

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE

The meeting was called to order by Chairman Kathe Decker at 3:00 PM on June 22, 2005 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Kathe Sparks, Kansas Legislative Research
Jill Wolters, Revisor of Statutes Office
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Representative Kenny Wilk
Representative Candy Ruff
Representative Pat Colloton
Representative Bill Otto
Representative Scott Schwab

The Chair introduced Representative Larkin who offered a conceptual introduction of a bill that would use the Senate Education plan as a base and increase it by \$5.00, increase the correlation by about 3 million and put the at-risk weighting at twenty percent for 2005 and twenty-five percent for 2006. Special Education would be left at 92 for this year but increased to 95 for next year and 98 for the third year. Bilingual weighting would be raised to .45, the cost study language, that Senate Education added, as well as contingency reserve fund language.

A motion was made by Representative Larkin and seconded by Representative Crow that this proposed bill be introduced by the Committee. The motion passed on a voice vote.

Representatives Ruff and Wilk appeared before the Committee to introduce a bill that Representative Ruff had put together during the 2005 Legislative session. This bill, **HB 2492**, would consolidate school districts in those counties with under 26,000 population. According to the fiscal note that was prepared, this would affect 60 counties, 180 school districts and by the fiscal year 2010, provide a savings of approximately \$75 million.

Representative DeCastro made the motion that **HB 2492** be introduced. The motion was seconded by Representative Decker and passed on a voice vote.

Introduction of two bills was next made by Representative Colloton. The first bill would fully equalize the local option money at the twenty-seven percent level.

A motion was made by Representative O'Neal and seconded by Representative Gordon that this bill be accepted by the Committee. The motion carried on a voice vote.

Representative Colloton then introduced a bill to change "teacher salary enhancement" to "teacher salary fund" in the school finance formula.

Representative O'Neal moved for the acceptance of this bill by the Committee, the motion was seconded by Representative Gordon and passed on a voice vote.

Representative Schwab introduced a resolution that would earmark certain funds that the Court did not recognize as an opportunity to help meet the burden of the Court as it relates to a valid threshold that they have given the Legislature to meet during this special session.

A motion was made by Representative O'Neal to adopt this resolution for work by the Committee. Representative DeCastro seconded the motion which passed on a voice vote.

CONTINUATION SHEET

MINUTES OF THE House Education Committee at 3:00 PM on June 22, 2005 in Room 519-S of the Capitol.

Representative DeCastro made the motion to implement all the studies done by Augenblick and Myers. The motion was seconded by Representative O'Neal and passed on a voice vote.

Representative Otto then introduced **HB 2003** that related to local option budgets and mill levies for schools. (Attachment 1).

A motion was made by Representative O'Neal that **HB 2003** be accepted by the Committee. The motion was seconded by Representative Larkin and passed on a voice vote.

Representative Otto introduced **HB 2002**, asking that it be studied by the Committee. (Attachment 2).

Representative O'Neal moved that **HB 2002**, be accepted by the Committee. The motion was seconded by Representative Larkin and passed on a voice vote.

A conceptual bill was offered by Representative Craft.

A motion was made by Representative Larkin to accept this bill for consideration by the Committee. The motion failed for lack of a second.

Representative Otto introduced **HB 2001**, that would impose a special guest worker payroll tax on income earned in Kansas by certain non-citizens of the United States. (Attachment 3).

A motion was made by Representative DeCastro and seconded by Representative Gordon to accept **HB 2001** for consideration by the Committee. The motion passed on a voice vote.

Kathe Sparks explained the revised summary of a proposed bill that would provide additional money in state aid for schools. (Attachment 4).

The meeting was adjourned at 3:45. The next meeting is on call of the Chair.

By Representative Otto

AN ACT relating to schools; relating to local option budgets and mill levies for schools; amending K.S.A. 72-6433, as amended by section 17 of 2005 Senate Bill No. 43 and K.S.A. 2004 Supp. 72-6431, as amended by section 22 of 2005 House Bill No. 2247 and repealing the existing sections.

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

Section 1. K.S.A. 2004 Supp. 72-6431, as amended by section 22 of 2005 House Bill No. 2247, is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

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

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

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

(b) The tax required under subsection (a) shall be levied at a rate of ~~20~~ 25 mills in the school year 2005-2006 and school year 2006-2007.

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

(d) On June 6 of each year, the amount, if any, by which a

district's local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

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

Sec. 2. K.S.A. 72-6433, as amended by section 17 of 2005 Senate Bill No. 43, 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 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 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. 72-6444, and amendments thereto, do not apply in the current 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. 72-6444, and amendments thereto, apply in the current school year, 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. 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. 72-6444, and amendments thereto, apply in the current school year, 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. 72-6444, and amendments thereto;

(D) for any district to which the provisions of K.S.A. 72-6444, and amendments thereto, applied in the 1997-98 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, do not apply in the current 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. 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. 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. 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. 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 _____, ____.

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 K.S.A. 72-6433a, 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 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 ~~27%~~ 25% for school year 2005-2006, ~~29% for school year 2006-2007 and 30% for school year 2007-2008~~ and each school year thereafter.

(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.

~~(e) To the extent the provisions of the foregoing section conflict with this subsection, this subsection shall control. Any district that adopted or was authorized to adopt a local option budget for school year 2004-2005 in an amount equal to 25% may adopt a local option budget for school year 2005-2006 in an amount not to exceed the state prescribed percentage in effect on July 1, 2005, by adoption of a resolution. Such resolution shall not be subject to the provisions of this section relating to publication, protest or election.~~

New Sec. 3. (a) Notwithstanding the provisions of K.S.A. 72-6433, and amendments thereto, for school year 2005-2006 and thereafter school districts that adopt a local option budget that does not exceed 19% of the state financial aid determined for the district for the school year may adopt such budget by majority vote of the members of the board and such action shall require no other procedure, authorization or approval.

(b) Subject to the provisions of subsection (c), for school year 2005-2006 and thereafter, school districts that adopt a local option budget in excess of 19% of the state financial aid determined for the district for the school year shall pass a resolution in accordance with the provisions of subsection (b) of K.S.A. 72-6433, and amendments thereto. In adopting such

resolution, the school board shall itemize the proposed expenditures by categories.

(c) Nothing in this section shall preclude a school district for making a local option budget levy up to the state prescribed percentage amount if the levy has been previously approved at an election held prior to the effective date of this act or if no sufficient petition was filed in protest to a resolution relating to such levy.

Sec. 4. K.S.A. 72-6433, as amended by section 17 of 2005 Senate Bill No. 43 and K.S.A. 2004 Supp. 72-6431, as amended by section 22 of 2005 House Bill No. 2247 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

HOUSE BILL NO. 2002

By Representative Otto

AN ACT relating to schools; providing for the payment of certain bonuses.

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

Section 1. (a) In the month of December, 2005, the state board of education shall distribute funds for the payment of bonuses in accordance with this section and related employer contributions thereon. Such bonuses shall not be subject to negotiation pursuant to K.S.A. 74-5413, et seq., and amendments thereto.

(b) The bonus amount shall be \$2,000 per person for full-time professional employees as defined by K.S.A. 74-5413, and amendments thereto, and shall be prorated for less than full-time employment during the school year.

(c) The bonus amount for employees who are not professional employees shall be \$1,000 for full-time employees and shall be prorated for less than full-time during the school year. Bus drivers and employees in clerical or administrative positions who do not work in a school building shall not be eligible for the bonus.

(d) The state board of education may issue policies governing eligibility for bonuses in accordance with this section and the proration thereof who are not full-time.

(e) Any bonuses paid shall not count towards the \$15,000 earnings limitation specified by K.S.A. 74-4914, and amendments thereto.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

By Representative Otto

AN ACT relating to taxation; imposing a special guest worker payroll tax on income earned in Kansas by certain non-citizens of the United States; concerning procedures relating thereto.

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

Section 1. (a) As used in this section, "guest worker" means a person who is a non-citizen of the United States and who earns income in Kansas, other than income from service as an active member of the United States military or income earned from a foreign government by a person who is in the United States under diplomatic passport.

(b) Commencing July 1, 2006, and ending July 30, 2012, there is hereby imposed a special guest worker payroll tax on income earned in this state by guest workers. The tax shall be in an amount of 3% of the income earned in Kansas.

(c) The tax imposed by this section shall be deducted from wages paid by the employer and shall be remitted to the Kansas department of revenue in accordance with rules and regulations of the secretary of revenue for deposit in the state general fund to assist in the payment of appropriations for bilingual and other education expenses.

(d) The secretary of revenue is hereby authorized to adopt rules and regulations deemed necessary for the collection of the tax imposed by this section.

(e) Employers failing to collect or remit the tax imposed by this section shall be subject to a civil penalty of up to \$10,000 per occurrence plus the amount of estimated taxes not collected or remitted. Before imposing any such penalty, the secretary of revenue shall give each person notice and an opportunity to be heard at a hearing held pursuant to the Kansas administrative procedures act.

(f) The tax imposed by this section shall be in addition to other taxes provided by law.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

Summary of Proposed Bill

The proposed bill would provide an additional \$133,640,000 million in state aid for schools and would provide \$27.1 million in potential local option budget property tax relief. The proposal would equalize school district capital outlay levies, create the At-Risk Council to address the needs of the most vulnerable students, and amend provisions in current law to authorize the Legislative Coordinating Council to contract with an attorney to represent the Legislative Branch on legal issues. The bill would modify the scope of the Legislative Division of Post Audit cost study to take into account student outcomes. For school year 2005-06 only, the bill would delay from August 25 to September 7 the deadline for school districts to file their budgets with county clerks and increase the limit on school district contingency funds from 4 percent to 6 percent.

Major features of the proposal are listed below. (Amounts of increase are in addition to appropriations made by the 2005 Legislature to fund HB 2247.)

Changes in the Formula

- Base State Aid Per Pupil (BSAPP)—Increase by \$50 from \$4,222 to \$4,272--\$27.3 million.
- At-Risk Weighting—Increase from 0.145 to 0.197--\$30.0 million.
- Special Education—Increase from 85 percent to 92 percent--\$21.4 million.
- Capital Outlay Program—Equalize capital outlay program up to the 8 mill limit, based on the formula for Capital Improvements State Aid Program--\$18.0 million.
- KPERS-School—Fund payroll growth due to the BSAPP increase to \$4,272--\$2.5 million.
- Local Option Budget—Fund the increase due to the higher BSAPP--\$7.6 million.
- Property Tax Relief—For school year 2005-06, increase supplemental general state aid by \$27.1 million (to the 81th percentile) in order to allow school districts to reduce levies for local option budgets; the equalization percentile would be set by appropriation.
- Reimpose correlation weighting with the threshold at 1,671--\$26.8 million.

TOTAL: \$160.7 million

Other Policy Changes

- Legislative Division of Post Audit Cost Study—Statutes would be amended to make it clear that study is output oriented and based on student performance and cost data available through the 2004-05 school year and reflects those rules and regulations and standards which are adopted by the State Board of Education and state statutes which are in effect on July 1, 2005.

- Litigation Against the State--No money from a school district's general fund could be spent for attorney fees or other costs in support of litigation against the State of Kansas or any state officer, official, agent, or agency.
- Legislative Counsel--Current law would be amended to authorize the Legislative Coordinating Council (LCC) to contract with an attorney in private practice to serve as Legislative Counsel and represent the Legislature in matters relating to Article 6 of the *Kansas Constitution* and such other matters as directed by the LCC.
- School District Budget Deadlines--For the 2005-06 school year only, delay from August 25 to September 7 the deadline for school districts to file their budgets with county clerks.
- School District Contingency Funds--For the 2005-06 school year only, increase the cap on school district contingency funds from 4 percent of general funds budgets to 6 percent.
- The "At-Risk Council"--Create a six-member body which will do the following:
 - Identify those conditions or circumstances that contribute to making a student at-risk of not succeeding in school;
 - Develop and recommend public school programs and services which meet the needs of at-risk students and help close the achievement gap;
 - Develop and recommend tools to assess and evaluate the effectiveness of approved at-risk programs; and
 - Recommend funding alternatives for approved at-risk programs.

The Council shall make a report on its activities to the Governor and to the 2010 Commission before the start of the 2006 Legislative Session. The Council shall make a final report, including its recommendations, to the Governor and the 2010 Commission before the start of the 2007 Session. The Council shall terminate June 30, 2007.

The Council shall consist of the following members:

- The chair, who shall be appointed by the Governor from a list of four individuals, of whom two have been nominated by the President of the Senate and two have been nominated by the Speaker of the House; and
- five members who have expertise in serving at-risk students, one each appointed by the President, the Speaker, the Senate Minority Leader, the House Minority Leader, and the Commissioner of Education, who may appoint himself or herself.

No current member of the Legislature shall be a member of the Council. The Council shall be attached to the LCC for budgetary purposes and shall be subject to the LCC's approval. Members attending authorized meetings shall be paid for travel and subsistence.

Selected Changes to Formula Based on 2005 HB 2247
and Senate Education Committee Proposal

Prior Law	HB 2247	Senate Education Proposal	Total
BSAPP--\$3,863 (allotment rate)	\$4,222 \$63.3 million	\$4,272 \$27.3 million	\$90.6 million
At-Risk Weighting--0.10	0.145 \$26.0 million	0.197 \$30.0 million	\$56.0 million
Special Education-- 81.5%	85% \$17.7 million	92% \$21.4 million	\$39.1 million
Bilingual Education--0.20	0.395 \$11.0 million	No change	\$11.0 million
Capital Outlay--not equalized, no cap	Cap at 8 mills	Equalize to 8 mills \$18.0 million	\$18.0 million
LOB Property Tax Relief--equalized to the 75 th percentile	No change	Equalized to the 81 st percentile \$27.1 million	\$27.1 million
Correlation Weighting--1,725 threshold	Eliminated	Reimposed with 1,671 threshold \$26.8 million	\$26.8 million
KPERS School	NA*	Increase due to higher BSAPP \$2.5 million	\$285.1 million
LOB	Growth due to higher BSAPP \$6.4 million	Growth due to higher BSAPP \$7.6 million	\$14.0 million
TOTAL	\$124.4 million	\$160.7 million	\$285.1 million

*Increases in KPERS-School due to higher BSAPP were not calculated separately from other increases.