. (a) (1) The board of any district may adopt a local option budget
16 in each school year in an amount not to exceed an amount equal to the
17 district prescribed percentage of the amount of state financial aid deter-
18 mined for the district in the school year. As used in this section, "district
19 prescribed percentage" means:

20 (A) For any district that was authorized to adopt and that adopted a
21 local option budget in the 1996-97 school year and to which the provisions
22 of K.S.A. 72-6444, and amendments thereto, do not apply in the current
23 school year, ~~in the 2001-02 school year and in each school year thereafter,~~
24 a percentage that is equal to 80% of the percentage specified in the res-
25 olution under which the district was authorized to adopt a local option
26 budget in the 1996-97 school year;

27 (B) for any district that was authorized to adopt and that adopted a
28 local option budget in the 1996-97 school year and to which the provisions
29 of K.S.A. 72-6444, and amendments thereto, apply in the current school
30 year, a percentage ~~in the 2001-02 school year and each school year there-~~
31 ~~after~~ that is equal to the sum of the percentage of the amount of state
32 financial aid the district was authorized to budget in the preceding school
33 year and the percentage computed for the district by the state board
34 under the provisions of K.S.A. 72-6444, and amendments thereto;

35 (C) for any district that was not authorized to adopt a local option
36 budget in the 1996-97 school year and to which the provisions of K.S.A.
37 72-6444, and amendments thereto, apply in the current school year, a
38 percentage in the ~~2001-02~~ 2004-05 school year and each school year
39 thereafter that is equal to the sum of the percentage of the amount of
40 state financial aid the district was authorized to budget in the preceding
41 school year and the percentage computed for the district by the state
42 board under the provisions of K.S.A. 72-6444, and amendments thereto;

43 (D) for any district to which the provisions of K.S.A. 72-6444, and

1 amendments thereto, applied in the 1997-98 school year and to which
2 the provisions of K.S.A. 72-6444, and amendments thereto, do not apply
3 in the current school year because an increase in the amount budgeted
4 by the district in its local option budget as authorized by a resolution
5 adopted under the provisions of subsection (b) causes the actual amount
6 per pupil budgeted by the district in the preceding school year as deter-
7 mined for the district under provision (1) of subsection (a) of K.S.A. 72-
8 6444, and amendments thereto, to equal or exceed the average amount
9 per pupil of general fund budgets and local option budgets computed by
10 the state board under whichever of the provisions (7) through (10) of
11 subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable
12 to the district's enrollment group, a percentage that is equal to the per-
13 centage of the amount of state financial aid the district was authorized to
14 budget in the preceding school year if the resolution authorized the dis-
15 trict to increase its local option budget on a continuous and permanent
16 basis. If the resolution that authorized the district to increase its local
17 option budget specified a definite period of time for which the district
18 would retain its authority to increase the local option budget and such
19 authority lapses at the conclusion of such period and is not renewed, the
20 term district prescribed percentage means a percentage that is equal to
21 the percentage of the amount of state financial aid the district was au-
22 thorized to budget in the preceding school year less the percentage of
23 increase that was authorized by the resolution unless the loss of the per-
24 centage of increase that was authorized by the resolution would cause the
25 actual amount per pupil budgeted by the district to be less than the av-
26 erage amount per pupil of general fund budgets and local option budgets
27 computed by the state board under whichever of the provisions (7)
28 through (10) of subsection (a) of K.S.A. 72-6444, and amendments
29 thereto, is applicable to the district's enrollment group, in which case, the
30 term district prescribed percentage means a percentage that is equal to
31 the percentage of the amount of state financial aid the district was au-
32 thorized to budget in the preceding school year less the percentage of
33 increase that was authorized by the resolution plus a percentage which
34 shall be computed for the district by the state board in accordance with
35 the provisions of K.S.A. 72-6444, and amendments thereto, except that,
36 in making the determination of the actual amount per pupil budgeted by
37 the district in the preceding school year, the state board shall exclude the
38 percentage of increase that was authorized by the resolution.

39 (2) (A) Subject to the provisions of subpart (B), the adoption of a
40 local option budget under authority of this subsection shall require a
41 majority vote of the members of the board and shall require no other
42 procedure, authorization or approval.

43 (B) In lieu of utilizing the authority granted by subpart (A) for adop-

1 tion of a local option budget, the board of a district may pass a resolution
2 authorizing adoption of such a budget and publish such resolution once
3 in a newspaper having general circulation in the district. The resolution
4 shall be published in substantial compliance with the following form:

5 Unified School District No. _____,
6 _____ County, Kansas.

7 RESOLUTION

8 Be It Resolved that:

9 The board of education of the above-named school district shall be authorized to adopt
10 a local option budget in each school year for a period of time not to exceed _____ years
11 in an amount not to exceed _____% of the amount of state financial aid determined for
12 the current school year. The local option budget authorized by this resolution may be
13 adopted, unless a petition in opposition to the same, signed by not less than 5% of the
14 qualified electors of the school district, is filed with the county election officer of the home
15 county of the school district within 30 days after publication of this resolution. In the event
16 a petition is filed, the county election officer shall submit the question of whether adoption
17 of the local option budget shall be authorized to the electors of the school district at an
18 election called for the purpose or at the next general election, as is specified by the board
19 of education of the school district.

20 CERTIFICATE

21 This is to certify that the above resolution was duly adopted by the board of education
22 of Unified School District No. _____, _____ County, Kansas, on the
23 _____ day of _____, _____.

24 _____
25 Clerk of the board of education.

26 All of the blanks in the resolution shall be appropriately filled. The
27 blank preceding the word “years” shall be filled with a specific number,
28 and the blank preceding the percentage symbol shall be filled with a
29 specific number. No word shall be inserted in either of the blanks. The
30 percentage specified in the resolution shall not exceed the district pre-
31 scribed percentage. The resolution shall be published once in a news-
32 paper having general circulation in the school district. If no petition as
33 specified above is filed in accordance with the provisions of the resolution,
34 the board may adopt a local option budget. If a petition is filed as provided
35 in the resolution, the board may notify the county election officer of the
36 date of an election to be held to submit the question of whether adoption
37 of a local option budget shall be authorized. If the board fails to notify
38 the county election officer within 30 days after a petition is filed, the
39 resolution shall be deemed abandoned and no like resolution shall be
40 adopted by the board within the nine months following publication of the
41 resolution. If any district is authorized to adopt a local option budget
42 under this subpart, but the board of such district chooses, in any school
43 year, not to adopt such a budget or chooses, in any school year, to adopt

1 such budget in an amount less than the amount of the district prescribed
2 percentage of the amount of state financial aid in any school year, such
3 board of education may so choose. If the board of any district refrains
4 from adopting a local option budget in any one or more school years or
5 refrains from budgeting the total amount authorized for any one or more
6 school years, the authority of such district to adopt a local option budget
7 shall not be extended by such refrainment beyond the period specified
8 in the resolution authorizing adoption of such budget, nor shall the
9 amount authorized to be budgeted in any succeeding school year be in-
10 creased by such refrainment. Whenever an initial resolution has been
11 adopted under this subpart, and such resolution specified a lesser per-
12 centage than the district prescribed percentage, the board of the district
13 may adopt one or more subsequent resolutions under the same procedure
14 as provided for the initial resolution and subject to the same conditions,
15 and shall be authorized to increase the percentage as specified in any
16 such subsequent resolution for the remainder of the period of time spec-
17 ified in the initial resolution. Any percentage specified in a subsequent
18 resolution or in subsequent resolutions shall be limited so that the sum
19 of the percentage authorized in the initial resolution and the percentage
20 authorized in the subsequent resolution or in subsequent resolutions is
21 not in excess of the district prescribed percentage in any school year. The
22 board of any district that has been authorized to adopt a local option
23 budget under this subpart and levied a tax under authority of K.S.A. 72-
24 6435, and amendments thereto, may initiate, at any time after the final
25 levy is certified to the county clerk under any current authorization, pro-
26 cedures to renew its authority to adopt a local option budget in the man-
27 ner specified in this subpart or may utilize the authority granted by sub-
28 part (A). As used in this subpart, the term “authorized to adopt a local
29 option budget” means that a district has adopted a resolution under this
30 subpart, has published the same, and either that the resolution was not
31 protested or that it was protested and an election was held by which the
32 adoption of a local option budget was approved.

33 (3) The provisions of this subsection are subject to the provisions of
34 subsections (b) and (c).

35 (b) The provisions of this subsection (b) shall be subject to the pro-
36 visions of K.S.A. 72-6433a, and amendments thereto.

37 (1) The board of any district that adopts a local option budget under
38 subsection (a) may increase the amount of such budget in each school
39 year in an amount which together with the percentage of the amount of
40 state financial aid budgeted under subsection (a) does not exceed the state
41 prescribed percentage of the amount of state financial aid determined for
42 the district in the school year if the board of the district determines that
43 an increase in such budget would be in the best interests of the district.

1 (2) No district may increase a local option budget under authority of
2 this subsection until: (A) A resolution authorizing such an increase is
3 passed by the board and published once in a newspaper having general
4 circulation in the district; or (B) the question of whether the board shall
5 be authorized to increase the local option budget has been submitted to
6 and approved by the qualified electors of the district at a special election
7 called for the purpose. Any such election shall be noticed, called and held
8 in the manner provided by K.S.A. 10-120, and amendments thereto, for
9 the noticing, calling and holding of elections upon the question of issuing
10 bonds under the general bond law. The notice of such election shall state
11 the purpose for and time of the election, and the ballot shall be designed
12 with the question of whether the board of education of the district shall
13 be continuously and permanently authorized to increase the local option
14 budget of the district in each school year by a percentage which together
15 with the percentage of the amount of state financial aid budgeted under
16 subsection (a) does not exceed the state prescribed percentage in any
17 school year. If a majority of the qualified electors voting at the election
18 approve authorization of the board to increase the local option budget,
19 the board shall have such authority. If a majority of the qualified electors
20 voting at the election are opposed to authorization of the board to increase
21 the local option budget, the board shall not have such authority and no
22 like question shall be submitted to the qualified electors of the district
23 within the nine months following the election.

24 (3) (A) Subject to the provisions of subpart (B), a resolution author-
25 izing an increase in the local option budget of a district shall state that
26 the board of education of the district shall be authorized to increase the
27 local option budget of the district in each school year in an amount not
28 to exceed _____% of the amount of state financial aid determined for the
29 current school year and that the percentage of increase may be reduced
30 so that the sum of the percentage of the amount of state financial aid
31 budgeted under subsection (a) and the percentage of increase specified
32 in the resolution does not exceed the state prescribed percentage in any
33 school year. The blank preceding the percentage symbol shall be filled
34 with a specific number. No word shall be inserted in the blank. The
35 resolution shall specify a definite period of time for which the board shall
36 be authorized to increase the local option budget and such period of time
37 shall be expressed by the specific number of school years for which the
38 board shall retain its authority to increase the local option budget. No
39 word shall be used to express the number of years for which the board
40 shall be authorized to increase the local option budget.

41 (B) In lieu of the requirements of subpart (A) and at the discretion
42 of the board, a resolution authorizing an increase in the local option
43 budget of a district may state that the board of education of the district

1 shall be continuously and permanently authorized to increase the local
2 option budget of the district in each school year by a percentage which
3 together with the percentage of the amount of state financial aid budgeted
4 under subsection (a) does not exceed the state prescribed percentage in
5 any school year.

6 (4) A resolution authorizing an increase in the local option budget of
7 a district shall state that the amount of the local option budget may be
8 increased as authorized by the resolution unless a petition in opposition
9 to such increase, signed by not less than 5% of the qualified electors of
10 the school district, is filed with the county election officer of the home
11 county of the school district within 30 days after publication. If no petition
12 is filed in accordance with the provisions of the resolution, the board is
13 authorized to increase the local option budget of the district. If a petition
14 is filed as provided in the resolution, the board may notify the county
15 election officer of the date of an election to be held to submit the question
16 of whether the board shall be authorized to increase the local option
17 budget of the district. If the board fails to notify the county election officer
18 within 30 days after a petition is filed, the resolution shall be deemed
19 abandoned and no like resolution shall be adopted by the board within
20 the nine months following publication of the resolution.

21 (5) The requirements of provision (2) do not apply to any district that
22 is continuously and permanently authorized to increase the local option
23 budget of the district. An increase in the amount of a local option budget
24 by such a district shall require a majority vote of the members of the
25 board and shall require no other procedure, authorization or approval.

26 (6) If any district is authorized to increase a local option budget, but
27 the board of such district chooses, in any school year, not to adopt or
28 increase such budget or chooses, in any school year, to adopt or increase
29 such budget in an amount less than the amount authorized, such board
30 of education may so choose. If the board of any district refrains from
31 adopting or increasing a local option budget in any one or more school
32 years or refrains from budgeting the total amount authorized for any one
33 or more school years, the amount authorized to be budgeted in any suc-
34 ceeding school year shall not be increased by such refrainment, nor shall
35 the authority of the district to increase its local option budget be extended
36 by such refrainment beyond the period of time specified in the resolution
37 authorizing an increase in the local option budget if the resolution spec-
38 ified such a period of time.

39 (7) Whenever an initial resolution has been adopted under this sub-
40 section, and such resolution specified a percentage which together with
41 the percentage of the amount of state financial aid budgeted under sub-
42 section (a) is less than the state prescribed percentage, the board of the
43 district may adopt one or more subsequent resolutions under the same

1 procedure as provided for the initial resolution and shall be authorized
2 to increase the percentage as specified in any such subsequent resolution.
3 If the initial resolution specified a definite period of time for which the
4 district is authorized to increase its local option budget, the authority to
5 increase such budget by the percentage specified in any subsequent res-
6 olution shall be limited to the remainder of the period of time specified
7 in the initial resolution. Any percentage specified in a subsequent reso-
8 lution or in subsequent resolutions shall be limited so that the sum of the
9 percentage authorized in the initial resolution and the percentage au-
10 thorized in the subsequent resolution or in subsequent resolutions to-
11 gether with the percentage of the amount of state financial aid budgeted
12 under subsection (a) is not in excess of the state prescribed percentage
13 in any school year.

14 (8) (A) Subject to the provisions of subpart (B), the board of any
15 district that has adopted a local option budget under subsection (a), has
16 been authorized to increase such budget under a resolution which spec-
17 ified a definite period of time for retention of such authorization, and has
18 levied a tax under authority of K.S.A. 72-6435, and amendments thereto,
19 may initiate, at any time after the final levy is certified to the county clerk
20 under any current authorization, procedures to renew the authority to
21 increase the local option budget subject to the conditions and in the
22 manner specified in provisions (2) and (3) of this subsection.

23 (B) The provisions of subpart (A) do not apply to the board of any
24 district that is continuously and permanently authorized to increase the
25 local option budget of the district.

26 (9) As used in this subsection:

27 (A) “Authorized to increase a local option budget” means either that
28 a district has held a special election under provision (2)(B) by which au-
29 thority of the board to increase a local option budget was approved, or
30 that a district has adopted a resolution under provision (2) (A), has pub-
31 lished the same, and either that the resolution was not protested or that
32 it was protested and an election was held by which the authority of the
33 board to increase a local option budget was approved.

34 (B) “State prescribed percentage” means ~~25%~~ 30%.

35 (c) To the extent the provisions of the foregoing subsections conflict
36 with this subsection, this subsection shall control. Any district that is au-
37 thorized to adopt a local option budget in the 1997-98 school year under
38 a resolution which authorized the adoption of such budget in accordance
39 with the provisions of this section prior to its amendment by this act may
40 continue to operate under such resolution for the period of time specified
41 in the resolution or may abandon the resolution and operate under the
42 provisions of this section as amended by this act. Any such district shall
43 operate under the provisions of this section as amended by this act after

1 the period of time specified in the resolution has expired.
2 (d) (1) There is hereby established in every district that adopts a local
3 option budget a fund which shall be called the supplemental general fund.
4 The fund shall consist of all amounts deposited therein or credited thereto
5 according to law.
6 (2) Subject to the limitation imposed under provision (3), amounts in
7 the supplemental general fund may be expended for any purpose for
8 which expenditures from the general fund are authorized or may be trans-
9 ferred to the general fund of the district or to any program weighted fund
10 or categorical fund of the district.
11 (3) Amounts in the supplemental general fund may not be expended
12 nor transferred to the general fund of the district for the purpose of
13 making payments under any lease-purchase agreement involving the ac-
14 quisition of land or buildings which is entered into pursuant to the pro-
15 visions of K.S.A. 72-8225, and amendments thereto.
16 (4) Any unexpended and unencumbered cash balance remaining in
17 the supplemental general fund of a district at the conclusion of any school
18 year in which a local option budget is adopted shall be disposed of as
19 provided in this subsection. If the district did not receive supplemental
20 general state aid in the school year and the board of the district deter-
21 mines that it will be necessary to adopt a local option budget in the en-
22 suing school year, the total amount of the cash balance remaining in the
23 supplemental general fund shall be maintained in such fund or trans-
24 ferred to the general fund of the district. If the board of such a district
25 determines that it will not be necessary to adopt a local option budget in
26 the ensuing school year, the total amount of the cash balance remaining
27 in the supplemental general fund shall be transferred to the general fund
28 of the district. If the district received supplemental general state aid in
29 the school year, transferred or expended the entire amount budgeted in
30 the local option budget for the school year, and determines that it will be
31 necessary to adopt a local option budget in the ensuing school year, the
32 total amount of the cash balance remaining in the supplemental general
33 fund shall be maintained in such fund or transferred to the general fund
34 of the district. If such a district determines that it will not be necessary
35 to adopt a local option budget in the ensuing school year, the total amount
36 of the cash balance remaining in the supplemental general fund shall be
37 transferred to the general fund of the district. If the district received
38 supplemental general state aid in the school year, did not transfer or
39 expend the entire amount budgeted in the local option budget for the
40 school year, and determines that it will not be necessary to adopt a local
41 option budget in the ensuing school year, the total amount of the cash
42 balance remaining in the supplemental general fund shall be transferred
43 to the general fund of the district. If the district received supplemental

1 general state aid in the school year, did not transfer or expend the entire
2 amount budgeted in the local option budget for the school year, and
3 determines that it will be necessary to adopt a local option budget in the
4 ensuing school year, the state board shall determine the ratio of the
5 amount of supplemental general state aid received to the amount of the
6 local option budget of the district for the school year and multiply the
7 total amount of the cash balance remaining in the supplemental general
8 fund by such ratio. An amount equal to the amount of the product shall
9 be transferred to the general fund of the district. The amount remaining
10 in the supplemental general fund may be maintained in such fund or
11 transferred to the general fund of the district.

12 *(e) Any district which desires to adopt a local option budget in an*
13 *amount in excess of the amount of the state prescribed percentage in effect*
14 *prior to the effective date of this act shall ~~submit the question of such~~*
15 *~~increase for approval by the qualified electors of the district. Such ques-~~*
16 *~~tion shall be submitted at a primary or general election of the school~~*
17 *~~district. [adopt a resolution authorizing the adoption of such budget.~~*
18 ***The resolution shall be published once in a newspaper having gen-***
19 ***eral circulation in the district. The resolution shall be in the same***
20 ***form and subject to the same requirements of subsection (a)(2)(B)***
21 ***of this section, except that the period of time in which a protest***
22 ***petition is required to be filed shall be 20 days. If a sufficient pe-***
23 ***tion is filed, such budget shall not be adopted unless the resolution***
24 ***is submitted to and approved by a majority of the qualified electors***
25 ***of the district voting thereon. Such question shall be submitted at***
26 ***a primary or general election.]***

27 Sec. 13. K.S.A. 72-6441 is hereby amended to read as follows: 72-
28 6441. (a) (1) The board of any district to which the provisions of this
29 subsection apply may levy an ad valorem tax on the taxable tangible prop-
30 erty of the district each year for a period of time not to exceed two years
31 in an amount not to exceed the amount authorized by the state board of
32 tax appeals under this subsection for the purpose of financing the costs
33 incurred by the state that are directly attributable to assignment of an-
34 cillary school facilities weighting to enrollment of the district. The state
35 board of tax appeals may authorize the district to make a levy which will
36 produce an amount that is not greater than the difference between the
37 amount of costs directly attributable to commencing operation of one or
38 more new school facilities and the amount that is financed from any other
39 source provided by law for such purpose, including any amount attrib-
40 utable to assignment of school facilities weighting to enrollment of the
41 district for each school year in which the district is eligible for such
42 weighting. If the district is not eligible, or will be ineligible, for school
43 facilities weighting in any one or more years during the two-year period

1 for which the district is authorized to levy a tax under this subsection, the
2 state board of tax appeals may authorize the district to make a levy, in
3 such year or years of ineligibility, which will produce an amount that is
4 not greater than the actual amount of costs attributable to commencing
5 operation of the facility or facilities.

6 (2) The board of tax appeals shall certify to the state board of edu-
7 cation the amount authorized to be produced by the levy of a tax under
8 subsection (a).

9 (3) The state board of tax appeals may adopt rules and regulations
10 necessary to properly effectuate the provisions of this subsection, includ-
11 ing rules relating to the evidence required in support of a district's claim
12 that the costs attributable to commencing operation of one or more new
13 school facilities are in excess of the amount that is financed from any
14 other source provided by law for such purpose.

15 (4) The provisions of this subsection apply to any district that (A)
16 commenced operation of one or more new school facilities in the school
17 year preceding the current school year or has commenced or will com-
18 mence operation of one or more new school facilities in the current school
19 year or any or all of the foregoing, and (B) is authorized to adopt and has
20 adopted a local option budget in an amount ~~equal to the state-prescribed~~
21 ~~percentage~~ *that is at least 25%* of the amount of state financial aid de-
22 termined for the district in the current school year, and (C) is experienc-
23 ing extraordinary enrollment growth as determined by the state board of
24 education.

25 (b) The board of any district that has levied an ad valorem tax on the
26 taxable tangible property of the district each year for a period of two years
27 under authority of subsection (a) may continue to levy such tax under
28 authority of this subsection each year for an additional period of time not
29 to exceed three years in an amount not to exceed the amount computed
30 by the state board of education as provided in this subsection if the board
31 of the district determines that the costs attributable to commencing op-
32 eration of one or more new school facilities are significantly greater than
33 the costs attributable to the operation of other school facilities in the
34 district. The tax authorized under this subsection may be levied at a rate
35 which will produce an amount that is not greater than the amount com-
36 puted by the state board of education as provided in this subsection. In
37 computing such amount, the state board shall (1) determine the amount
38 produced by the tax levied by the district under authority of subsection
39 (a) in the second year for which such tax was levied and add to such
40 amount the amount of general state aid directly attributable to school
41 facilities weighting that was received by the district in the same year, and
42 (2) compute 75% of the amount of the sum obtained under (1), which
43 computed amount is the amount the district may levy in the first year of

1 the three-year period for which the district may levy a tax under authority
2 of this subsection, and (3) compute 50% of the amount of the sum ob-
3 tained under (1), which computed amount is the amount the district may
4 levy in the second year of the three-year period for which the district may
5 levy a tax under authority of this subsection, and (4) compute 25% of the
6 amount of the sum obtained under (1), which computed amount is the
7 amount the district may levy in the third year of the three-year period for
8 which the district may levy a tax under authority of this subsection.

9 (c) The proceeds from the tax levied by a district under authority of
10 this section shall be remitted to the state treasurer in accordance with
11 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
12 of each such remittance, the state treasurer shall deposit the entire
13 amount in the state treasury to the credit of the state school district fi-
14 nance fund.

15 Sec. 14. K.S.A. 72-979, 72-6410, 72-6413, 72-6414, 72-6433 and 72-
16 6441 and K.S.A. 2003 Supp. 72-978, 72-6407, 79-32,110, 79-3603, 79-
17 3603c, 79-3620, 79-3620c, 79-3703, 79-3710 and 79-3710a are hereby
18 repealed.

19 Sec. 15. This act shall take effect and be in force from and after its
20 publication in the Kansas register.