

SESSION OF 2004

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2560**

As Amended by House Committee of the Whole

**Brief\***

HB 2560, as amended, would make a number of changes to property tax, sales tax, and education statutes. Amendments added in the House Committee of the Whole expanded the bill beyond its original subject matter relating to select counties' method of collecting delinquent personal property taxes. Specifically, the bill would:

- ! Increase the limit on interest accrued to \$5, below which the county treasurers of Sedgwick, Johnson, Shawnee, and Douglas counties are not required to collect interest due on delinquent personal property taxes. The provision would also exclude Wyandotte County from among the counties to which the provisions of KSA 79-2017, authorizing a separate method of collecting delinquent personal property taxes, apply. (The House Committee of the Whole added Douglas County to the group of counties subject to this provision.)
- ! Increase the individual income tax standard deduction for married taxpayers filing jointly from \$6,000 to \$20,000. (Added by House Committee of the Whole.)
- ! Require every school district to pay a minimum annual salary, exclusive of benefits, of \$30,000 to all full-time teachers. (Added by House Committee of the Whole.)
- ! Implement a revised version of the education law changes originally contained in SB 403 (the Governor's education plan for Kansas, "Education First") without revenue enhancements. (Added by House Committee of the Whole.) The major education provisions are as follows:

✓ **Base State Aid Per Pupil (BSAPP).** The bill would authorize a

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\*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>

BSAPP increase of \$100 in FY 2005.

- ✓ **At-Risk Weighting.** At-risk weighting would increase from 10 percent to 15 percent in FY 2005.
- ✓ **Bilingual Weighting.** Bilingual weighting would increase from 20 percent to 22 percent in FY 2005.
- ✓ **Correlation Weighting.** The correlation weighting threshold would be lowered from 1,725 students to 1,700 students in FY 2005.
- ✓ **Voluntary All-Day Kindergarten.** Schools would be able to count students whose parents or guardians choose to enroll them in all-day kindergarten as 1.0 FTE pupil under the school finance formula (currently they are counted as 0.5 FTE pupil) beginning in FY 2005, if at least 60 percent of the students in the attendance center are eligible for free or reduced price lunches.
- ✓ **Capital Outlay State Aid Program.** The bill would create a new program that would provide state aid to school districts that make up to a four-mill property tax levy for capital outlay. The aid would be equalized on the same basis as the current school district capital improvements state aid program. School districts would be able to levy more than four mills, but would not receive state equalization aid for the additional amount.

## **Background**

Currently, KSA 79-2017 authorizes the county treasurers of Sedgwick, Johnson, Wyandotte, and Shawnee counties to accept payment of delinquent taxes in full without interest due if the interest due is less than \$1. This statute, which currently applies only to these four counties, provides for a method of collecting delinquent personal property taxes different from the method applicable in most counties. The treasurers of Johnson and Sedgwick counties appeared as proponents of the bill. Both indicated it would be cost effective to permit the counties to reduce the number of delinquent personal property interest notices they must process. The Wyandotte County Treasurer also testified as a proponent, provided Wyandotte County was removed from the method of collecting delinquent personal property taxes

contained in KSA 79-2017.

The Department of Revenue indicates that the \$14,000 increase in the standard deduction for certain taxpayers would decrease FY 2005 income tax receipts by \$387.7 million.

According to the Department of Education, the average annual salary, exclusive of benefits, paid to new teachers was \$34,960 for the 2002/2003 school year.

According to the Governor, the original "Education First" plan would "address student and parent needs at all levels of the system and seeks to keep decision-making at the local level rather than in the judicial system."

The table below shows the fiscal impact of those provisions included in the revised education plan. The amount shown for FY 2005 would be in addition to the Governor's FY 2005 recommendations under current law.

<u>Program</u>	<u>Governor's Proposal FY 2005</u>
BSAPP increased by \$100 (from \$3,863 to \$3,963)	\$ 58,000,000
At-risk weighting increased from 10% to 15%	25,400,000
Bilingual weighting increased from 20% to 22%	1,100,000
Correlation weighting threshold lowered from 1,725 to 1,700	12,200,000
All-day kindergartners counted as 1.0 FTE pupil, in attendance areas where at least 60% of students qualify for free or reduced lunches	17,000,000
Capital outlay equalized, up to four-mill limit	15,000,000
<b>TOTAL</b>	<b><u><u>\$ 128,700,000</u></u></b>

A complete fiscal note on the bill as amended was not available at the time of passage by the Committee of the Whole.