

SENATE BILL No. 481

AN ACT concerning school districts; relating to consolidation; relating to state aid; relating to the assessed valuation of districts; amending K.S.A. 2005 Supp. 72-6434, 72-6445a, 72-8814 and 75-2319 and repealing the existing sections; also repealing K.S.A. 72-6445.

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

Section 1. K.S.A. 2005 Supp. 72-6434 is hereby amended to read as follows: 72-6434. (a) In each school year, each district that has adopted a local option budget is eligible for entitlement to an amount of supplemental general state aid. *Except as provided by section 7, and amendments thereto*, entitlement of a district to supplemental general state aid shall be determined by the state board as provided in this subsection. The state board shall:

- (1) Determine the amount of the assessed valuation per pupil in the preceding school year of each district in the state;
- (2) rank the districts from low to high on the basis of the amounts of assessed valuation per pupil determined under (1);
- (3) identify the amount of the assessed valuation per pupil located at the 81.2 percentile of the amounts ranked under (2);
- (4) divide the assessed valuation per pupil of the district in the preceding school year by the amount identified under (3);
- (5) subtract the ratio obtained under (4) from 1.0. If the resulting ratio equals or exceeds 1.0, the eligibility of the district for entitlement to supplemental general state aid shall lapse. If the resulting ratio is less than 1.0, the district is entitled to receive supplemental general state aid in an amount which shall be determined by the state board by multiplying the amount of the local option budget of the district by such ratio. The product is the amount of supplemental general state aid the district is entitled to receive for the school year.

(b) If the amount of appropriations for supplemental general state aid is less than the amount each district is entitled to receive for the school year, the state board shall prorate the amount appropriated among the districts in proportion to the amount each district is entitled to receive.

(c) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each district, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the district. Upon receipt of the warrant, the treasurer of the district shall credit the amount thereof to the supplemental general fund of the district to be used for the purposes of such fund.

(d) If any amount of supplemental general state aid that is due to be paid during the month of June of a school year pursuant to the other provisions of this section is not paid on or before June 30 of such school year, then such payment shall be paid on or after the ensuing July 1, as soon as moneys are available therefor. Any payment of supplemental general state aid that is due to be paid during the month of June of a school year and that is paid to school districts on or after the ensuing July 1 shall be recorded and accounted for by school districts as a receipt for the school year ending on the preceding June 30.

Sec. 2. K.S.A. 2005 Supp. 72-6445a is hereby amended to read as follows: 72-6445a. (a) For the purposes of the school district finance and quality performance act, and notwithstanding any provision of the act to the contrary, state financial aid for any district formed by consolidation in accordance with the statutory provisions contained in article 87 of chapter 72 of Kansas Statutes Annotated shall be computed by the state board of education as follows:

- (1) Determine the amount of state financial aid each of the former districts which comprise the consolidated district received in the school year preceding the date the consolidation was completed;
- (2) add the amounts determined under subsection (a)(1). ~~If the consolidation is completed by July 1, 2005,~~ The sum is the state financial aid of the consolidated district for the school year in which the consolidation is completed. For the next succeeding two school years, the state financial aid shall be the greater of: (1) The amount received in the preceding school year; or (2) the amount the district would receive under the school district finance and quality performance act prior to amendment by this

~~section. If the consolidation is completed after July 1, 2005, the sum is the state financial aid of the consolidated district for the school year in which the consolidation is completed. For the next school year, the state financial aid shall be the greater of: (1) The amount received in the preceding school year; or (2) the amount the district would receive under the school district finance and quality performance act prior to amendment by this section.~~

(b) The provisions of this subsection shall apply only if a school district is disorganized in accordance with article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, and if all the territory which comprised such disorganized district is attached to a single school district.

For the purposes of the school district finance and quality performance act, and notwithstanding any provision of the act to the contrary, state financial aid for any school district to which this subsection applies, shall be computed by the state board of education as follows:

(1) Determine the amount of state financial aid each of the former districts which comprise the enlarged district received in the school year preceding the date the consolidation was completed;

(2) add the amounts determined under subsection (b)(1). ~~If the attachment is completed by July 1, 2005, The sum is the state financial aid of the district for the school year in which the attachment is completed. For the next succeeding two school years, the state financial aid shall be the greater of: (1) The amount received in the preceding school year; or (2) the amount the district would receive under the school district finance and quality performance act prior to amendment by this section. If the attachment is completed after July 1, 2005, the sum is the state financial aid of the district for the school year in which the attachment is completed. For the next school year, the state financial aid shall be the greater of: (1) The amount received in the preceding school year; or (2) the amount the district would receive under the school district finance and quality performance act prior to amendment by this section.~~

The provisions of this subsection shall apply to any school district to which all of the territory of a disorganized district has been attached pursuant to an order issued by the state board of education during school year 2002-2003, or any time thereafter, under article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto.

~~(e) Nothing in this section shall be construed as affecting the computation of the amount of state financial aid under K.S.A. 72-6445, and amendments thereto, for districts which consolidated or disorganized prior to July 1, 2004.~~

(c) The provisions of this section shall apply to districts which have consolidated or disorganized on and after July 1, 2004.

Sec. 3. K.S.A. 2005 Supp. 72-8814 is hereby amended to read as follows: 72-8814. (a) There is hereby established in the state treasury the school district capital outlay state aid fund. Such fund shall consist of all amounts transferred thereto under the provisions of subsection (c).

(b) In each school year, each school district which levies a tax pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall be entitled to receive payment from the school district capital outlay state aid fund in an amount determined by the state board of education as provided in this subsection. The state board of education shall:

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

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

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by

assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. *Except as provided by section 4, and amendments thereto*, the state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount levied by each school district pursuant to K.S.A. 72-8801 et seq., and amendments thereto;

(6) multiply the amount computed under (5), but not to exceed 8 mills, by the applicable state aid percentage factor. The product is the amount of payment the school district is entitled to receive from the school district capital outlay state aid fund in the school year.

(c) The state board shall certify to the director of accounts and reports the entitlements of school districts determined under the provisions of subsection (b), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital outlay state aid fund for distribution to school districts.

(d) Payments from the school district capital outlay state aid fund shall be distributed to school districts at times determined by the state board of education. The state board of education shall certify to the director of accounts and reports the amount due each school district entitled to payment from the fund, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the capital outlay fund of the school district to be used for the purposes of such fund.

New Sec. 4. (a) Unless the context otherwise requires, as used in this section, “district” means: (1) Any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto; or (2) any school district formed by disorganization and attachment in accordance with article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, if all the territory which comprised a disorganized district is attached to a single district.

(b) (1) For the purposes of determining the amount of the payment from the school district capital outlay state aid fund under K.S.A. 2005 Supp. 75-2319, and amendments thereto, the state board shall determine the state aid percentage factor of each of the former school districts of which the district is composed for the school year prior to the effectuation of the consolidation or attachment.

(2) For the school year in which the consolidation or attachment is effectuated and the next two succeeding school years, the state aid percentage factor of the district shall be the highest state aid percentage factor determined under paragraph (1).

(c) The provisions of this section shall apply to districts which have consolidated or disorganized on and after July 1, 2004.

Sec. 5. K.S.A. 2005 Supp. 75-2319 is hereby amended to read as follows: 75-2319. (a) There is hereby established in the state treasury the school district capital improvements fund. The fund shall consist of all amounts transferred thereto under the provisions of subsection (c).

(b) In each school year, each school district which is obligated to make payments from its bond and interest fund shall be entitled to receive payment from the school district capital improvements fund in an amount determined by the state board of education as provided in this subsection. The state board of education shall:

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

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

(3) prepare a schedule of dollar amounts using the amount of the

median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. *Except as provided by section 6, and amendments thereto*, the state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, ~~except that~~. The state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 5% for contractual bond obligations incurred by a school district prior to the effective date of this act, and 25% for contractual bond obligations incurred by a school district on or after the effective date of this act;

(5) determine the amount of payments in the aggregate that a school district is obligated to make from its bond and interest fund and, of such amount, compute the amount attributable to contractual bond obligations incurred by the school district prior to the effective date of this act and the amount attributable to contractual bond obligations incurred by the school district on or after the effective date of this act;

(6) multiply each of the amounts computed under (5) by the applicable state aid percentage factor; and

(7) add the products obtained under (6). The amount of the sum is the amount of payment the school district is entitled to receive from the school district capital improvements fund in the school year.

(c) The state board of education shall certify to the director of accounts and reports the entitlements of school districts determined under the provisions of subsection (b), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital improvements fund for distribution to school districts. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund, ~~except that all such transfers during the fiscal years ending June 30, 2006 and June 30, 2007, shall be considered to be revenue transfers from the state general fund~~, *except that all such transfers during the fiscal year ending June 30, 2007, shall be considered to be revenue transfers from the state general fund.*

(d) Payments from the school district capital improvements fund shall be distributed to school districts at times determined by the state board of education to be necessary to assist school districts in making scheduled payments pursuant to contractual bond obligations. The state board of education shall certify to the director of accounts and reports the amount due each school district entitled to payment from the fund, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the bond and interest fund of the school district to be used for the purposes of such fund.

(e) The provisions of this section apply only to contractual obligations incurred by school districts pursuant to general obligation bonds issued upon approval of a majority of the qualified electors of the school district voting at an election upon the question of the issuance of such bonds.

New Sec. 6. (a) Unless the context otherwise requires, as used in this section, “district” means: (1) Any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated; or (2) any school district formed by disorganization and attachment in accordance with article 73 of chapter 72 of the Kansas Statutes

Annotated, and amendments thereto, if all the territory which comprised a disorganized district is attached to a single district.

(b) (1) For the purposes of determining the amount of the payment from the school district capital improvements fund under K.S.A. 75-2319, and amendments thereto, the state board shall determine the state aid percentage factor of each of the former school districts of which the district is composed for the school year prior to the effectuation of the consolidation or attachment.

(2) For the school year in which the consolidation or attachment is effectuated and the next succeeding two school years, the state aid percentage factor of the district shall be the highest state aid percentage factor determined under paragraph (1).

(c) The provisions of this section shall apply to districts which have consolidated or disorganized on and after July 1, 2004.

New Sec. 7. (a) Unless the context otherwise requires, as used in this section, “district” means: (1) Any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated; or (2) any school district formed by disorganization and attachment in accordance with article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, if all the territory which comprised a disorganized district is attached to a single district.

(b) (1) For the purposes of determining the amount of supplemental general state aid, the state board shall determine the ranking of each of the former school districts of which the district is composed as required by subsection (a)(2) of K.S.A. 72-6434, and amendments thereto, for the school year prior to the effectuation of the consolidation or attachment.

(2) For the school year in which the consolidation or attachment is effectuated and the next succeeding two school years, the ranking of the district for the purposes of subsection (a)(2) of K.S.A. 72-6434, and amendments thereto, shall be the ranking of the district receiving the highest amount of supplemental general state aid determined under paragraph (1).

(c) The provisions of this section shall apply to districts which have consolidated or disorganized on and after July 1, 2004.

New Sec. 8. (a) As used in this section:

(1) “School district” means unified school district No. 404, unified school district No. 493, unified school district No. 499 and unified school district No. 508.

(2) “Property” means any property, and improvements thereon, comprising a racetrack gaming facility or lottery gaming facility under the Kansas expanded lottery act located in Cherokee county.

(3) “State aid” means general state aid, supplemental general state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the school district finance and quality performance act or other law, and any other state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

(b) For the purposes of computing the assessed valuation of school districts for the payment, distribution or allocation of state aid and the levying of school taxes, $\frac{1}{4}$ of the assessed valuation of such property shall be assigned to each of the school districts.

(c) The provisions of this section shall not apply if the property is not or ceases to be used as a racetrack gaming facility or lottery gaming facility under the Kansas expanded lottery act.

New Sec. 9. (a) As used in this section:

(1) “School district” means unified school district No. 507 and unified school district No. 374.

(2) “Property” means the following described property, and improvements thereon, comprised of 1,120 acres, more or less, located in Haskell county: All of Section 34, Township 29 South, Range 33 West and the West $\frac{1}{2}$ of Section 3, Township 30 South, Range 33 West and the Northeast Quarter of Section 3, Township 30 South, Range 33 West.

(3) “State aid” means general state aid, supplemental general state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the school district finance and quality performance act or other law, and any other

state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

(b) For the purposes of computing the assessed valuation of school districts for the payment, distribution or allocation of state aid and the levying of school taxes, 1/2 of the assessed valuation of such property shall be assigned to each of the school districts.

(c) The provisions of this section shall not apply if the property is not or ceases to be used for the production of ethanol.

Sec. 10. K.S.A. 72-6445 and K.S.A. 2005 Supp. 72-6434, 72-6445a, 72-8814 and 75-2319 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.