

# Journal of the Senate

THIRTY-NINTH DAY

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SENATE CHAMBER, TOPEKA, KANSAS  
Monday, March 11, 2002—2:30 p.m.

The Senate was called to order by President Dave Kerr.

The roll was called with forty senators present.

Invocation by Chaplain Fred S. Hollomon:

Heavenly Father,

Thank you for staying close to me regardless of the circumstances.

Whether I'm celebrating a victory or agonizing in defeat, You are there.

Whether I'm addressing a large crowd or riding home alone, You are there.

Whether it's a fund raising banquet or lunch with my family, You are there.

Whether I'm being praised or being vilified, You are there.

Whether I'm bursting with energy or mired in fatigue, You are there.

Whether I make it right or make a mistake, You are there.

Whether I'm searching for a solution to a short fall or just offering a clean-up amendment,  
You are there.

Whether I'm laboring over a redistricting map or having my picture taken with pages,  
You are there.

When everyone adores me, You hold me down.

When everyone deserts me, You lift me up.

Whether You are pleased with me or disappointed in me, You are still there.

I know that if no one else stands by me, You will always be there.

And for that I thank You in Jesus' Name,

AMEN

## REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was referred to Committee as indicated:

Public Health and Welfare: **SB 643**.

## CHANGE OF REFERENCE

The President withdrew **SB 638** from the Committee on Ways and Means, and referred the bill to the Committee on Education.

## MESSAGE FROM THE HOUSE

Announcing passage of **Substitute HB 2057; HB 2337; Substitute HB 2469; HB 2690, HB 2751, HB 2763, HB 2802, HB 2810; Substitute HB 2979**.

## INTRODUCTION OF HOUSE BILLS AND CONCURRENT RESOLUTIONS

**Substitute HB 2057; HB 2337; Substitute HB 2469; HB 2690, HB 2751, HB 2763, HB 2802, HB 2810; Substitute HB 2979** were thereupon introduced and read by title.

**INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS**

Senator Lyon introduced the following Senate resolution, which was read:

SENATE RESOLUTION No. 1822—

A RESOLUTION recognizing the International Thespian Society's celebration of March as Theater for Life month.

WHEREAS, The International Thespian Society, an organization whose goal is to promote theater in our schools and communities as lifelong learning tools, has announced that it will be celebrating the month of March as Theater for Life month; and

WHEREAS, This January the National Theater Education Association announced that the International Thespian Society would be adding a senior citizen section to its current high school and junior high level membership. In celebration of this, the current Theater in Our Schools celebration in March has been changed to celebrating Theater for Life, thus providing a new avenue for senior citizens to actively assist community theater groups; and

WHEREAS, Celebration of the arts through theater provides an outlet for expression of the finer side of the human spirit which should be nurtured from one's days at school through one's senior years. It is entirely fitting that our senior citizens be involved in thespian activities of our communities, and the International Thespian Society is applauded for this endeavor: Now, therefore,

*Be it resolved by the Senate of the State of Kansas:* That we recognize and applaud the International Thespian Society's celebration of March as Theater for Life month; and

*Be it further resolved:* That the Secretary of the Senate provide an enrolled copy of this resolution to Ms. Jennifer Morgan, Kansas State Thespian Board Member and Director of Theater, Jefferson County North High School, 302 5th Street, P.O. Box D, Winchester, Kansas 66097-0404.

On emergency motion of Senator Lyon **SR 1822** was adopted unanimously.

**REPORTS OF STANDING COMMITTEES**

Committee on Commerce begs leave to submit the following report:

The following appointment was referred to and considered by the committee and your committee recommends that the Senate approve and consent to such appointment:

By the Governor:

Employment Security Board of Review: K.S.A. 44-709

Dan C. McClenny, term expires March 15, 2006

Export Loan Guarantee Review Committee: K.S.A. 2001 Supp. 74-5073

LaVon G. Wenger, term expires January 15, 2006

Committee on **Education** recommends **SB 483** be amended on page 2, by striking all in line 40 and inserting:

"Sec. 2. K.S.A. 2001 Supp. 72-6433 is hereby amended to read as follows: 72-6433. (a)

(1) The board of any district may adopt a local option budget in each school year, ~~commencing with the 1997-98 school year~~, in an amount not to exceed an amount equal to the district prescribed percentage of the amount of state financial aid determined for the district in the school year. As used in this ~~provision the term~~ section, "district prescribed percentage" means:

(A) For any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, do not apply in the current school year, a percentage in the 1997-98 school year that is equal to the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year, in the 1998-99 school year, a percentage that is equal to 95% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year, in the 1999-2000 school year, a percentage that is equal to 90% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year, in the 2000-01 school year, a percentage that is equal to 85% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year, in the 2001-02 school year and

in each school year thereafter, a percentage that is equal to 80% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year;

(B) for any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, apply in the current school year, ~~a percentage in the 1997-98 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 20% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 1998-99 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 40% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 1999-2000 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 60% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 2000-01 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 80% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 2001-02 school year and each school year thereafter that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto;~~

(C) for any district that was not authorized to adopt a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, apply in the current school year, ~~a percentage in the 1997-98 school year that is equal to 20% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 1998-99 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 40% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 1999-2000 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 60% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 2000-01 school year that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and 80% of the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, a percentage in the 2001-02 school year and each school year thereafter that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto;~~

(D) for any district to which the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, applied in the 1997-98 school year and to which the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, do not apply in the current school year, ~~commencing with the 1998-99 school year,~~ because an increase in the amount budgeted by the district in its local option budget as authorized by a resolution adopted under the provisions of subsection (b) causes the actual amount per pupil budgeted by the district in the preceding school year as determined for the district under provision (1) of subsection (a) of K.S.A. 2001 Supp. 72-6444, and amendments thereto, to equal or exceed the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 2001 Supp. 72-6444, and amendments thereto, is applicable to the district's enrollment group, a percentage that is equal to the percentage of the amount of state financial aid the district

was authorized to budget in the preceding school year if the resolution authorized the district to increase its local option budget on a continuous and permanent basis. If the resolution that authorized the district to increase its local option budget specified a definite period of time for which the district would retain its authority to increase the local option budget and such authority lapses at the conclusion of such period and is not renewed, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution unless the loss of the percentage of increase that was authorized by the resolution would cause the actual amount per pupil budgeted by the district to be less than the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 2001 Supp. 72-6444, and amendments thereto, is applicable to the district's enrollment group, in which case, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution plus a percentage which shall be computed for the district by the state board in accordance with the provisions of K.S.A. 2001 Supp. 72-6444, and amendments thereto, except that, in making the determination of the actual amount per pupil budgeted by the district in the preceding school year, the state board shall exclude the percentage of increase that was authorized by the resolution.

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

(B) In lieu of utilizing the authority granted by subpart (A) for adoption of a local option budget, the board of a district may pass a resolution authorizing adoption of such a budget and publish such resolution once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. \_\_\_\_\_, \_\_\_\_\_ County, Kansas.

RESOLUTION

Be It Resolved that:

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

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of Unified School District No. \_\_\_\_\_, \_\_\_\_\_ County, Kansas, on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Clerk of the board of education.

All of the blanks in the resolution shall be appropriately filled. The blank preceding the word "years" shall be filled with a specific number, and the blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in either of the blanks. The percentage specified in the resolution shall not exceed the district prescribed percentage. The resolution shall be published once in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board may adopt a local option budget. If a petition is filed as provided in the resolution, the board may notify the county election officer of the date of

an election to be held to submit the question of whether adoption of a local option budget shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution. If any district is authorized to adopt a local option budget under this subpart, but the board of such district chooses, in any school year, not to adopt such a budget or chooses, in any school year, to adopt such budget in an amount less than the amount of the district prescribed percentage of the amount of state financial aid in any school year, such board of education may so choose. If the board of any district refrains from adopting a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the authority of such district to adopt a local option budget shall not be extended by such refrainment beyond the period specified in the resolution authorizing adoption of such budget, nor shall the amount authorized to be budgeted in any succeeding school year be increased by such refrainment. Whenever an initial resolution has been adopted under this subpart, and such resolution specified a lesser percentage than the district prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and subject to the same conditions, and shall be authorized to increase the percentage as specified in any such subsequent resolution for the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent resolutions is not in excess of the district prescribed percentage in any school year. The board of any district that has been authorized to adopt a local option budget under this subpart and levied a tax under authority of K.S.A. 72-6435, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew its authority to adopt a local option budget in the manner specified in this subpart or may utilize the authority granted by subpart (A). As used in this subpart, the term "authorized to adopt a local option budget" means that a district has adopted a resolution under this subpart, has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the adoption of a local option budget was approved.

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

(b) *The provisions of this subsection (b) shall be subject to the provisions of section 3, and amendments thereto.*

(1) The board of any district that adopts a local option budget under subsection (a) may increase the amount of such budget in each school year, ~~commencing with the 1997-98 school year,~~ in an amount which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage of the amount of state financial aid determined for the district in the school year if the board of the district determines that an increase in such budget would be in the best interests of the district.

(2) No district may increase a local option budget under authority of this subsection until: (A) A resolution authorizing such an increase is passed by the board and published once in a newspaper having general circulation in the district; or (B) the question of whether the board shall be authorized to increase the local option budget has been submitted to and approved by the qualified electors of the district at a special election called for the purpose. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto, for the noticing, calling and holding of elections upon the question of issuing bonds under the general bond law. The notice of such election shall state the purpose for and time of the election, and the ballot shall be designed with the question of whether the board of education of the district shall be continuously and permanently authorized to increase the local option budget of the district in each school year by a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year. If a majority of the qualified electors voting at the election approve authorization of the board

to increase the local option budget, the board shall have such authority. If a majority of the qualified electors voting at the election are opposed to authorization of the board to increase the local option budget, the board shall not have such authority and no like question shall be submitted to the qualified electors of the district within the nine months following the election.

(3) (A) Subject to the provisions of subpart (B), a resolution authorizing an increase in the local option budget of a district shall state that the board of education of the district shall be authorized to increase the local option budget of the district in each school year in an amount not to exceed \_\_\_\_\_% of the amount of state financial aid determined for the current school year and that the percentage of increase may be reduced so that the sum of the percentage of the amount of state financial aid budgeted under subsection (a) and the percentage of increase specified in the resolution does not exceed the state prescribed percentage in any school year. The blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in the blank. The resolution shall specify a definite period of time for which the board shall be authorized to increase the local option budget and such period of time shall be expressed by the specific number of school years for which the board shall retain its authority to increase the local option budget. No word shall be used to express the number of years for which the board shall be authorized to increase the local option budget.

(B) In lieu of the requirements of subpart (A) and at the discretion of the board, a resolution authorizing an increase in the local option budget of a district may state that the board of education of the district shall be continuously and permanently authorized to increase the local option budget of the district in each school year by a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year.

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

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

(6) If any district is authorized to increase a local option budget, but the board of such district chooses, in any school year, not to adopt or increase such budget or chooses, in any school year, to adopt or increase such budget in an amount less than the amount authorized, such board of education may so choose. If the board of any district refrains from adopting or increasing a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the amount authorized to be budgeted in any succeeding school year shall not be increased by such refrainment, nor shall the authority of the district to increase its local option budget be extended by such refrainment beyond the period of time specified in the resolution authorizing an increase in the local option budget if the resolution specified such a period of time.

(7) Whenever an initial resolution has been adopted under this subsection, and such resolution specified a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) is less than the state prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and shall be authorized to increase the percentage as specified in any such subsequent resolution. If the initial resolution specified a

definite period of time for which the district is authorized to increase its local option budget, the authority to increase such budget by the percentage specified in any subsequent resolution shall be limited to the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent resolutions together with the percentage of the amount of state financial aid budgeted under subsection (a) is not in excess of the state prescribed percentage in any school year.

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

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

(9) As used in this subsection:

(A) "Authorized to increase a local option budget" means either that a district has held a special election under provision (2)(B) by which authority of the board to increase a local option budget was approved, or that a district has adopted a resolution under provision (2) (A), has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the authority of the board to increase a local option budget was approved.

(B) "State prescribed percentage" means 25%.

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

(d)(1) There is hereby established in every district that adopts a local option budget a fund which shall be called the supplemental general fund. The fund shall consist of all amounts deposited therein or credited thereto according to law.

(2) Subject to the limitation imposed under provision (3), amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to the general fund of the district or to any program weighted fund or categorical fund of the district.

(3) Amounts in the supplemental general fund may not be expended nor transferred to the general fund of the district for the purpose of making payments under any lease-purchase agreement involving the acquisition of land or buildings which is entered into pursuant to the provisions of K.S.A. 72-8225, and amendments thereto.

(4) Any unexpended and unencumbered cash balance remaining in the supplemental general fund of a district at the conclusion of any school year in which a local option budget is adopted shall be disposed of as provided in this subsection. If the district did not receive supplemental general state aid in the school year and the board of the district determines that it will be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be maintained in such fund or transferred to the general fund of the district. If the board of such a district determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, transferred or expended the entire amount budgeted in the local option budget for the school year, and determines that it will be necessary to adopt

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

New Sec. 3. (a) As used in this section, "school district" means a school district which was the sponsoring school district of a special education cooperative during school year 2001-2002 and which school district adopted a local option budget in an amount which equals the maximum state prescribed percentage for school year 2001-2002 and the next succeeding two school years.

(b) The maximum amount of a local option budget of a school district for school year 2002-2003, shall be determined by the state board as follows:

(1) Determine the amount of the local option budget of the school district under K.S.A. 72-6433, and amendments thereto, for school year 2001-2002, and subtract the amount of the local option budget of such district under K.S.A. 72-6433, and amendments thereto, for school year 2002-2003.

(2) If the difference obtained under paragraph (1) is one or more, multiply the difference by  $\frac{2}{3}$  and add the product to the maximum amount of the local option budget of the school district under K.S.A. 72-6433, and amendments thereto. The sum shall be the maximum amount of the local option budget of the district for school year 2002-2003.

(3) If the difference obtained under paragraph (1) is zero or less, the maximum amount of the local option budget of the district for school year 2002-2003, shall be the maximum amount allowed under K.S.A. 72-6433, and amendments thereto.

(c) The maximum amount of a local option budget of a school district for school year 2003-2004, shall be determined by the state board as follows:

(1) Determine the amount of the local option budget of the school district under K.S.A. 72-6433, and amendments thereto, for school year 2001-2002, and subtract the amount of the local option budget of such district under K.S.A. 72-6433, and amendments thereto, for school year 2003-2004.

(2) If the difference obtained under paragraph (1) is one or more, multiply the difference by  $\frac{1}{3}$  and add the product to the maximum amount of the local option budget of the school district under K.S.A. 72-6433, and amendments thereto. The sum shall be the maximum amount of the local option budget of the district for school year 2003-2004.

(3) If the difference obtained under paragraph (1) is zero or less, the maximum amount of the local option budget of the district for school year 2003-2004, shall be the maximum amount allowed under K.S.A. 72-6433, and amendments thereto.

Sec. 4. K.S.A. 2001 Supp. 72-978 and 72-6433 are hereby repealed.;

By renumbering sections accordingly;

In the title, in line 11, by striking all after "and" and inserting "72-6433 and repealing the existing sections.;" and the bill be passed as amended.

Committee on **Natural Resources** recommends **HB 2679**, as amended by House Committee, be passed.



Committee on **Public Health and Welfare** recommends **SB 630** be passed, and because of the committee is of the opinion that the bill is of a noncontroversial nature, be placed on the consent calendar.

#### COMMITTEE OF THE WHOLE

On motion of Senator Oleen, the Senate resolved itself into Committee of the Whole for consideration of bills on the calendar under the heading of General Orders with Senator Teichman in the chair.

On motion of Senator Teichman the following report was adopted:

Recommended the committee report on **SB 339** recommending a **Sub SB 339** be adopted, and the substitute bill be passed.

**SB 629, SB 637** be amended by adoption of the committee amendments, and the bills be passed as amended.

**SB 403** be amended by adoption of the committee amendments, be further amended by motion of Senator Umbarger, as amended by Senate Committee, on page 2, in line 27, by striking "an account" and inserting "a family postsecondary education savings account established pursuant to K.S.A. 2001 Supp. 75-640 *et seq.*, and amendments thereto."

Senator Haley further amended the bill, as amended by Senate Committee, on page 1, after line 14, by inserting seven new sections to read as follows:

"New Section 1. The provisions of sections 1 through 7, and amendments thereto, of this act shall be known and may be cited as the family development account program.

New Sec. 2. As used in sections 1 through 7, and amendments thereto of this act:

(a) "Account holder" means a person who is the owner of a family development account.  
 (b) "Community-based organization" means any religious or charitable association that is approved by the state treasurer to implement the family development account reserve fund.

(c) "Department" means the state treasurer's office.

(d) "Family development account" means a financial instrument established in section 3, and amendments thereto.

(e) "Family development account reserve fund" means the fund created by an approved community-based organization for the purposes of funding the costs incurred in the administration of the program by the financial institutions and the community-based organizations and for providing matching funds for moneys in family development accounts.

(f) "Federal poverty level" means the most recent poverty income guidelines published in the calendar year by the United States department of health and human services.

(g) "Financial institution" means any bank, trust company, savings bank, credit union or savings and loan association or any other financial institution regulated by the state of Kansas, any agency of the United States or other state with an office in Kansas which is approved by the secretary to create and manage the necessary financial instruments setting up family development accounts for eligible families or individuals to implement this program.

(h) "Matching funds" means the moneys designated for contribution from a family development account reserve fund to a family development account by a community-based organization at a one-to-one ratio up to a three-to-one ratio.

(i) "Program" means the Kansas family development account program established in sections 1 through 7, and amendments thereto.

(j) "Program contributor" means a person or entity who makes a contribution to a family development account reserve fund.

New Sec. 3. (a) There is hereby established within the department a program to be known as the family development account program. The program shall provide eligible families and individuals with an opportunity to establish special savings accounts for moneys which may be used by such families and individuals for the purposes enumerated by section 4, and amendments thereto.

(b) The state treasurer shall adopt rules and regulations and policies to implement and administer the provisions of sections 1 through 7, and amendments thereto.

(c) The state treasurer shall enter into contracts as deemed appropriate to carry out the provisions of this act.

(d) The department shall prepare a request for proposals from community-based organizations seeking to administer a family development account reserve fund on a not-for-profit basis. The community-based organization proposals shall include:

(1) A requirement that the community-based organization make matching contributions to the development account of an individual account holder's or family's contributions to the family development account;

(2) a process for including account holders in decision making regarding the investment of funds in the accounts;

(3) specifications of the population or populations targeted for priority participation in the program;

(4) a requirement that the individual account holder or the family of the account holder attend economic education seminars;

(5) a process for including economic education seminars in the family development account program; and

(6) a process for regular evaluation and review of family development accounts to ensure program compliance by account holders.

(e) A notice of the request for proposals shall be published once a week for two consecutive weeks in a newspaper having general circulation in the community at least 30 days before any action thereon. The request for proposals shall also be posted on readily accessible bulletin boards in all offices of the department and sent elsewhere as the secretary of commerce and housing deems best.

(f) In reviewing the proposals of community-based organizations, the department shall consider the following factors:

(1) The not-for-profit status of such organization;

(2) the fiscal accountability of the community-based organization;

(3) the ability of the community-based organization to provide or raise moneys for matching contributions;

(4) the ability of the community-based organization to establish and administer a reserve fund account which shall receive all contributions from program contributors; and

(5) the significance and quality of proposed auxiliary services; including economic education seminars and their relationship to the goals of the family development account program.

(g) No more than 20% of all funds in the reserve fund account may be used for administrative costs of the program in the first and second years of the program, and no more than 15% of such funds may be used for administrative costs in any subsequent year. Funds deposited by account holders shall not be used for administrative costs.

New Sec. 4. A family or individual whose household income is less than or equal to 200% of the federal poverty level may open a family development account for the purpose of accumulating and withdrawing moneys for specified expenditures. The account holder may withdraw moneys from the account on the approval of the community-based organization, without penalty, for any of the following expenditures:

(a) Educational costs for any family member at an accredited institution of higher education;

(b) job training costs for any family member 18 years of age or older, at an accredited or licensed training program;

(c) purchase of a primary residence; or

(d) major repairs or improvements to a primary residence.

New Sec. 5. (a) Financial institutions seeking to administer family development accounts approved by the department shall be permitted to establish family development accounts pursuant to sections 1 through 7, and amendments thereto. The financial institution shall certify to the department, on forms prescribed by the department and accompanied by any documentation required by the department, that such accounts have been established pursuant to this act and that deposits have been made on behalf of the account holder.

(b) A financial institution establishing a family development account shall:

(1) Keep the account in the name of the account holder;

(2) permit deposits to be made in the account by the following, subject to the indicated conditions:

(A) The account holder; or  
 (B) a community-based organization on behalf of the account holder. Such a deposit may include moneys to match the account holder's deposits, up to a three to one match ratio;

(3) require the account to earn at least the market rate of interest; and

(4) permit the account holder to withdraw moneys upon approval of a community-based organization from the account for any of the purposes listed in subsections (a) through (e) of section 4, and amendments thereto.

(c) The total of all deposits by the account holder into a family development account in a calendar year shall not exceed \$2,000. The total balance in a family development account at any time shall not exceed \$50,000.

New Sec. 6. (a) Account holders who withdraw moneys from a family development account not in accordance with subsections (a) through (e) of section 4, and amendments thereto, shall forfeit all matching moneys in the account.

(b) All moneys forfeited by an account holder pursuant to subsection (a) shall be returned to the family development account reserve fund of the contributing community-based organization.

(c) In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary. An account holder shall name contingent beneficiaries at the time the account is established and may change such beneficiaries at any time. If the named beneficiary is deceased or otherwise cannot accept the transfer, the moneys shall be transferred to the family development account reserve fund of the contributing community-based organization.

New Sec. 7. (a) Moneys deposited in a family development account by an account holder, pursuant to section 4, and amendments thereto, shall be exempt from income taxation imposed under the Kansas income tax act unless withdrawn for an unapproved use.

(b) Earnings by any financial institution attributable to its family development accounts shall be exempt from privilege taxation imposed by article 11 of chapter 79 of the Kansas Statutes Annotated.

(c) Interest earned by a family development account shall be exempt from taxation under the Kansas income tax act.

(d) Any funds in a family development account, including accrued interest, shall be disregarded when determining eligibility to receive, or the amount of, any public assistance or benefits.

(e) A program contributor shall be allowed a credit against state income tax imposed under the Kansas income tax act in an amount not to exceed \$25,000 per program contributor or 25% of the contribution amount, whichever is less.

(f) The department shall verify all tax credit claims by contributors. The administration of the community-based organization, with the cooperation of the participating financial institutions, shall submit the names of contributors and the total amount each contributor contributes to the family development account reserve fund for the calendar year. The state treasurer shall determine the date by which such information shall be submitted to the secretary by the local administrator. The department shall submit verification of qualified tax credits pursuant to sections 1 through 7, and amendments thereto, to the department of revenue.

(g) The total tax credits authorized pursuant to this section shall not exceed \$500,000 in any fiscal year.

(h) The provisions of this section shall be applicable to tax years 2002, 2003 and 2004.”;

By renumbering existing sections accordingly;

In the title, in line 10, after “ACT” by inserting “relating to savings account programs; also in line 10, after the semicolon by inserting “establishing the family development account program;”, and **SB 403** be passed as further amended.

**SB 559** be amended by adoption of the committee amendments, be further amended by motion of Senator Donovan, as amended by Senate Committee, on page 1, in line 17, by striking “\$4” and inserting “\$2”; in line 18, by striking “\$10” and inserting “\$5”; in line 20,

by striking "\$6" and inserting "\$3"; in line 29, by striking "\$3" and inserting "\$1.50"; in line 31, by striking "\$3" and inserting "\$1.50"; in line 35, by striking "\$6" and inserting "\$3";

On page 3, in line 15, by striking "\$24" and inserting "\$12"; in line 17, by striking "\$16" and inserting "\$8"; in line 19, by striking "\$13" and inserting "\$6.50"; in line 21, by striking "\$10" and inserting "\$5"; in line 23, by striking "\$36" and inserting "\$18"; in line 25, by striking "\$24" and inserting "\$12"; in line 26, by striking "\$28" and inserting "\$14"; in line 27, by striking "\$20" and inserting "\$10"; in line 32, by striking "\$2" and inserting "\$1"; after line 37, by inserting the following:

"Sec. 2. K.S.A. 8-243 is hereby amended to read as follows: 8-243. (a) Upon payment of the required fee, the division shall issue to every applicant qualifying under the provisions of this act the driver's license as applied for, which license shall bear thereon the class or classes of motor vehicles which the licensee is entitled to drive, a distinguishing number assigned to the licensee, which, if the licensee so requests in writing, may be the licensee's social security number, the name, date of birth, residence address, and a brief description of the licensee, a colored photograph of the licensee, a facsimile of the signature of the licensee or a space upon which the licensee shall write such licensee's usual signature with pen and ink immediately upon receipt of the license and the statement provided for in subsection (b). No driver's license shall be valid until it has been signed by the licensee. All drivers' licenses issued on and after July 1, 1994, to persons under the age of 21 years shall be readily distinguishable from licenses issued to persons age 21 years or older. In addition, all drivers' licenses issued on and after July 1, 1997, to persons under the age of 18 years shall also be readily distinguishable from licenses issued to persons age 18 years or older. Except as otherwise provided, no driver's license issued by the division shall be valid until a colored photograph of such licensee has been placed on the driver's license. The secretary of revenue shall prescribe a fee of not more than ~~\$2~~ \$3 and upon payment of such fee the division shall cause a colored photograph of such applicant to be placed on the driver's license. Upon payment of such fee prescribed by the secretary of revenue, plus payment of the fee required by K.S.A. 8-246, and amendments thereto, for issuance of a new license, the division shall issue to such licensee a new license containing a colored photograph of such licensee. A driver's license which does not contain a colored photograph of the licensee as required may be issued to persons exempted from such requirement. Any such license shall be valid for the purposes of the motor vehicle drivers' license act and the division shall set forth upon such driver's license the words "valid without photo." Any person who is outside the state and for whom the division provides for renewal of the driver's license by mail is exempt from the requirement to have a colored photograph of such person placed on such person's driver's license. Any person belonging to a religious organization which has a basic objection to having their picture taken may sign a statement to that effect and such person shall then be exempt from the picture requirements of this section.

(b) All Kansas drivers' licenses issued to any person 16 years of age or older shall contain a form which provides a statement for making a gift of all or any part of the body of the licensee in accordance with the uniform anatomical gift act, except as otherwise provided by this subsection. The statement to be effective shall be signed by the licensee in the presence of two witnesses who shall sign the statement in the presence of the donor. The gift becomes effective upon the death of the donor. Delivery of the license during the donor's lifetime is not necessary to make a valid gift. Any valid gift statement executed prior to July 1, 1994, shall remain effective until invalidated. The word "Donor" shall be placed on the front of a licensee's driver's license, indicating that the statement for making an anatomical gift under this subsection has been executed by such licensee.

(c) On and after July 1, 1996, any person who is deaf or hard of hearing may request that the division issue to such person a drivers' license which is readily distinguishable from drivers' licenses issued to other drivers and upon such request the division shall issue such license. Drivers' licenses issued to persons who are deaf or hard of hearing and under the age of 21 years shall be readily distinguishable from drivers' licenses issued to persons who are deaf or hard of hearing and 21 years of age or older.;

And by renumbering sections accordingly;

On page 4, in line 31, by striking "\$16" and inserting "\$8"; in line 35, by striking "\$8" and inserting "\$4"; in line 43, after "8-240" by inserting ", 8-243";

On page 1, in the title, in line 11, before "fees" by inserting "photograph"; also in line 11, after "8-240" by inserting ", 8-243"

A motion by Senator Tyson to amend **SB 559** failed and the following amendment was rejected: on page 2, line 6, by striking after the word "both," all of the rest of line 6 and on line 7 by striking the language "print or other biometric identifier," and on page 4, line 9, after the word "both," striking "and, on and after July 1, 2003, a" and on page 4, line 10, striking the words "thumbprint or other biometric identifier," and **SB 559** be passed as further amended.

**SB 625** be passed over and retain a place on the calendar.

On motion of Senator Oleen the Senate adjourned until 2:30 p.m., Tuesday, March 12, 2002.

HELEN A. MORELAND, *Journal Clerk*.

PAT SAVILLE, *Secretary of Senate*.

