

Approved March 18, 1991
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by SENATOR JOSEPH C. HARDER at
Chairperson

1:30 ~~xxx~~/p.m. on Thursday, February 28, 1991 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Mr. Ben Barrett, Legislative Research Department
Ms. Avis Swartzman, Revisor of Statutes
Mr. Dale Dennis, Assistant Commissioner of Education
Mrs. Millie Randell, Committee Secretary

Conferees appearing before the committee:

SB 26 - School Finance (by Special Committee on School Finance)

SB 110 - School Finance (Governor's Proposal)

After calling the meeting to order, the Chairman announced that the subject of today's meeting is school finance. The Chairman stated that basically there are four components of school finance as described in the report of the Special Committee on School Finance, and he reviewed these for the Committee: District wealth, the Fourth Enrollment Category, the minimum mill levy, and budget lids. The Chair informed members that the Committee would discuss and vote on these issues one item at a time. The Chair defined the Interim Committee's definition of district wealth as the combined total of 100% of assessed valuation and 24% of taxable income for the most recent year in which both figures are available. He then opened the floor for Committee discussion.

Replying to a Committee question, the Chair said that district wealth should have some relationship to the income of each particular district. He further related that, according to statute, 24% of the income is returned to the district as a rebate to the district.

Senator Montgomery moved that the Committee count as district wealth the combined total of 100% of the taxable income and 100% of assessed valuation of the district. Senator Allen seconded the motion.

Senator Kerr made a substitute motion that the Committee adopt for district wealth the definition as reflected by the Special Interim Committee on School Finance, 100% of assessed valuation plus 24% of taxable income, a one year sum with no averaging. Senator Langworthy seconded the motion. After the Chair called for the question, he ruled that the substitute motion had carried by a vote of five yeas and four nays.

The Chair stated that the next component for the Committee to consider is the Fourth Enrollment Category, and he requested Mr. Ben Barrett, staff, to review the comparisons of the Fourth Enrollment Category provision as contained in SB 26 and SB 110.

Mr. Barrett pointed out that in SB 26 the Fourth and Fifth Enrollment Categories would be merged over a three-year period based on median budget per pupil adjustments of approximately 4.4% per year. In SB 110, Mr. Barrett noted, the Fourth and Fifth Enrollment Categories would merge over a three-year phase-in period through increases of budget authority by approximately 4.4% per year.

When the Chair called for the question, Senator Kerr moved that the Committee adopt as part of the school finance formula the proposal as described in SB 110 for merging the Fourth and Fifth Enrollment Categories.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
room 123-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Thursday, February 28, 1991

The motion was seconded by Senator Karr, and the motion carried.

The Chair announced that the next item for discussion is the minimum mill levy, and he opened the floor for discussion and/or action.

Senator Parrish explained that she had a proposal for a conceptual amendment (Attachment 1) which she would like the Committee to consider. She said her reference to a conceptual amendment was based on the supposition that the Committee might wish to make some adjustments to the proposal. She further explained that her proposal relates to testimony she had heard last summer whereby the state of Colorado had a statute stipulating targeted mill levies for school districts. She further explained that if a district did not attain the targeted mill levy, the district would lose categorical aid until its mill levy either paid for its categorical aid or until the district should reach the targeted mill levy.

The Chairman, in comparing the mill levy proposal in Senator Parrish's conceptual amendment with the mill levy component in SB 26, explained that under Senator Parrish's proposed amendment a district is not mandated to levy 30 mills. However, he continued, in order for the district to receive state categorical aid, it must first reach the stipulated amount of mill levy.

Senator Parrish said it is difficult to rationalize why the State should be paying categorical aid to a district levying as little as seven mills compared to one with a mill levy of 90 mills.

Senator Parrish, complying with a Committee request, offered to confer with the revisor to amend her proposed conceptual amendment for Committee consideration at the next meeting.

The Chair adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 123-S DATE: Thursday, February 28, 1991

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Whitney Samson	Topeka	Coffey County Coalition
CHUCK STWART	TOPEKA	U.S.A.
Bark Cole	Topeka	KNEA
Chuck Tilman	"	KNEA
John Keefer	Topeka	KAZOB
Blandi French	Wichita	
Dan Hornes	TOPEKA	
Julie Hein	Topeka	MESA
Ron Kutnauer	Wichita	
Bill Wagner	Topeka	Gov Legis Affairs
Jessie Conrad	Lawrence	KGE
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Nexco Apt	Topeka	U.S.A # 500
Jerry P. Franklin	As	"
Rod Dietz	Hutch	USD 308
Jim Luoma	Topeka	KPL GAS SERVICE
Dan Haas	Overland Park	KCPK
Jane Griffith	Burlington	Burlington
Ron Heri	Topeka	Mesa
Veryl Peter	Topeka	KSDE
BILL MUSICK	Mph S.	ST Bd of Ed
Connie Huddell	Topeka	SE Bd of Ed
Jacque Oakes	Topeka	SQE
Mary Ellen Dixon	Topeka	Lg. of Women Voters
Merle Hill	"	KACC

SENATE EDUCATION COMMITTEE

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<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Tim Campbell	Topeka	San Joaquin County's office
Ernie Grant	Topeka	H-NEA
Ken Bahr	Topeka	4th Enrollment Cat.
Kelley Bender	Lawrence	Union
Linda Heiniger	Ottawa	USD 290
Helen Stephens	Topeka	USD 229
Treva Potter	"	People Nat. Gas
Marshall Clark	Topeka	KEC
Rep Eugene Shaw		Ks House
Lu Ferguson	TK	AP
John T. Marshall	Hutch/Topeka	1-Jamie's news service

created by K.S.A. 72-5333a, and amendments thereto.

2 Sec. 8. K.S.A. 1990 Supp. 72-7056 is hereby amended to read
 3 as follows: 72-7056. (a) The board of any every district may shall
 4 levy an ad valorem tax on the taxable tangible property of the district
 5 in each school year for the purpose of financing that a portion of
 6 the district's legally adopted budget of operating expenses
 7 which is not financed from any other source provided by law
 8 costs of maintaining district operations and for the purpose of paying
 9 a portion of the principal and interest on bonds issued by cities
 10 under the authority of K.S.A. 12-1774, and amendments thereto,
 11 for the financing of redevelopment projects upon property located
 12 within the school district. The tax shall be levied at a rate of not
 13 less than 30 mills. If the amount produced by levy of the tax at a
 14 rate of 30 mills is in excess of the amount which is necessary to
 15 finance that portion of the district's legally adopted budget of op-
 16 erating expenses which is not financed from any other source pro-
 17 vided by law and for the purpose of paying a portion of the principal
 18 and interest on bonds issued by cities under authority of K.S.A. 12-
 19 1774, and amendments thereto, for the financing of redevelopment
 20 projects upon property located within the district, the excess amount
 21 shall be remitted to the state board. If the amount which will be
 22 produced by levy of the tax at a rate of 30 mills is less than the
 23 amount which is necessary to finance that portion of the district's
 24 legally adopted budget of operating expenses which is not financed
 25 from any other source provided by law and to pay a portion of the
 26 principal and interest on bonds issued by cities under authority of
 27 K.S.A. 12-1774, and amendments thereto, for the financing of re-
 28 development projects upon property located within the district, the
 29 tax may be levied at a rate not greater than the rate which would
 30 produce such necessary amount.

31 (b) The proceeds from the tax levied by a district under authority
 32 of this section, except the proceeds of such tax levied for the purpose
 33 of paying a portion of the principal and interest on bonds issued
 34 by cities under authority of K.S.A. 12-1774, and amendments thereto,
 35 for the financing of redevelopment projects upon property located
 36 within the district and the proceeds, if any, of such tax remitted to
 37 the state board under the provisions of subsection (a), shall be
 38 deposited in the general fund of the district.

39 (c) No district shall proceed under K.S.A. 79-1964, 79-1964a or
 40 79-1964b, and amendments to such sections.

41 (d) ~~All amounts remitted to the state board under subsection (a)~~
 42 shall be deposited in the state treasury to the credit of the state-
 43 general fund/and shall be appropriated by the legislature for allo-

Any amount
 by a district
 school district categorical aid
 , which fund is hereby established,
 allocated within the fund to the account of
 the district. All moneys allocated to the
 account of a district under this subsection
 shall be distributed to the district as
 payment in full or in part of categorical
 state aid to which the district is entitled.
 If the amount of moneys allocated to the
 account of a district is insufficient to pay
 in full the amount of categorical state aid
 to which the district is entitled for the
 school year, the remainder of the amount of
 such entitlement shall be paid from moneys
 appropriated therefor from the state general
 fund. If the amount of moneys allocated to
 the account of a district is in excess of the
 amount necessary to pay in full the amount of
 categorical state aid to which the district
 is entitled for the school year, the excess
 amount shall be transferred at the conclusion
 of the school year to the state general fund
 and shall be

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cation and distribution to districts as general state aid under the provisions of the school district equalization act.

in the next succeeding school year

Sec. 9. K.S.A. 1990 Supp. 72-7067 is hereby amended to read as follows: 72-7067. (a) (1) For each taxable year 1989, each district is entitled to an amount equal to 23% 24% of the resident individual income tax liability within the district after credits allowed against such tax, with the exception of credits for taxes paid to another state and credits allowed under K.S.A. 70-32,100 and 70-32,104, and amendments thereto.

For the purposes of this subsection, the term categorical state aid means and includes state transportation aid and state aid entitlements for special education, vocational education, food service, bilingual education, inservice education, driver training, and parent education programs.

(2) For taxable year 1990, and each taxable year thereafter, each district is entitled to an amount equal to 24% of the resident individual income tax liability within the district after credits allowed against such tax, with the exception of credits for taxes paid to another state and credits allowed under K.S.A. 70-32,100 and 70-32,104, and amendments thereto.

(2) The amount each district is entitled to receive under this section is subject to reduction in proportion to any reduction in the amount of the demand transfer from the state general fund under K.S.A. 1990 Supp. 75-6704, and amendments thereto, after making adjustments for any new estimates of revenues to the state general fund which shall be certified to the state board by the director of the budget.

(b) The secretary of revenue shall certify to the state board and the director of accounts and reports the entitlements of districts; and, subject to a reduction under K.S.A. 1990 Supp. 75-6704, and amendments thereto, and subsection (a)(2) of this section, an amount equal to the sum thereof of such entitlements shall be transferred in accordance with the provisions of this subsection by the director from the state general fund to the school district income tax fund, which fund is hereby created, for distribution to districts. Such certification shall be based on state income tax returns filed and attributed to each district, with any adjustments or corrections made by the director of taxation. Subject to the provisions of K.S.A. 1990 Supp. 75-6704, and amendments thereto, and the provisions of subsection (a)(2) of this section, the director of accounts and reports shall transfer moneys attributable to entitlements of districts, as prescribed and certified under the provisions of this section, from the state general fund to the school district income tax fund as follows:

(1) Prior to September 1 of the current school year, an amount equal to 20% of the amount of such moneys which have been credited to the state general fund since May 1 of the preceding school year;

(2) prior to October 1 of the current school year, an amount of such moneys equal to the amount transferred from the state general