

MINUTES OF THE HOUSE HIGHER EDUCATION COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 3:30 P.M. on February 15, 2006 in Room 231-N of the Capitol.

All members were present except:

Representative Annie Kuether- excused
Representative Valdenia Winn- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Art Griggs, Office of the Revisor
Haley DaVee, Committee Secretary

Conferees appearing before the committee:

Representative Tim Owens

Others attending:

See attached list.

Chairman Sloan opened the hearing on **HB 2775 - Three tuition levels at state educational institutions.** Representative Owens was welcomed to the committee to testify as a proponent to **HB 2775.** (Attachment 1) He believes the bill will encourage work force development and creation, which will increase the incentive for businesses to locate in Kansas. Representative Owens also argued that it would address the problem of "brain drain," when students are educated in Kansas, but then they move out-of-state to secure employment.

Chairman Sloan drew the committee's attention to written testimony submitted by the Kansas Board of Regents in opposition to **HB 2775.** (Attachment 2) The floor was opened for questions and questions were asked by Representatives Johnson, Kelsey, Sloan, and Krehbiel.

Chairman Sloan closed the hearing on **HB 2775** and turned the committee's attention to **SB 139 - Authorizing state board of regents to establish the Kansas academy of mathematics and science (KAMS).**

Representative Otto provided the committee information regarding an issue that he had raised about gifted exceptional children and entitlement to participation in KAMS. (Attachment 3)

Representative Carlin questioned whether the ACT scores used to qualify students for KAMS was set high enough. Representative Johnson provided the committee with information regarding average ACT scores for American students. (Attachment 4) Representatives Kelsey, Carlin, and Sharp provided comments on the matter.

Representative Sharp moved to amend SB 139 to prevent the required admittance of gifted students to KAMS and to prevent the inclusion of KAMS admittance as a part of a student's IEP. Representative Craft seconded the motion.

The motion carried.

Representative Johnson moved to amend SB 139 to allow ACT entrance requirements to be set by the Board of Regents.

The motion failed.

Representative Sharp moved to pass SB 139 favorably as amended. Representative Hill seconded the motion.

Representatives Carlin and Otto voiced concern with the bill. Representatives Sharp, Horst, and Kelsey shared opinions on the bill.

CONTINUATION SHEET

Minutes of the House Higher Education Committee at 3:30 P.M. on February 15, 2006 in Room 231-N of the Capitol.

The motion carried.

Chairman Sloan asked Representative Kelsey to carry the bill and turned the committee's attention to **HB 2745 - Higher education statewide mill levy.**

Chairman Sloan provided the committee with information about where Kansas ranks nationally in higher education funding. (Attachment 5) There were two balloons submitted for **HB 2745**, one by Representative Otto and one by Chairman Sloan. Representative Otto's amendment would change the mill levy to an income tax surtax (Attachment 6). Chairman Sloan's amendment retains the property tax component but creates a revolving loan and payment process for institutional infrastructure maintenance. (Attachment 7) An explanation of Chairman Sloan's amendment was provided to the committee. (Attachment 8)

Representatives Pottorf, Sharp, Horst, Menghini, Huff, Craft, Carlin, Storm, Hill, and Otto offered comments and questions on the proposed **HB 2745** and the proposed amendments.

Representative Otto moved that his balloon be adopted. Representative Horst seconded the motion

The motion carried.

Representative Otto moved that **HB 2745** be passed favorably as amended. Representative Hill seconded the motion.

The motioned carried 7 to 6.

The committee's attention was turned to **HB 2694 - Residency determinations at regents universities.**

A substitute was provided for **HB 2694** on the request of Representative Vaughn Flora. (Attachment 9)

Representative Kelsey moved to table **HB 2694**. Representative Horst seconded the motion.

The motion carried.

Chairman Sloan adjourned the meeting at 4:55 p.m. The next meeting is scheduled for February 20, 2006 at 3:30 in Rm. 231-N.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

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COMMITTEE ASSIGNMENTS
Taxation, Judiciary

Testimony before the
House Higher Education Committee
Regarding
House Bill 2775
on
February 15, 2006

Mr. Chairman and Members of the Committee:

Thank you for allowing me to present HB 2775 to you for your consideration today.

Every once in a while a number of issues converge at a common point and present us with an opportunity to resolve or attempt to resolve them all with one action. This is one of those times where I would suggest we have the opportunity to "hit several birds with one stone."

One issue that has arisen over the past year concerns the in-state tuition at Kansas Regents Institutions for children of undocumented workers who have graduated from Kansas high schools. We have all heard from constituents who oppose this allowance to "illegal residents." Likewise, we have heard from constituents in favor of the current policy. This debate was expanded to include out-of-state legal residents who are paying "out-of-state" tuition and feel they should not be paying more to attend our universities than an illegal resident.

A second, unrelated issue has to do with a diminishing work force in many (especially rural) areas of the state, which diminishes the attractiveness of those areas to potential business investors in "small town" Kansas.

A third issue has to do with what has been labeled "brain drain" in Kansas where we lose our graduates to other states and parts of the country. In order to retain our intellectual capital, it is important to do what we can to keep college graduates here in Kansas.

HB 2775 is an attempt to address all of the issues. It does something similar to

House Higher Education Committee
2-15-06
Attachment 1

efforts already used by some regents institutions to attract students to our universities. HB 2775 would address the issues through a modification of the tuition schedule for regent's universities in the following way:

1. There would continue to be an out-of-state tuition for legal non-resident students.
2. There would continue to be a resident tuition (in-state) tuition for legal residents of Kansas.
3. There would be a third category established called a Kansas commitment tuition which would be set by the Board of Regents and placed somewhere between the in state and out of state tuitions in paragraphs 1 and 2 above. This third category would be available to anyone, regardless of status (legal or illegal, in-state or out-of-state), but it would carry the requirement that anyone using it would be required to commit to remaining in and working in Kansas for five years following graduation.

The question is frequently asked when discussing this proposal, "what if the student does not follow through with the committment?" The contract between the student and the university would clearly point out that failure to complete the education and to remain in Kansas would result in the student incurring a debt equal to the difference between what he or she had paid under the Kansas Commitment assessment and what the student would have paid as an out of state student. There would be a debt owed under the contract which would be collectible under the same debt collection rules as any student who defaults on a loan. In effect the student would have a loan for the five years upon completion of his or her degree amounting to the difference in the tuitions. The loan would be decreased over the five year period and, upon completion of the five years the loan would be forgiven.

Thanks for the opportunity to present this bill and its proposal this afternoon. I will be happy to stand for questions

Respectfully Submitted,

Thomas C Owens

Thomas C. Owens

Representative, 19th District



KANSAS BOARD OF REGENTS

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**House Higher Education Committee
February 15, 2006**

Testimony in Opposition to House Bill 2775

**Mel Klinkner, Vice President for Finance & Administration
Kansas Board of Regents**

Good afternoon Chairman Sloan and Members of the Committee. Thank you for the opportunity to appear before you today to provide testimony in opposition to House Bill 2775.

House Bill 2775 would require the Board of Regents to fix the amounts of tuition within three levels. The highest tuition level would be for non-residents, the middle tuition level would be for the “Kansas commitment rate,” and the lowest tuition level would be the resident rate. The Board would also be authorized to adopt rules and regulations and policies relating to tuition, fees, and charges, the collection of tuition, and circumstances under which the five-year employment requirement is postponed or deemed satisfied.

The commitment rate would add another level of tuition to the resident and non-resident rates already in place at the state universities. The fiscal impact in implementing this new rate would be devastating. In FY 2005, the state universities collected over \$74 million in non-resident undergraduate tuition from over 7,000 students. Changing the current rate for undergraduate non-resident students to a middle tuition level would cause a dramatic decrease in tuition revenue for all the state universities. If the current non-resident students were charged the resident rate, the tuition revenue loss would be \$48 million. If those same students were charged 150% of the resident rate, the tuition revenue loss would be \$35 million. Even under a scenario where 50% of the undergraduate non-resident students were charged 150% of the resident rate, the tuition revenue loss would be \$17.5 million. This significant loss in current tuition revenue would severely impair the academic missions of the universities.

In addition, the loss of non-resident tuition revenues at the state universities could very possibly result in tuition increases for Kansas resident students. Is that the intent of this legislation?

The proposed “Kansas commitment rate” has the potential of having 100% of non-resident students participate in this option. The reason for this is there would be no incentive, for the student or the persons responsible for paying the bill, to pay full fees when an option existed to receive an “unofficial loan” from the university. This “loan” would not need to be repaid until the student began employment outside the state of Kansas. The deferred revenue from this “loan”, assuming it is collected, would, according to the bill, be owed to the state of Kansas and not to the universities.

House Higher Education Committee
2-15-06
Attachment 2

FOR YOUR INFORMATION

Dale M. Dennis

Deputy Commissioner of Education
Asst. Commissioner for Fiscal & Administrative Services
Kansas State Department of Education
120 S.E. 10th Avenue
Topeka, Kansas 66612-1182

Telephone: (785) 296-3871 FAX: (785) 296-0459

e-mail: ddennis@ksde.org  KSDE Homepage: www.ksde.org

TO: Representative Bill Otto

RE: SB 139, as amended

DATE: February 14, 2006

This is in follow-up to our telephone conversation regarding the applicability of SB 139 to children who are gifted and are provided services under an individualized education program under the Kansas Special Education for Exceptional Children Act. As we discussed, it seems that many of these children would meet the definition of "academically talented pupil," and could seek to take advantage of the provisions of SB 139.

A C T HIGH SCHOOL PROFILE

H S GRADUATING CLASS 2004

HS GRADUATING CLASS
NATIONAL REPORT

HS CODE 990-000

PAGE - 6

TABLE 4 ACT SCORE DISTRIBUTIONS, CUMULATIVE PERCENTAGES, AND AVERAGES FOR ALL STUDENTS (NUMBER OF STUDENTS = 1171460)

STD SCORE	ACT ENGLISH		ACT MATHEMATICS		ACT READING		ACT SCIENCE		ACT COMPOSITE	
	FREQ	CP	FREQ	CP	FREQ	CP	FREQ	CP	FREQ	CP
36	1085	99	1863	99	9933	99	2875	99	224	99
35	6185	99	4798	99	11041	99	3195	99	1619	99
34	11695	99	8368	99	15402	98	6892	99	3590	99
33	9960	98	6720	99	19629	97	5276	99	6586	99
32	12609	98	9372	98	13281	95	8559	98	10183	99
31	18477	96	12480	97	20775	94	4210	98	14620	98
30	21097	95	16650	96	27829	92	10697	97	20815	97
29	35050	93	26476	95	31226	90	18361	96	25966	95
28	31784	90	36311	93	55278	87	27208	95	35367	93
27	34987	87	50178	89	43447	83	30883	93	43392	90
26	49181	84	54395	85	46303	79	53921	90	52243	86
25	63027	80	54696	81	51066	75	55357	85	60966	82
24	52893	75	77064	76	74142	71	81662	81	69828	76
23	57824	70	58778	69	59671	64	75916	74	76524	71
22	69965	65	51492	64	71963	59	109957	67	82984	64
21	83699	59	58627	60	57186	53	107063	58	88993	57
20	83682	52	66924	55	77895	48	118861	49	92507	49
19	75253	45	85561	49	78402	41	103358	38	89712	41
18	77088	39	92646	42	55822	35	86951	30	87338	34
17	57843	32	112482	34	54239	30	77549	22	80502	26
16	63820	27	114765	24	64457	25	49434	16	71549	19
15	71123	22	89769	15	64298	20	38868	11	59138	13
14	49736	16	47611	7	52791	14	37825	8	43841	8
13	35847	11	22719	3	56463	10	20366	5	29798	5
12	26763	8	7236	1	32937	5	14798	3	15848	2
11	22824	6	2542	1	16466	2	11912	2	5511	1
10	16456	4	558	1	4784	1	5547	1	1319	1
9	13153	3	228	1	2578	1	2592	1	348	1
8	11845	2	53	1	849	1	837	1	91	1
7	4844	1	33	1	547	1	270	1	31	1
6	1182	1	25	1	422	1	134	1	13	1
5	352	1	14	1	164	1	70	1	8	1
4	96	1	5	1	97	1	12	1	6	1
3	24	1	15	1	28	1	28	1	0	1
2	9	1	0	1	38	1	1	1	0	1
1	2	1	6	1	11	1	15	1	0	1

NUMBER AND PERCENTAGE OF STUDENTS IN THE STANDARDS FOR TRANSITION SCORE RANGES

33-36	28925	2	21749	2	56005	5	18238	2	12019	1
28-32	119017	10	101289	9	148389	13	69035	6	106951	9
24-27	200088	17	236333	20	214958	18	221823	19	226429	19
20-23	295170	25	235821	20	266715	23	411797	35	341008	29
16-19	274004	23	405454	35	252920	22	317292	27	329101	28
13-15	156706	13	160099	14	173552	15	97059	8	132777	11
01-12	97550	8	10715	1	58921	5	36216	3	23175	2
AVG(SD)	20.4(5.9)		20.7(5.0)		21.3(6.0)		20.9(4.6)		20.9(4.8)	

NOTE: CP IS THE CUMULATIVE PERCENT OF STUDENTS AT OR BELOW A SCORE POINT (SEE APPENDIX).

2004 ACT National and State Scores

SEARCH

Home > ACT Newsroom > 2004 National and State Scores

Average ACT Scores by State: 2004 ACT-Tested Graduates

State	% of Graduates Tested	Average Composite Score	Average English Score	Average Math Score	Average Reading Score	Average Science Score
Alabama	76	20.2	20.3	19.5	20.5	20.1
Alaska	29	21.3	20.4	21.4	22.1	21.1
Arizona	20	21.5	20.9	21.6	22.0	21.2
Arkansas	73	20.4	20.6	19.5	20.8	20.1
California	14	21.6	21.1	22.1	21.7	20.9
Colorado	100	20.3	19.5	20.0	20.6	20.4
Connecticut	9	22.5	22.3	22.4	23.0	21.9
Delaware	5	21.5	20.7	21.4	22.0	21.3
Washington DC	29	17.8	17.1	17.5	18.2	17.8
Florida	44	20.5	19.9	20.4	21.0	20.2
Georgia	26	20.0	19.5	19.9	20.3	19.9
Hawaii	18	21.7	20.8	22.5	21.7	21.4
Idaho	59	21.3	20.4	20.9	22.0	21.2
Illinois	99	20.3	19.7	20.2	20.5	20.2
Indiana	20	21.6	21.0	21.5	22.2	21.4
Iowa	67	22.0	21.4	21.8	22.4	22.1
Kansas	75	21.6	21.1	21.4	22.0	21.5
Kentucky	75	20.3	19.8	19.7	20.9	20.4
Louisiana	87	19.8	19.9	19.2	19.9	19.7
Maine	9	22.6	22.3	22.1	23.4	22.0
Maryland	12	20.8	20.3	20.6	21.3	20.6
Massachusetts	12	22.4	22.1	22.3	22.9	21.7
Michigan	68	21.4	20.5	21.1	21.8	21.5
Minnesota	66	22.2	21.4	22.0	22.6	22.3
Mississippi	91	18.8	18.9	17.9	19.0	18.8
Missouri	70	21.5	21.4	20.9	22.0	21.4
Montana	56	21.7	20.8	21.4	22.4	21.7
Nebraska	77	21.7	21.2	21.5	22.0	21.6
Nevada	33	21.2	20.4	21.1	21.8	21.1
New Hampshire	9	22.5	22.1	22.1	23.3	21.9
New Jersey	6	21.2	20.7	21.4	21.5	20.8
New Mexico	61	20.1	19.4	19.4	20.8	20.2
New York	16	22.3	21.3	22.4	22.8	22.3
North Carolina	15	20.3	19.4	20.4	20.6	20.1
North Dakota	81	21.2	20.2	21.3	21.5	21.4
Ohio	66	21.4	20.7	21.1	21.9	21.5
Oklahoma	69	20.6	20.4	19.8	21.2	20.6
Oregon	12	22.5	21.8	22.4	23.3	22.1

4-2

From: "Alan Cobb" <ACobb@afphq.org>
To: <sloan@house.state.ks.us>
Date: Wed, Feb 15, 2006 7:03 AM
Subject: Kansas higher ed funding

Mr.Chairman,

Attached is a sheet that has some information about where Kansas ranks in higher ed funding that I thought might be of interest to you and your committee.

Please let me know if you have any questions.

Thank you !

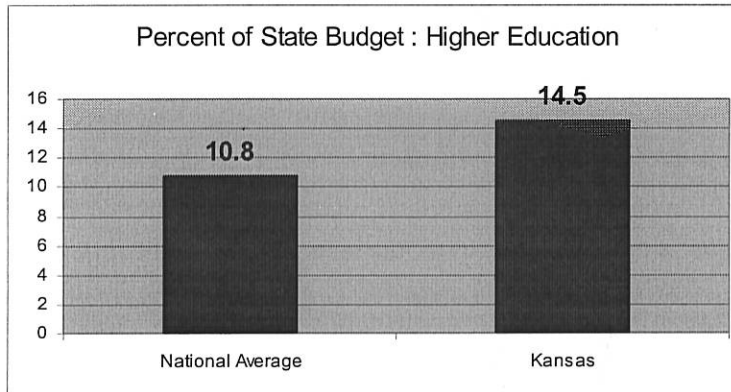
Alan Cobb

CC: <eric.sexton@wichita.edu>, <kyehle@ku.edu>, <kpeterson@ksbor.org>



AMERICANS FOR PROSPERITY K A N S A S

Kansas Higher Education



Source: KS Governor's Budget Report 2007 & Rockefeller Institute of Government

Kansas Funding 14.5% vs. 10.8%
Contributes An Additional
\$26,125,700 to Higher Education

Kansas Ranks 8th in Higher Education
Spending per Capita

Kansas Ranks 8th (tied) in Higher Education Spending
as a Percent of Personal Income
 (National Center for Public Policy and Higher Education)

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5-2

HOUSE BILL No. 2745

By Committee on Higher Education

1-26

9 AN ACT relating to higher education; concerning the educational build-
 10 ing fund; providing certain authority and duties for the board of re-
 11 gents; amending K.S.A. 76-6b02 and K.S.A. 2005 Supp. 76-6b01 and
 12 repealing the existing section;

income taxation, surtax;

K.S.A. 2005 Supp. 79-32,110

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

15 New Section 1. As used in this act:

16 (a) "Board of regents" or board means the state board of regents
17 established by K.S.A. 74-3202a, and amendments thereto.

18 (b) "State institutions of higher education" means any community
19 college, municipal university, technical college or state educational insti-
20 tution, as such terms are defined in K.S.A. 74-3201b, and amendments
21 thereto.

22 New Sec. 2. (a) The board of regents shall utilize the three mill in-
23 crease provided for in section 3, and amendments thereto, in accordance
24 with this section. The board may adopt rules and regulations and policies
25 relating thereto.

proceeds of the surtax provided for in subsection (e) of
K.S.A. 79-32,110

26 (b) Two mills of such increase shall be used to establish a revolving
27 loan fund for infrastructure projects at state institutions of higher edu-
28 cation. The board shall select projects that protect previous taxpayer in-
29 vestments, maintain building integrity, modernize facilities to meet antic-
30 ipated uses over the next 20 years, and provide weatherization and energy
31 efficiency.

two-thirds of such surtax

32 (c) One mill of the increased mill levy shall be used to establish a
33 revolving loan fund for state institutions of higher education for technol-
34 ogy investments and new programs which emphasize investments bene-
35 fitting student educational opportunities, job training, admission to grad-
36 uate and professional programs and faculty research opportunities.

one-third of the surtax

37 (d) Projects for infrastructure pursuant to subsection (b) and projects
38 for technology and new programs pursuant to subsection (c) shall be
39 prioritized and compiled by the board of regents and shall be subject to
40 the approval of the joint committee on state building construction prior
to appropriation of money for such projects.

43 (e) The board of regents shall adopt a report annually on recom-
mended projects and progress toward infrastructure and technology ob-

P-9

jectives provided for in subsections (b) and (c).

~~Sec. 3. K.S.A. 2005 Supp. 76-6b01 is hereby amended to read as follows: 76-6b01. (a) There is hereby levied an annual permanent state tax upon all tangible property in this state which is subject to ad valorem taxation. The tax levy shall be .6 mill in the year 2002 and 1 mill in the year 2004 and 2006 and 1 mill in the years 2007 through 2013, and 1 mill each year thereafter until changed by statute. Such tax levy shall be in addition to all other state tax levies authorized by law. Such tax levy shall be for the use and benefit of the state institutions of higher education. The proceeds of such tax levy shall be apportioned in accordance with this act.~~

~~(b) The county treasurer of each county shall make the proceeds of the tax levy provided for in this section available to the state treasurer immediately upon collection. When available the state treasurer shall withdraw from each county the proceeds of the taxes raised by such tax levy. Upon such withdrawal the state treasurer shall deposit the same in the state treasury and shall credit the same as provided in K.S.A. 76-6b02, and amendments thereto.~~

~~Sec. 4. K.S.A. 76-6b02 is hereby amended to read as follows: 76-6b02. (a) All moneys received by the state treasurer under K.S.A. 76-6b01, and amendments thereto, shall be credited to the Kansas educational building fund to be used for: (1) Projects pursuant to section 2, and amendments thereto, and (2) for projects for the construction, reconstruction, equipment and repair of buildings and grounds at the state educational institutions under the control and supervision of the state board of regents and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the legislature.~~

~~(b) Subject to any restrictions imposed by appropriation acts, the state board of regents is authorized to pledge funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute for the payment of debt service on revenue bonds issued for the purposes set forth in subsection (a). Subject to any restrictions imposed by appropriation acts, the state board of regents is also authorized to pledge any funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute as a priority for the payment of debt service on such revenue bonds. Neither the state or the state board of regents shall have the power to pledge the faith and credit or taxing power of the state of Kansas for such purposes and any payment by the state board of regents for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the state board of regents for payment~~

6-3

1 of debt service on revenue bonds and any such revenue bonds issued for
2 the purposes set forth in subsection (a) shall not be considered a debt or
3 obligation of the state for the purpose of section 6 of article 11 of the
4 constitution of the state of Kansas.

See attachment (Sec. 3)

5 Sec. 5. K.S.A. 76-6b02 and K.S.A. 2005 Supp. 76-6b01 are hereby
6 repealed.

Sec. 4. K.S.A. 2005 Supp. 79-32,110 is hereby repealed.

7 Sec. 6. This act shall take effect and be in force from and after its
8 publication in the statute book.

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Sec. 3. K.S.A. 2005 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

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

(2) *All other individuals.*

(A) For tax year 1997:

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

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

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

5
1-0

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

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

- (1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and
- (2) the surtax shall be in an amount equal to 3.35% of the Kansas taxable income of such corporation in excess of \$50,000.

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

(e) In addition to the tax imposed pursuant to subsections (a) and (b), for tax year 2006, and all tax years thereafter, a surtax shall be imposed on resident individuals and nonresident individuals in the amount of 3.65% of the tax due pursuant to subsections (a) and (b), computed without regard to any applicable income tax credits.

HOUSE BILL No. 2745

By Committee on Higher Education

1-26

9 AN ACT relating to higher education; concerning the educational build-
10 ing fund; providing certain authority and duties for the board of re-
11 gents; amending K.S.A. 76-6b02 and K.S.A. 2005 Supp. 76-6b01 and
12 repealing the existing sections.
13

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

15 New Section 1. As used in this act:

16 (a) "Board of regents" or board means the state board of regents
17 established by K.S.A. 74-3202a, and amendments thereto.

18 (b) "State institutions of higher education" means any community
19 college, municipal university, technical college or state educational insti-
20 tution, as such terms are defined in K.S.A. 74-3201b, and amendments
21 thereto.

22 New Sec. 2. (a) The board of regents shall utilize the three mill in-
23 crease provided for in section 3, and amendments thereto, in accordance
24 with this section. The board may adopt rules and regulations and policies
25 relating thereto.

26 (b) ~~Two~~ mills of such increase shall be ~~used to establish a revolving~~
27 ~~loan fund~~ for infrastructure projects at state institutions of higher edu-
28 cation. The board shall select projects that protect previous taxpayer in-
29 vestments, maintain building integrity, modernize facilities to meet antic-
30 ipated uses over the next 20 years, and provide weatherization and energy
31 efficiency.

32 (c) ~~One~~ mill of the increased mill levy shall be ~~used to establish a~~
33 ~~revolving loan fund~~ for state institutions of higher education for technol-
34 ogy investments and new programs which emphasize investments bene-
35 fitting student educational opportunities, job training, admission to grad-
36 uate and professional programs and faculty research opportunities.

37 ~~(d)~~ Projects for infrastructure pursuant to subsection (b) and projects
38 for technology and new programs pursuant to subsection (c) shall be
39 prioritized and compiled by the board of regents and shall be subject to
40 the approval of the joint committee on state building construction ~~prior~~
41 ~~to appropriation of money for such projects.~~

42 ~~(e)~~ The board of regents shall adopt a report annually on recom-
43 mended projects and progress toward infrastructure and technology ob-

For years 2007 through 2013, one and a half

deposited to the credit of the higher education infrastructure
loan fund established by section 6 for loans

For years 2007 through 2013, one half a

deposited to the credit of higher education technology and
new programs loan fund created by section 7 for loans

(d) For year 2007 and thereafter, one mill of the increased
mill levy shall be deposited to the Higher Education debt
service fund created by section 8 to be used for debt service
on revolving loans made pursuant to subsections (b) or (c),
or for emergency projects pursuant to subsections (b) or (c)
as determined by the board of regents.

(e)

Insert A attached

(f)

Insert A

The board of regents shall be responsible for managing the funds created pursuant to sections 6, 7 and 8 in such manner that the amount of revenue pursuant to subsection (d) is sufficient to meet debt service requirements for loans made pursuant to this act. The Board annually on or before July 1, shall certify to the director of accounts and reports the amount in the higher education debt service fund in excess of the amount necessary for debt service for the ensuing fiscal year, plus an amount not to exceed \$10 million for emergency projects as determined the board. Such excess shall be transferred from the higher education debt service fund to the higher education infrastructure loan fund created by section 6 and the higher education technology and new programs loan fund created by section 7 in the amounts specified by the board of regents.

jectives provided for in subsections (b) and (c).

Sec. 3. K.S.A. 2005 Supp. 76-6b01 is hereby amended to read as follows: 76-6b01. (a) There is hereby levied an annual permanent state tax upon all tangible property in this state which is subject to ad valorem taxation. The tax levy shall be ~~6 mill in the year 2003 and 1 mill in the year 2004 and 2006 and 4 mills in the years 2007 through 2013, and 4~~ ~~mill~~ each year thereafter until changed by statute. Such tax levy shall be in addition to all other state tax levies authorized by law. Such tax levy shall be for the use and benefit of the state institutions of higher education. The proceeds of such tax levy shall be apportioned in accordance with this act.

2 mills

and section 2

(b) The county treasurer of each county shall make the proceeds of the tax levy provided for in this section available to the state treasurer immediately upon collection. When available the state treasurer shall withdraw from each county the proceeds of the taxes raised by such tax levy. Upon such withdrawal the state treasurer shall deposit the same in the state treasury and shall credit the same as provided in K.S.A. 76-6b02, and amendments thereto.

Except as provided by section 2 and amendments thereto, all

Sec. 4. K.S.A. 76-6b02 is hereby amended to read as follows: 76-6b02. (a) ~~All~~ moneys received by the state treasurer under K.S.A. 76-6b01, and amendments thereto, shall be credited to the Kansas educational building fund to be used for: ~~(1) Projects pursuant to section 2, and amendments thereto, and (2)~~ for projects for the construction, reconstruction, equipment and repair of buildings and grounds at the state educational institutions under the control and supervision of the state board of regents and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the legislature.

The board of regents annually shall compile and prioritize projects funded pursuant to this subsection (2). Such projects shall be subject to the approval of the joint committee on state building construction.

(b) Subject to any restrictions imposed by appropriation acts, the state board of regents is authorized to pledge funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute for the payment of debt service on revenue bonds issued for the purposes set forth in subsection (a). Subject to any restrictions imposed by appropriation acts, the state board of regents is also authorized to pledge any funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute as a priority for the payment of debt service on such revenue bonds. Neither the state or the state board of regents shall have the power to pledge the faith and credit or taxing power of the state of Kansas for such purposes and any payment by the state board of regents for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the state board of regents for payment

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1 of debt service on revenue bonds and any such revenue bonds issued for
2 the purposes set forth in subsection (a) shall not be considered a debt or
3 obligation of the state for the purpose of section 6 of article 11 of the
4 constitution of the state of Kansas.

5 Sec. 5. K.S.A. 76-6b02 and K.S.A. 2005 Supp. 76-6b01 are hereby
6 repealed.

7 Sec. 6. This act shall take effect and be in force from and after its
8 publication in the statute book.

See Sec. 6, 7 and 8 attached
renumber sections accordingly

New Sec. 6. (a) There is hereby established in the state treasury the higher education infrastructure loan fund.

(b) Moneys from the following sources shall be credited to the fund:

- (1) Amounts received by the state from the federal government for the purposes of the fund;
- (2) amounts appropriated or otherwise made available by the legislature for the purposes of the fund;
- (3) the revenue designated for projects pursuant to section 2;
- (4) amounts of repayments of loans made under this act, together with payments of interest thereon;
- (5) interest attributable to investment of moneys in the fund; and
- (6) amounts received from any public or private entity for the purposes of the fund.

(c) Subject to the conditions and in accordance with requirements of this act, moneys credited to the fund shall be used only:

- (1) To make loans to state institutions of higher education for payment of all or part of project costs described in section 2; and
- (2) to earn interest on moneys in the fund.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the fund based on:

- (1) The average daily balance of moneys in the loan fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) All payments and disbursements from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the board of regents or by a person or persons designated by the board. All payments and disbursements from the fund, and beginning and ending balances thereof, shall be subject each year to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated.

New Sec. 7. (a) There is hereby established in the state treasury the higher education technology and new projects loan fund.

(b) Moneys from the following sources shall be credited to the fund:

- (1) Amounts received by the state from the federal government for the purposes of the fund;
- (2) amounts appropriated or otherwise made available by the legislature for the purposes of the fund;
- (3) the revenue designated for projects pursuant to section 2;
- (4) amounts of repayments of loans made under this act, together with payments of interest thereon;
- (5) interest attributable to investment of moneys in the fund; and
- (6) amounts received from any public or private entity for the purposes of the fund.

(c) Subject to the conditions and in accordance with requirements of this act, moneys credited to the fund shall be used only:

- (1) To make loans to state institutions of higher education for payment of all or part of project costs described in section 2; and
- (2) to earn interest on moneys in the fund.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the loan

fund based on:

- (1) The average daily balance of moneys in the fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) All payments and disbursements from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the board of regents or by a person or persons designated by the board. All payments and disbursements from the fund, and beginning and ending balances thereof, shall be subject each year to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated.

New Sec. 8. (a) There is hereby established in the state treasury the higher education debt service fund.

(b) Moneys from the following sources shall be credited to the fund:

- (1) Amounts received by the state from the federal government for the purposes of the fund;
- (2) amounts appropriated or otherwise made available by the legislature for the purposes of the fund;
- (3) the revenue designated for debt service and emergency projects pursuant to section 2;
- (4) interest attributable to investment of moneys in the fund; and
- (5) amounts received from any public or private entity for the purposes of the fund.

(c) Subject to the conditions and in accordance with requirements of this act, moneys credited to the fund shall be used only:

- (1) To make debt service payments on loans to state Institutions of higher education and emergencies as described in section 2;
- (2) to earn interest on moneys in the fund.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the loan

fund based on:

- (1) The average daily balance of moneys in the fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) All payments and disbursements from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the board of regents or by a person or persons designated by the board. All payments and disbursements from the fund, and beginning and ending balances thereof, shall be subject each year to post audit in accordance with article 11 of chapter 46 of the Kansas Statutes Annotated.

STATE OF KANSAS

COMMITTEE ASSIGNMENT
CHAIRMAN: HIGHER EDUCATION
MEMBER: UTILITIES
ENVIRONMENT
AGRICULTURAL & NATURAL
RESOURCES BUDGET
KANSAS WATER AUTHORITY

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TOPEKA
HOUSE OF
REPRESENTATIVES

HB 2745 - Alternative Funding Option for Infrastructure and Technology

Committee Members: The balloon version of HB 2745 addresses one of the primary objections to the bill — that no revenue stream is provided to repay the “revolving” loans. The balloon provides:

1. 1.5 mill increase in Education Building Fund (EBF) for infrastructure maintenance - 7 year sunset - raises approximately \$45 million per year or \$315 million total
2. .5 mill increase in EBF for technology investments - 7 year sunset - raises approximately \$15 million per year or \$105 million total
3. 1 mill increase in EBF for debt servicing - permanent - approximately \$30 million per year
4. Board of Regents prioritizes projects from universities, community colleges, technical colleges and coordinates the loan program
5. KDHE has two successful revolving loan funds for water and wastewater treatment - the advantage is lower interest rates and that the fund continues to grow as the interest payments go into the fund
6. Kansas Development Finance Authority reports that for every \$10 million available for debt service, approximately \$135 million of 20 year debt can be repaid.
7. One mill of EBF raises approximately \$30 million per year. Thus, one mill will support approximately \$405 million of projects over 20 years
8. With a commercial bond sale or loan, the repayment and interest money is “gone;” with the revolving loan, the repayment and interest money is “returned” to the fund to be loaned again.

By Rep. Vaughn Flora

AN ACT relating to state educational institutions; concerning appeals of residency determinations.

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

Section 1. (a) Each state educational institution, as defined by K.S.A. 76-711, and amendments thereto, shall establish a committee of three persons to act as an appellate body to hear and determine appeals concerning the status of students as residents or nonresidents of Kansas for tuition and fee purposes. Members of the residence committee shall be appointed by the chancellor or president of the state educational institution. One member shall be a student at the university. One person shall be a person who is a resident of the city where the university is located but shall not be an employee of the university or a student at the university. The third person shall be a tenured faculty member.

Persons appealing to the residence committee shall be afforded an opportunity to appear before the committee if a written request is made therefor. When a person utilizes their opportunity to appear before the residence committee, the committee shall endeavor to render a decision thereon while the person appealing appears before the committee unless the committee determines additional evidence should be obtained at a future meeting date of the committee.

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