

SESSION OF 2010

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2280

As Amended by House Committee of the Whole

Brief*

HB 2280, as amended, would amend current law regarding capital outlay state aid and capital improvement aid. Currently, statute allows for a state aid computation of 25 percent for capital outlay. The bill would allow those levies imposed by a school district prior to July 1, 2010, and in accordance with the requirements set forth in 72-8801 et seq, to remain at 25 percent. However, under the following circumstances, the state aid portion would be reduced to 15 percent:

- Levies imposed by a school district prior to July 1, 2010 for which the protest period had not expired prior to July 1, 2010; or the resolution was protested and the election was not held prior to July 1, 2010; and
- Levies imposed by a school district pursuant to a resolution adopted on or after July 1, 2010.

With regard to capital improvement aid, current law states that bond obligations incurred by a school district prior to July 1, 1992 have a state aid computation rate of 5 percent and those incurred on or after July 1, 1992, if the issuance of the bonds was approved at an election prior to July 1, 2010, the state aid computation is 25 percent.

Under the following circumstances, the aid portion would be reduced:

*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>

- Bond obligations incurred by a school district the issuance of which was approved by an election held on or after July 1, 2010.

However, if a school district incurred bond obligations after July 1, 1992, and 10 years has lapsed since a bond has been issued under KSA 72-6761, the state aid computation would remain at 25 percent.

Transfers made from the State General Fund to the School District Capital Improvements Fund would be considered demand transfers.

In addition, the Board of Education of any school district having an area of less than 200 square miles and an enrollment of less than 400 would be required to consult the Joint Committee on State Building Construction (JCSBC) prior to authorizing the issuance of any bonds for the construction of a new building and would be required to submit any information requested by the committee prior to the hearing. After the hearing, the joint committee would make a recommendation as to the proposed issuance of bonds and provide notice to the school district and the State Board of Education within 15 days of the hearing. Should the joint committee recommend against the issuance of the bonds for the construction of a new building and the district proceeds with issuing such bonds, the district would not be entitled to, nor would they receive, state aid for bonds. The bill would not apply to any school district which is not entitled to state aid under KSA 75-2319.

The bill also would allow school districts to transfer money shifted from the general fund to the capital outlay fund during the 2008-2009 school year from the capital outlay fund to the school district's contingency reserve fund during the 2009-2010 school year.

Background

Proponents of the original bill included Dr. Walt Chappell, President of Education Management Consultants and Dave

Trabert, President of the Kansas Policy Institute. Opponents of the original bill included Steve Shogren, Dr. Gary George, Olathe School District; Bill Reardon, Kansas City Kansas Public Schools; Eric Stafford, Associated General Contractors of Kansas; Diane Gjerstad, Wichita Public Schools; Mark Tallman, Kansas Association of School Boards; Jack Deyoe, Director of Operations, USD #232 DeSoto; and Trudy Aron, Executive Director, American Institute of Architects-Kansas. Written testimony in opposition of the original bill was submitted by Tom Kaleko, Senior Vice President, Springsted Incorporated, and Cheryl Semmel, Executive Director, USA Kansas.

The Budget Committee amended the bill to reduce capital outlay aid to 15 percent when:

- Levies are imposed by a school district prior to July 1, 2010, for which the protest period had not expired prior to July 1, 2010; or the resolution was protested and the election was not held prior to July 1, 2010; and
- Levies are imposed by a school district pursuant to a resolution adopted on or after July 1, 2010.

With regard to capital improvement aid, bond obligations incurred by a school district, the issuance of which was approved by an election held on or after July 1, 2010, would compute state aid computation at 15 percent.

The Committee added a requirement for the Boards of Education for any school district having an area of less than 200 square miles and an enrollment of less than 400 would be to consult the Joint Committee on State Building Construction (JCSBC) prior to authorizing the issuance of any bonds for the construction of a new building and would be required to submit any information requested by the committee prior to the hearing.

The Committee also added a requirement that the JCSBC notify a school district of their recommendation within 15 days

of the hearing and also provides that if the school district issues bonds for the construction of a new building and the district proceeds with issuing such bonds when the JCSBC recommended against them, the district would not be entitled to, nor would they receive, state aid for bonds.

The House Committee of the Whole amended the bill to allow school districts to transfer money shifted from the general fund to the capital outlay fund during the 2008-2009 school year from the capital outlay fund to the school district's contingency reserve fund during the 2009-2010 school year.

The House Committee of the Whole also added language exempting school districts from the 15 percent state aid reimbursement for capital improvements if contractual bond obligations were incurred after July 1, 1992, and 10 years has lapsed since a bond has been issued under KSA 72-6761. Those school districts would remain at 25 percent state aid.