

[As Amended by Senate Committee of the Whole]

As Further Amended by Senate Committee

As Amended by Senate Committee

Session of 2004

SENATE BILL No. 403

By Committee on Assessment and Taxation

1-30

14 AN ACT concerning schools and school districts; relating to school fi-
15 nance; providing revenue through sales and use taxes and income tax
16 surcharge; amending K.S.A. 72-6405, 72-6410, 72-6412, 72-6413, 72-
17 6414 and 72-6442 and K.S.A. 2003 Supp. 72-6407, ~~72-6431~~, **72-6431**,
18 79-32,110, 79-3603, 79-3620, 79-3703 and 79-3710 and repealing the
19 existing sections; also repealing K.S.A. 72-6433b and 72-6440 and
20 K.S.A. 2003 Supp. 72-6431b, ~~72-6431c~~, **72-6431c**, 79-201y, 79-3603c,
21 79-3620c and 79-3710a.
22

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

24 New Section 1. For school year 2004-2005, a pupil attending full-
25 day kindergarten at an attendance center with an enrollment in the pre-
26 ceding school year of at least 60% pupils who are eligible for free or
27 reduced price meals under the national school lunch act shall be counted
28 as one pupil. For school year 2005-2006, a pupil attending full-day kin-
29 dergarten at an attendance center with an enrollment in the preceding
30 school year of at least 48% pupils are eligible for free or reduced price
31 meals under the national school lunch act shall be counted as one pupil.
32 For school year 2006-2007, a pupil attending full-day kindergarten at an
33 attendance center with an enrollment in the preceding school year of at
34 least 36% pupils who are eligible for free or reduced price meals under
35 the national school lunch act shall be counted as one pupil. For school
36 year 2007-2008, a pupil attending full-day kindergarten at an attendance
37 center with an enrollment in the preceding school year of at least 24%
38 pupils who are eligible for free or reduced price meals under the national
39 school lunch act shall be counted as one pupil. For school year 2008-
40 2009, a pupil attending full-day kindergarten at an attendance center with
41 an enrollment in the preceding school year of at least 12% pupils who
42 are eligible for free or reduced price meals under the national school
43 lunch act shall be counted as one pupil. For school year 2009-2010 and

1 each school year thereafter, a pupil attending full-day kindergarten shall
2 be counted as one pupil.

3 New Sec. 2. (a) There is hereby established in the state treasury the
4 school district capital outlay supplemental fund. The fund shall consist of
5 all amounts transferred thereto under the provisions of subsection (c).

6 (b) In each school year, each school district which is obligated to
7 make payments from its capital outlay fund established pursuant to K.S.A.
8 72-8803, and amendments thereto, shall be entitled to receive payment
9 from the school district capital outlay supplemental fund in an amount
10 determined by the state board of education as provided in this subsection.
11 The state board of education shall:

12 (1) Determine the amount of the assessed valuation per pupil (AVPP)
13 of each school district in the state and round such amount to the nearest
14 \$1,000. The rounded amount is the AVPP of a school district for the
15 purposes of this section;

16 (2) determine the median AVPP of all school districts;

17 (3) prepare a schedule of dollar amounts using the amount of the
18 median AVPP of all school districts as the point of beginning. The sched-
19 ular of dollar amounts shall range upward in equal \$1,000 intervals from
20 the point of beginning to and including an amount that is equal to the
21 amount of the AVPP of the school district with the highest AVPP of all
22 school districts and shall range downward in equal \$1,000 intervals from
23 the point of beginning to and including an amount that is equal to the
24 amount of the AVPP of the school district with the lowest AVPP of all
25 school districts;

26 (4) determine a state aid percentage factor for each school district by
27 assigning a state aid computation percentage to the amount of the median
28 AVPP shown on the schedule, decreasing the state aid computation per-
29 centage assigned to the amount of the median AVPP by one percentage
30 point for each \$1,000 interval above the amount of the median AVPP,
31 and increasing the state aid computation percentage assigned to the
32 amount of the median AVPP by one percentage point for each \$1,000
33 interval below the amount of the median AVPP. The state aid percentage
34 factor of a school district is the percentage assigned to the schedule
35 amount that is equal to the amount of the AVPP of the school district,
36 except that the state aid percentage factor of a school district shall not
37 exceed 100%. The state aid computation percentage is 25% for capital
38 outlay obligations incurred by a school district on or after the effective
39 date of this act under K.S.A. 72-8801 *et seq.*, and amendments thereto;

40 (5) ~~in the case of a school district which levies a tax of four mills or~~
41 ~~less pursuant to K.S.A. 72-8801 *et seq.*, and amendments thereto, deter-~~
42 ~~mine the amount that a school district levied pursuant to K.S.A. 72-8801~~
43 ~~*et seq.*, and amendments thereto, but not to exceed four mills; or~~

1 (6) multiply the amount determined under paragraph (5) by the ap-
2 plicable state aid percentage factor. The product is the amount of pay-
3 ment the school district is entitled to receive from the school district
4 capital outlay supplemental fund in the school year.

5 (c) The state board of education shall certify to the director of ac-
6 counts and reports the entitlements of school districts determined under
7 the provisions of subsection (b), and an amount equal thereto shall be
8 transferred by the director from the state general fund to the school
9 district capital outlay supplemental fund for distribution to school dis-
10 tricts. All transfers made in accordance with the provisions of this sub-
11 section shall be considered to be demand transfers from the state general
12 fund.

13 (d) Payments from the school district capital outlay supplemental
14 fund shall be distributed to school districts at times determined by the
15 state board of education to be necessary to assist school districts in making
16 scheduled payments pursuant to capital outlay obligations. The state
17 board of education shall certify to the director of accounts and reports
18 the amount due each school district entitled to payment from the fund,
19 and the director of accounts and reports shall draw a warrant on the state
20 treasurer payable to the treasurer of the school district. Upon receipt of
21 the warrant, the treasurer of the school district shall credit the amount
22 thereof to the capital outlay fund of the school district to be used for the
23 purposes of such fund.

24 New Sec. 3. (a) As used in this section, terms have the meanings
25 provided by K.S.A. 74-4932, and amendments thereto.

26 (b) On or before July 1, 2007, the board of education of each school
27 district shall develop and provide for the implementation and adminis-
28 tration of a district health care benefits program for employees of the
29 district. Such program shall provide benefits which are comparable to the
30 benefits provided to state employees under the state health care program.
31 Under such program, a district shall pay the same proportionate amount
32 which a state agency pays for the cost of single membership for employees
33 participating in the health care benefits program of the district.

34 Sec. 4. K.S.A. 72-6405 is hereby amended to read as follows: 72-
35 6405. (a) K.S.A. 72-6405 through ~~72-6440~~ 72-6447 and sections 1 and 2,
36 and amendments thereto, shall be known and may be cited as the school
37 district finance and quality performance act.

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

40 (b) *The provisions of this act are severable. If any provision of this*
41 *act is held to be invalid or unconstitutional, it shall be presumed conclu-*
42 *sively that the legislature would have enacted the remainder of this act*
43 *without such invalid or unconstitutional provision.*

1 Sec. 5. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as
2 follows: 72-6407. *As used in this act:*

3 (a) (1) “Pupil” means any person (A) who is regularly enrolled in a
4 district and attending kindergarten or any of the grades one through 12
5 maintained by the district ~~or~~; (B) who is regularly enrolled in a district
6 and attending kindergarten or any of the grades one through 12 in another
7 district in accordance with an agreement entered into under authority of
8 K.S.A. 72-8233, and amendments thereto, ~~or~~; or (C) who is regularly
9 enrolled in a district and attending special education *and related* services
10 provided for preschool-aged exceptional children by the district.

11 (2) Except as otherwise provided in this subsection, a pupil in at-
12 tendance full time shall be counted as one pupil. A pupil in attendance
13 part time shall be counted as that proportion of one pupil (to the nearest
14 $\frac{1}{10}$) that the pupil’s attendance bears to full-time attendance. ***▲ Except***
15 ***as provided by section 1, and amendments thereto, a*** pupil attending
16 kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in and at-
17 tending an institution of postsecondary education which is authorized
18 under the laws of this state to award academic degrees shall be counted
19 as one pupil if the pupil’s postsecondary education enrollment and at-
20 tendance together with the pupil’s attendance in either of the grades 11
21 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that
22 proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the
23 pupil’s postsecondary education attendance and attendance in grade 11
24 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and
25 attending an area vocational school, area vocational-technical school or
26 approved vocational education program shall be counted as one pupil if
27 the pupil’s vocational education enrollment and attendance together with
28 the pupil’s attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time,
29 otherwise the pupil shall be counted as that proportion of one pupil (to
30 the nearest $\frac{1}{10}$) that the total time of the pupil’s vocational education
31 attendance and attendance in any of grades nine through 12 bears to full-
32 time attendance. A pupil enrolled in a district and attending special ed-
33 ucation and related services, except special education and related services
34 for preschool-aged exceptional children, provided for by the district shall
35 be counted as one pupil. A pupil enrolled in a district and attending
36 special education and related services for preschool-aged exceptional chil-
37 dren provided for by the district shall be counted as $\frac{1}{2}$ pupil. A preschool-
38 aged at-risk pupil enrolled in a district and receiving services under an
39 approved at-risk pupil assistance plan maintained by the district shall be
40 counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social and
41 rehabilitation services and enrolled in unified school district No. 259,
42 Sedgwick county, Kansas, but housed, maintained, and receiving educa-
43 tional services at the Judge James V. Riddel Boys Ranch, shall be counted

1 as two pupils.

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

7 (b) “Preschool-aged exceptional children” means exceptional chil-
8 dren, except gifted children, who have attained the age of three years but
9 are under the age of eligibility for attendance at kindergarten.

10 (c) “At-risk pupils” means pupils who are eligible for free meals un-
11 der the national school lunch act and who are enrolled in a district which
12 maintains an approved at-risk pupil assistance plan.

13 (d) “Preschool-aged at-risk pupil” means an at-risk pupil who has
14 attained the age of four years, is under the age of eligibility for attendance
15 at kindergarten, and has been selected by the state board in accordance
16 with guidelines consonant with guidelines governing the selection of pu-
17 pils for participation in head start programs. The state board shall select
18 not more than 5,500 preschool-aged at-risk pupils to be counted in any
19 school year.

20 (e) “Enrollment” means: (1) For districts scheduling the school days
21 or school hours of the school term on a trimestral or quarterly basis, the
22 number of pupils regularly enrolled in the district on September 20 plus
23 the number of pupils regularly enrolled in the district on February 20
24 less the number of pupils regularly enrolled on February 20 who were
25 counted in the enrollment of the district on September 20; and for dis-
26 tricts not specified in this ~~clause~~ *paragraph* (1), the number of pupils
27 regularly enrolled in the district on September 20;

28 (2) If enrollment in a district in any school year has decreased from
29 enrollment in the preceding school year, enrollment of the district in the
30 current school year means whichever is the greater of (A) enrollment in
31 the preceding school year minus enrollment in such school year of pre-
32 school-aged at-risk pupils, if any such pupils were enrolled, plus enroll-
33 ment in the current school year of preschool-aged at-risk pupils, if any
34 such pupils are enrolled, or (B) the sum of enrollment in the current
35 school year of preschool-aged at-risk pupils, if any such pupils are enrolled
36 and the average (mean) of the sum of (i) enrollment of the district in the
37 current school year minus enrollment in such school year of preschool-
38 aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in
39 the preceding school year minus enrollment in such school year of pre-
40 school-aged at-risk pupils, if any such pupils were enrolled and (iii) en-
41 rollment in the school year next preceding the preceding school year
42 minus enrollment in such school year of preschool-aged at-risk pupils, if
43 any such pupils were enrolled; ~~or~~.

- 1 (3) *For districts affected by a disaster, as defined by K.S.A. 72-6447,*
2 *and amendments thereto*, the number of pupils as determined under
3 K.S.A. 72-6447, and amendments thereto.
- 4 (f) “Adjusted enrollment” means enrollment adjusted by adding at-
5 risk pupil weighting, program weighting, low enrollment weighting, if any,
6 correlation weighting, if any, school facilities weighting, if any, ancillary
7 school facilities weighting, if any, special education and related services
8 weighting, and transportation weighting to enrollment.
- 9 (g) “At-risk pupil weighting” means an addend component assigned to
10 enrollment of districts on the basis of enrollment of at-risk pupils.
- 11 (h) “Program weighting” means an addend component assigned to
12 enrollment of districts on the basis of pupil attendance in educational
13 programs which differ in cost from regular educational programs.
- 14 (i) “Low enrollment weighting” means an addend component as-
15 signed to enrollment of districts having under ~~1,725~~ 1,700 enrollment on
16 the basis of costs attributable to maintenance of educational programs by
17 such districts in comparison with costs attributable to maintenance of
18 educational programs by districts having ~~1,725~~ 1,700 or over enrollment.
- 19 (j) “School facilities weighting” means an addend component as-
20 signed to enrollment of districts on the basis of costs attributable to com-
21 mencing operation of new school facilities. School facilities weighting may
22 be assigned to enrollment of a district only if the district has adopted a
23 local option budget and budgeted therein the total amount authorized for
24 the school year. School facilities weighting may be assigned to enrollment
25 of the district only in the school year in which operation of a new school
26 facility is commenced and in the next succeeding school year.
- 27 (k) “Transportation weighting” means an addend component as-
28 signed to enrollment of districts on the basis of costs attributable to the
29 provision or furnishing of transportation.
- 30 (l) “Correlation weighting” means an addend component assigned to
31 enrollment of districts having ~~1,725~~ 1,700 or over enrollment on the basis
32 of costs attributable to maintenance of educational programs by such
33 districts as a correlate to low enrollment weighting assigned to enrollment
34 of districts having under ~~1,725~~ 1,700 enrollment.
- 35 (m) “Ancillary school facilities weighting” means an addend compo-
36 nent assigned to enrollment of districts to which the provisions of K.S.A.
37 72-6441, and amendments thereto, apply on the basis of costs attributable
38 to commencing operation of new school facilities. Ancillary school facil-
39 ities weighting may be assigned to enrollment of a district only if the
40 district has levied a tax under authority of K.S.A. 72-6441, and amend-
41 ments thereto, and remitted the proceeds from such tax to the state trea-
42 surer. Ancillary school facilities weighting is in addition to assignment of
43 school facilities weighting to enrollment of any district eligible for such

1 weighting.

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

5 (2) any level VI treatment facility licensed by the Kansas department
6 of health and environment which is a psychiatric residential treatment
7 facility for individuals under the age of 21 which conforms with the reg-
8 ulations of the centers for medicare/medicaid services and the joint com-
9 mission on accreditation of health care organizations governing such fa-
10 cilities; and

11 (3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth
12 Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clar-
13 ence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living
14 Center, Trego County Secure Care Center, St. Francis Academy at At-
15 chison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina,
16 St. Francis Center at Salina, King’s Achievement Center, and Liberty
17 Juvenile Services and Treatment.

18 (o) “Special education and related services weighting” means an ad-
19 dendum component assigned to enrollment of districts on the basis of costs
20 attributable to provision of special education and related services for pu-
21 pils determined to be exceptional children.

22 Sec. 6. K.S.A. 72-6410 is hereby amended to read as follows: 72-
23 6410. (a) “State financial aid” means an amount equal to the product
24 obtained by multiplying base state aid per pupil by the adjusted enroll-
25 ment of a district.

26 (b) (1) “Base state aid per pupil” means an amount of state financial
27 aid per pupil. ~~Subject to the other provisions of this subsection, the~~
28 ~~amount of base state aid per pupil is \$3,890.~~

29 (2) *Subject to the provisions of paragraph (3) of this subsection:*

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

32 (B) *For school year 2004-2005, the amount of base state aid per pupil*
33 *shall be \$3,963.*

34 (C) *For school year 2005-2006, the amount of base state aid per pupil*
35 *shall be \$4,038.*

36 (D) *For school year 2006-2007 and each school year thereafter, base*
37 *state aid per pupil shall be \$4,113.*

38 (3) The amount of base state aid per pupil is subject to reduction
39 commensurate with any reduction under K.S.A. 75-6704, and amend-
40 ments thereto, in the amount of the appropriation from the state general
41 fund for general state aid. If the amount of appropriations for general
42 state aid is insufficient to pay in full the amount each district is entitled
43 to receive for any school year, the amount of base state aid per pupil for

1 such school year is subject to reduction commensurate with the amount
2 of the insufficiency.

3 (c) “Local effort” means the sum of an amount equal to the proceeds
4 from the tax levied under authority of K.S.A. 72-6431, and amendments
5 thereto, and an amount equal to any unexpended and unencumbered
6 balance remaining in the general fund of the district, except amounts
7 received by the district and authorized to be expended for the purposes
8 specified in K.S.A. 72-6430, and amendments thereto, and an amount
9 equal to any unexpended and unencumbered balances remaining in the
10 program weighted funds of the district, except any amount in the voca-
11 tional education fund of the district if the district is operating an area
12 vocational school, and an amount equal to any remaining proceeds from
13 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-
14 ments thereto, prior to the repeal of such statutory sections, and an
15 amount equal to the amount deposited in the general fund in the current
16 school year from amounts received in such year by the district under the
17 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
18 and an amount equal to the amount deposited in the general fund in the
19 current school year from amounts received in such year by the district
20 pursuant to contracts made and entered into under authority of K.S.A.
21 72-6757, and amendments thereto, and an amount equal to the amount
22 credited to the general fund in the current school year from amounts
23 distributed in such year to the district under the provisions of articles 17
24 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-
25 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,
26 and an amount equal to the amount of payments received by the district
27 under the provisions of K.S.A. 72-979, and amendments thereto, and an
28 amount equal to the amount of a grant, if any, received by the district
29 under the provisions of K.S.A. 72-983, and amendments thereto, and an
30 amount equal to 75% of the federal impact aid of the district.

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

42 Sec. 7. K.S.A. 72-6412 is hereby amended to read as follows: 72-
43 6412. The low enrollment weighting of each district with under ~~1,725~~

- 1 1,700 enrollment shall be determined by the state board as follows:
- 2 (a) Determine the amount of the median budget per pupil for the
3 1991-92 school year of districts with 75-125 enrollment in such school
4 year;
- 5 (b) determine the amount of the median budget per pupil for the
6 1991-92 school year of districts with 200-399 enrollment in such school
7 year;
- 8 (c) determine the amount of the median budget per pupil for the
9 1991-92 school year of districts with 1,900 or over enrollment;
- 10 (d) prescribe a schedule amount for each of the districts by preparing
11 a schedule based upon an accepted mathematical formula and derived
12 from a linear transition between (1) the median budgets per pupil deter-
13 mined under (a) and (b), and (2) the median budgets per pupil deter-
14 mined under (b) and (c). The schedule amount for districts with 0-99
15 enrollment is an amount equal to the amount of the median budget per
16 pupil determined under (a). The schedule amount for districts with 100-
17 299 enrollment is the amount derived from the linear transition under
18 (1). The schedule amount for districts with 300-1,899 enrollment is the
19 amount derived from the linear transition under (2);
- 20 (e) for districts with 0-99 enrollment:
- 21 (1) Subtract the amount determined under (c) from the amount de-
22 termined under (a);
- 23 (2) divide the remainder obtained under (1) by the amount deter-
24 mined under (c);
- 25 (3) multiply the quotient obtained under (2) by the enrollment of the
26 district in the current school year. The product is the low enrollment
27 weighting of the district;
- 28 (f) for districts with 100-299 enrollment:
- 29 (1) Subtract the amount determined under (c) from the schedule
30 amount of the district;
- 31 (2) divide the remainder obtained under (1) by the amount deter-
32 mined under (c);
- 33 (3) multiply the quotient obtained under (2) by the enrollment of the
34 district in the current school year. The product is the low enrollment
35 weighting of the district;
- 36 (g) for districts with ~~300-1,724~~ 300-1,699 enrollment:
- 37 (1) Subtract the amount determined under (c) from the schedule
38 amount of the district;
- 39 (2) divide the remainder obtained under (1) by the amount deter-
40 mined under (c);
- 41 (3) multiply the quotient obtained under (2) by the enrollment of the
42 district in the current school year. The product is the low enrollment
43 weighting of the district.

1 Sec. 8. K.S.A. 72-6413 is hereby amended to read as follows: 72-
2 6413. The program weighting of each district shall be determined by the
3 state board as follows:

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

6 (b) (1) *multiply the computed enrollment by .22 for school year 2004-*
7 *2005;*

8 (2) *multiply the computed enrollment by .24 for school year 2005-*
9 *2006; and*

10 (3) *multiply the computed enrollment by .25 for school year 2006-*
11 *2007 and each school year thereafter;*

12 (c) compute full time equivalent enrollment in approved vocational
13 education programs and multiply the computed enrollment by 0.5;

14 ~~(e)~~ (d) add the products obtained under ~~(a) and (b)~~ subsections (a),
15 (b) and (c). The sum is the program weighting of the district.

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

18 Sec. 9. K.S.A. 72-6414 is hereby amended to read as follows: 72-
19 6414. (a) The at-risk pupil weighting of each district shall be determined
20 by the state board ~~by multiplying as follows:~~

21 (1) *multiply the number of at-risk pupils included in enrollment of*
22 *the district by ~~10~~ .15 for school year 2004-2005;*

23 (2) *multiply the number of at-risk pupils included in enrollment of*
24 *the district by .20 for school year 2005-2006; and*

25 (3) *multiply the number of at-risk pupils included in enrollment of*
26 *the district by .25 for school year 2006-2007 and each school year*
27 *thereafter.*

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

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

36 ~~(e)~~ (d) A district shall include such information in its at-risk pupil
37 assistance plan as the state board may require regarding the district's
38 remediation strategies and the results thereof in achieving the third grade
39 reading standards and outcomes of mastery identified by the state board.
40 The reporting requirements shall include information documenting re-
41 medi-ation strategies and improvement made by pupils who performed
42 below the expected standard on the second grade diagnostic reading test
43 prescribed by the state board.

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

5 Sec. 10. K.S.A. 2003 Supp. 72-6431 is hereby amended to read as
6 follows: 72-6431. (a) The board of each district shall levy an ad valorem
7 tax upon the taxable tangible property of the district in the school years
8 specified in subsection (b) for the purpose of:

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

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

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

19 —(b) The tax required under subsection (a) shall be levied at a rate of
20 20 mills in the school year 2003-2004 and school year 2004-2005. *The tax*
21 *required under subsection (a) shall be levied at a rate of 21 mills in the*
22 *school year 2005-2006.*

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 thereto.

37 **Sec. 10. K.S.A. 2003 Supp. 72-6431 is hereby amended to read**
38 **as follows: 72-6431. (a) The board of each district shall levy an ad**
39 **valorem tax upon the taxable tangible property of the district in the**
40 **school years specified in subsection (b) for the purpose of:**

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

43 **(2) paying a portion of the costs of operating and maintaining**

1 *public schools in partial fulfillment of the constitutional obligation*
2 *of the legislature to finance the educational interests of the state;*
3 *and*

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

10 (b) *The tax required under subsection (a) shall be levied at a*
11 *rate of 20 mills in the school year ~~2003-2004~~ and school year 2004-*
12 *2005. The tax required to be levied under subsection (a) shall be levied*
13 *at a rate of 21 mills in the school year 2005-2006.*

14 (c) *The proceeds from the tax levied by a district under author-*
15 *ity of this section, except the proceeds of such tax levied for the*
16 *purpose of paying a portion of the principal and interest on bonds*
17 *issued by cities under authority of K.S.A. 12-1774, and amendments*
18 *thereto, for the financing of redevelopment projects upon property*
19 *located within the district, shall be deposited in the general fund of*
20 *the district.*

21 (d) *On June ± 5 of each year, the amount, if any, by which a*
22 *district's local effort exceeds the amount of the district's state fi-*
23 *ancial aid, as determined by the state board, shall be remitted to*
24 *the state treasurer. Upon receipt of any such remittance, the state*
25 *treasurer shall deposit the same in the state treasury to the credit*
26 *of the state school district finance fund.*

27 (e) *No district shall proceed under K.S.A. 79-1964, 79-1964a or*
28 *79-1964b, and amendments thereto.*

29 Sec. ~~11~~ ~~10~~ **11.** K.S.A. 72-6442 is hereby amended to read as follows:
30 72-6442. The correlation weighting of each district with ~~1,725~~ 1,700 or
31 over enrollment shall be determined by the state board as follows:

32 (a) Determine the schedule amount for a district with ~~1,725~~ 1,700
33 enrollment as derived from the linear transition under (d) of K.S.A. 72-
34 6412, and amendments thereto, and subtract the amount determined
35 under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule
36 amount so determined;

37 (b) divide the remainder obtained under (a) by the amount deter-
38 mined under (c) of K.S.A. 72-6412, and amendments thereto, and mul-
39 tiply the quotient by the enrollment of the district in the current school
40 year. The product is the correlation weighting of the district.

41 Sec. ~~12~~ ~~11~~ **12.** K.S.A. 2003 Supp. 79-32,110 is hereby amended to
42 read as follows: 79-32,110. (a) *Resident Individuals.* Except as otherwise
43 provided by subsection (a) of K.S.A. 79-3220, and amendments thereto,

1 a tax is hereby imposed upon the Kansas taxable income of every resident
 2 individual, which tax shall be computed in accordance with the following
 3 tax schedules:

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

5 If the taxable income is:	The tax is:
6 Not over \$30,000	3.5% of Kansas taxable income
7 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
8 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

9 (2) *All other individuals.*

10 (A) For tax year 1997:

11 If the taxable income is:	The tax is:
12 Not over \$20,000	4.1% of Kansas taxable income
13 Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000
14 Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000

15 (B) For tax year 1998, and all tax years thereafter:

16 If the taxable income is:	The tax is:
17 Not over \$15,000.....	3.5% of Kansas taxable income
18 Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
19 Over \$30,000.....	\$1,462.50 plus 6.45% of excess over \$30,000

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

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

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

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

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

36 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
 37 *for tax years commencing after December 31, 2003, a surcharge shall be*
 38 *imposed on resident individuals and nonresident individuals in the*
 39 *amount of 5% of the tax due pursuant to subsections (a) and (b), computed*
 40 *without regard to any applicable income tax credits.*

41 ~~13. 12~~ **13.** K.S.A. 2003 Supp. 79-3603 is hereby amended to
 42 read as follows: 79-3603. For the privilege of engaging in the business of
 43 selling tangible personal property at retail in this state or rendering or

1 furnishing any of the services taxable under this act, there is hereby levied
2 and there shall be collected and paid a tax at the rate of 5.3% on and
3 after July 1, 2002, and before July 1, 2004, ~~5.2%~~ 5.5% on and after July
4 1, 2004, and before July 1, 2005, and ~~5%~~ 5.6% on and after July 1, 2005,
5 *and before July 1, 2006, and 5.7% on and after July 1, 2006*, and, within
6 a redevelopment district established pursuant to K.S.A. 74-8921, and
7 amendments thereto, there is hereby levied and there shall be collected
8 and paid an additional tax at the rate of 2% until the earlier of the date
9 the bonds issued to finance or refinance the redevelopment project have
10 been paid in full or the final scheduled maturity of the first series of bonds
11 issued to finance any part of the project upon:

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

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

1 otherwise, the gross receipts from the sale of both taxable and nontaxable
2 services billed on a combined basis shall be deemed attributable to the
3 taxable services included therein. Within 90 days of billing taxable services
4 on a combined basis with nontaxable services, the retailer shall enter into
5 a written agreement with the secretary identifying the methodology to be
6 used in determining the taxable portion of the selling price of those com-
7 bined services. The burden of proving that any receipt or charge is not
8 taxable shall be upon the retailer. Upon request from the customer, the
9 retailer shall disclose to the customer the selling price for the taxable
10 services included in the selling price for the taxable and nontaxable serv-
11 ices billed on a combined basis;

12 (c) the gross receipts from the sale or furnishing of gas, water, elec-
13 tricity and heat, which sale is not otherwise exempt from taxation under
14 the provisions of this act, and whether furnished by municipally or pri-
15 vately owned utilities, except that, on and after January 1, 2006, for sales
16 of gas, electricity and heat delivered through mains, lines or pipes to
17 residential premises for noncommercial use by the occupant of such
18 premises, and for agricultural use and also, for such use, all sales of pro-
19 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP
20 gas, coal, wood and other fuel sources for the production of heat or light-
21 ing for noncommercial use of an occupant of residential premises, the
22 state rate shall be 0%, but such tax shall not be levied and collected upon
23 the gross receipts from: (1) The sale of a rural water district benefit unit;
24 (2) a water system impact fee, system enhancement fee or similar fee
25 collected by a water supplier as a condition for establishing service; or (3)
26 connection or reconnection fees collected by a water supplier;

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

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

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

39 (g) the gross receipts from the service of renting of rooms by hotels,
40 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
41 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto
42 but such tax shall not be levied and collected upon the gross receipts
43 received from sales of such service to the federal government and any

1 agency, officer or employee thereof in association with the performance
2 of official government duties;

3 (h) the gross receipts from the service of renting or leasing of tangible
4 personal property except such tax shall not apply to the renting or leasing
5 of machinery, equipment or other personal property owned by a city and
6 purchased from the proceeds of industrial revenue bonds issued prior to
7 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
8 12-1749, and amendments thereto, and any city or lessee renting or leas-
9 ing such machinery, equipment or other personal property purchased
10 with the proceeds of such bonds who shall have paid a tax under the
11 provisions of this section upon sales made prior to July 1, 1973, shall be
12 entitled to a refund from the sales tax refund fund of all taxes paid
13 thereon;

14 (i) the gross receipts from the rendering of dry cleaning, pressing,
15 dyeing and laundry services except laundry services rendered through a
16 coin-operated device whether automatic or manually operated;

17 (j) the gross receipts from the rendering of the services of washing
18 and washing and waxing of vehicles;

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

21 (l) (1) except as otherwise provided by paragraph (2), the gross re-
22 cepts received from the sales of tangible personal property to all con-
23 tractors, subcontractors or repairmen for use by them in erecting struc-
24 tures, or building on, or otherwise improving, altering, or repairing real
25 or personal property.

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

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

37 (1) Fees and charges by any political subdivision, by any organization
38 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
39 201, and amendments thereto, or by any youth recreation organization
40 exclusively providing services to persons 18 years of age or younger which
41 is exempt from federal income taxation pursuant to section 501(c)(3) of
42 the federal internal revenue code of 1986, for participation in sports,
43 games and other recreational activities; and (2) entry fees and charges for

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

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

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

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

40 For the purposes of this subsection:

41 (1) “Original construction” shall mean the first or initial construction
42 of a new building or facility. The term “original construction” shall include
43 the addition of an entire room or floor to any existing building or facility,

1 the completion of any unfinished portion of any existing building or fa-
2 cility and the restoration, reconstruction or replacement of a building or
3 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
4 or earthquake, but such term, except with regard to a residence, shall not
5 include replacement, remodeling, restoration, renovation or reconstruc-
6 tion under any other circumstances;

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

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

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

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

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

30 (s) the gross receipts received from the sale of computer software,
31 the sale of the service of providing computer software other than pre-
32 written computer software and the sale of the services of modifying, al-
33 tering, updating or maintaining computer software, whether the com-
34 puter software is installed or delivered electronically by tangible storage
35 media physically transferred to the purchaser or by load and leave;

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

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

3 (v) the gross receipts received from the sales of bingo cards, bingo
4 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
5 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
6 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
7 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
8 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
9 and amendments thereto, shall be exempt from taxes imposed pursuant
10 to this section.

11 ~~Sec. 14~~ **14.** K.S.A. 2003 Supp. 79-3620 is hereby amended to
12 read as follows: 79-3620. (a) All revenue collected or received by the
13 director of taxation from the taxes imposed by this act shall be remitted
14 to the state treasurer in accordance with the provisions of K.S.A. 75-4215,
15 and amendments thereto. Upon receipt of each such remittance, the state
16 treasurer shall deposit the entire amount in the state treasury, less
17 amounts withheld as provided in subsection (b) and amounts credited as
18 provided in subsection (c) and (d), to the credit of the state general fund.

19 (b) A refund fund, designated as “sales tax refund fund” not to exceed
20 \$100,000 shall be set apart and maintained by the director from sales tax
21 collections and estimated tax collections and held by the state treasurer
22 for prompt payment of all sales tax refunds including refunds authorized
23 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
24 fund shall be in such amount, within the limit set by this section, as the
25 director shall determine is necessary to meet current refunding require-
26 ments under this act. In the event such fund as established by this section
27 is, at any time, insufficient to provide for the payment of refunds due
28 claimants thereof, the director shall certify the amount of additional funds
29 required to the director of accounts and reports who shall promptly trans-
30 fer the required amount from the state general fund to the sales tax refund
31 fund, and notify the state treasurer, who shall make proper entry in the
32 records.

33 (c) (1) The state treasurer shall credit $\frac{5}{98}$ 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 4.9%, and deposited as provided in subsection (a),
36 exclusive of amounts credited pursuant to subsection (d), in the state
37 highway fund.

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

43 (3) ~~The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and~~

1 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
2 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
3 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
4 ~~highway fund. The state treasurer shall credit $\frac{1}{22}$ of the revenue collected~~
5 ~~or received from the tax imposed by K.S.A. 79-3603, and amendments~~
6 ~~thereto, at the rate of 5.5%, and deposited as provided in subsection (a),~~
7 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~
8 ~~way fund.~~

9 (4) *The state treasurer shall credit $\frac{5}{112}$ of the revenue collected or*
10 *received from the tax imposed by K.S.A. 79-3603, and amendments*
11 *thereto, at the rate of 5.6%, and deposited as provided in subsection (a),*
12 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
13 *way fund.*

14 (5) *The state treasurer shall credit $\frac{5}{114}$ of the revenue collected or*
15 *received from the tax imposed by K.S.A. 79-3603, and amendments*
16 *thereto, at the rate of 5.7%, and deposited as provided in subsection (a),*
17 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
18 *way fund.*

19 (d) The state treasurer shall credit all revenue collected or received
20 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
21 certified by the director, from taxpayers doing business within that por-
22 tion of a redevelopment district occupied by a redevelopment project that
23 was determined by the secretary of commerce ~~and housing~~ to be of state-
24 wide as well as local importance or will create a major tourism area for
25 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
26 city bond finance fund, which fund is hereby created. The provisions of
27 this subsection shall expire when the total of all amounts credited here-
28 under and under subsection (d) of K.S.A. 79-3710, and amendments
29 thereto, is sufficient to retire the special obligation bonds issued for the
30 purpose of financing all or a portion of the costs of such redevelopment
31 project.

32 ~~Sec. 15. 14 15.~~ K.S.A. 2003 Supp. 79-3703 is hereby amended to
33 read as follows: 79-3703. There is hereby levied and there shall be col-
34 lected from every person in this state a tax or excise for the privilege of
35 using, storing, or consuming within this state any article of tangible per-
36 sonal property. Such tax shall be levied and collected in an amount equal
37 to the consideration paid by the taxpayer multiplied by the rate of 5.3%
38 on and after July 1, 2002, and before July 1, 2004, 5.5% on and after July
39 1, 2004, and before July 1, 2005, and 5.6% on and after July 1, 2005, and
40 before July 1, 2006, and ~~5%~~ 5.7% on and after July 1, 2006. Within a
41 redevelopment district established pursuant to K.S.A. 74-8921, and
42 amendments thereto, there is hereby levied and there shall be collected
43 and paid an additional tax of 2% until the earlier of: (1) The date the

1 bonds issued to finance or refinance the redevelopment project under-
2 taken in the district have been paid in full; or (2) the final scheduled
3 maturity of the first series of bonds issued to finance the redevelopment
4 project. All property purchased or leased within or without this state and
5 subsequently used, stored or consumed in this state shall be subject to
6 the compensating tax if the same property or transaction would have been
7 subject to the Kansas retailers' sales tax had the transaction been wholly
8 within this state.

9 Sec. ~~16.~~ **16.** K.S.A. 2003 Supp. 79-3710 is hereby amended to
10 read as follows: 79-3710. (a) All revenue collected or received by the
11 director under the provisions of this act shall be remitted to the state
12 treasurer in accordance with the provisions of K.S.A. 75-4215, and
13 amendments thereto. Upon receipt of each such remittance, the state
14 treasurer shall deposit the entire amount in the state treasury, less
15 amounts set apart as provided in subsection (b) and amounts credited as
16 provided in subsection (c) and (d), to the credit of the state general fund.

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

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

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

34 ~~(3) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or~~
35 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~
36 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
37 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
38 ~~highway fund. The state treasurer shall credit $\frac{1}{22}$ of the revenue collected~~
39 ~~or received from the tax imposed by K.S.A. 79-3703, and amendments~~
40 ~~thereto, at the rate of 5.5%, and deposited as provided in subsection (a),~~
41 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~
42 ~~way fund.~~

43 (4) The state treasurer shall credit $\frac{5}{112}$ of the revenue collected or

1 received from the tax imposed by K.S.A. 79-3703, and amendments
2 thereto, at the rate of 5.6%, and deposited as provided in subsection (a),
3 exclusive of amounts credited pursuant to subsection (d), in the state high-
4 way fund.

5 (5) The state treasurer shall credit $\frac{5}{114}$ of the revenue collected or
6 received from the tax imposed by K.S.A. 79-3703, and amendments
7 thereto, at the rate of 5.7%, and deposited as provided by subsection (a),
8 exclusive of amounts credited pursuant to subsection (d), in the state high-
9 way fund.

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

23 **[New Sec. 17. (a) No school district shall expend any public**

24 **moneys for the acquisition of electronic material harmful to minors.**

25 **[(b) As used in this section, “electronic material harmful to mi-**

26 **nor” means any electronic source of print, picture, figure, image,**

27 **description, film or recording which is harmful to minors, as defined**

28 **in K.S.A. 21-4301c, and amendments thereto.]**

29 ~~Sec. 17-16-17 [18].~~ K.S.A. 72-6405, 72-6410, 72-6412, 72-6413, 72-
30 6414, 72-6433b, 72-6440 and 72-6442 and K.S.A. 2003 Supp. 72-6407,
31 ~~72-6431, 72-6431b, 72-6431c,~~ **72-6431, 72-6431b, 72-6431c,** 79-201y,
32 79-32,110, 79-3603, 79-3603c, 79-3620, 79-3620c, 79-3703, 79-3710 and
33 79-3710a are hereby repealed.

34 ~~Sec. 18-17-18 [19].~~ This act shall take effect and be in force from
35 and after its publication in the statute book.