

SESSION OF 2002

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2804

As Amended by House Committee on
Taxation

Brief*

HB 2804, as amended, would authorize a school district, subject to voter approval, to adopt a teacher benefit and classroom enhancement budget (TBCEB) of as much as 5 percent of state financial aid, provided (a) enrollment has declined from the preceding year; (b) the board has adopted a local option budget and has budgeted the entire amount authorized for the school year; or (c) the board has determined that amounts budgeted from the general fund and supplemental general fund for operating expenses are insufficient to provide for certified teacher benefits and classroom enhancements.

The TBCEB could not be adopted unless such budget has been approved by voters at a general, primary, or special election held pursuant to the timing provisions of KSA 10-120. A school district holding such election would be prohibited from spending district funds to promote or reject the budget adoption, with the exception of the costs associated with the printing and distribution of a two-page informational document 14 days prior to the election.

The TBCEB could be funded with the imposition of a property tax levy, a sales tax of up to 1 percent, or, under certain circumstances, a combination of the two. The minimum sales tax rate that could be imposed would be 0.125 percent. The sales tax base would be the same as the state sales tax base, and residential utility services (which are currently subject to local sales taxation) therefore would be exempt from a school district sales tax. Another difference relative to city and county sales taxation would be that school district sales taxes would not include any local compensating use tax imposition on motor vehicles and watercraft.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

A school district which had initially imposed a TBCEB property tax levy would be required to reduce it to the extent of a subsequent TBCEB sales tax.

Finally, the bill would amend KSA 2001 Supp 72-6407 to eliminate the requirement that a district have adopted a 25.0 percent local option budget before it qualifies for the school facilities weighting.

Background

Representatives Huff and Bethell testified in support of the bill.

The House Committee amendments included the provision relating to facilities weighting and the restriction on school district expenditures prior to TBCEB elections.

A fiscal note from the Department of Revenue indicated that four new FTEs would be required at a cost of \$116,500; one-time costs for printing, testing, and workstation purchase would be \$67,000; and computer implementation costs would be \$300,000 if agency staff perform the programming changes (of which at least \$25,000 would be ongoing for software maintenance). Thus, the total administrative cost fiscal note for FY 2003 would be \$483,500.

A fiscal note on the facilities weighting amendment, which is identical to the provisions of HB 2966, indicated that state aid would be expected to increase in FY 2003 by \$12,577,500 to \$14,512,500.

The total fiscal impact for FY 2003 for all provisions would be a range of \$13,061,000 to \$14,996,000.