

SENATE BILL No. 35

AN ACT concerning property taxation; relating to tax levies; discontinuing the state tax levies for the Kansas educational building fund and the state institutions building fund; providing financing therefor from the state general fund; amending K.S.A. 76-6b01, 76-6b02, 76-6b04 and 76-6b11 and K.S.A. 2024 Supp. 76-6b05 and repealing the existing sections.

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

Section 1. K.S.A. 76-6b01 is hereby amended to read as follows: 76-6b01. (a) There is hereby levied ~~an annual permanent state tax in the year 2025 a state tax of 1 mill~~ upon all tangible property in this state ~~which that~~ 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 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. 2. 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, *and pursuant to subsection (c)* shall be credited to the Kansas educational building fund to be used 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 of debt service on revenue bonds and any such revenue bonds issued for the purposes set forth in subsection (a) shall not be considered a debt or obligation of the state for the purpose of section 6 of article 11 of the constitution of the state of Kansas.

(c) *On July 1, 2026, or as soon thereafter as moneys are available, \$56,000,000 shall be transferred by the director of accounts and reports from the state general fund to the Kansas educational building fund. On July 1, 2027, and on July 1 each year thereafter, or as soon thereafter as moneys are available, an amount equal to the amount pursuant to this subsection for the immediately preceding year plus a percentage of such amount for the preceding year shall be*

transferred by the director of accounts and reports from the state general fund to the Kansas educational building fund. Such percentage shall be the average percentage change in statewide taxable valuation of all property for the preceding 10 years and shall not be less than zero. The director of property valuation, in consultation with the director of legislative research and the director of the budget, shall determine such percentage and the amount of moneys that are authorized to be transferred pursuant to this subsection for such fiscal year. On or before February 1, 2027, and on or before February 1 of each year thereafter, the director of property valuation shall certify the amount of each transfer to the director of accounts and reports and transmit a copy of each such certification to the director of legislative research and the director of the budget. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.

Sec. 3. K.S.A. 76-6b04 is hereby amended to read as follows: 76-6b04. (a) There is hereby levied ~~an annual permanent state tax in the year 2025 a state tax of 0.5 mill~~ upon all tangible property in this state ~~which that~~ is subject to ad valorem taxation. ~~The tax levy shall be 3 mill in the year 2003 and .5 mill in the year 2004 and each year thereafter until changed by statute.~~ The tax levy shall be in addition to all other state tax levies authorized by law. The tax levy shall be for the use and benefit of state institutions caring for persons who are mentally ill, retarded, visually handicapped, with a handicapping hearing loss or tubercular or state institutions caring for children who are deprived, wayward, miscreant, delinquent, children in need of care or juvenile offenders and who are in need of residential care or treatment, or institutions designed primarily to provide vocational rehabilitation for handicapped persons. As used in this section, "state institutions" shall include, but not be limited to, those institutions under the authority of the commissioner of juvenile justice. 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. 76-6b05, and amendments thereto.

Sec. 4. K.S.A. 2024 Supp. 76-6b05 is hereby amended to read as follows: 76-6b05. (a) All moneys received by the state treasurer under K.S.A. 76-6b04, and amendments thereto, *and pursuant to subsection (e)* shall be credited to the state institutions building fund, which is hereby created in the state treasury, to be used for the construction, reconstruction, equipment and repair of buildings and grounds at institutions specified in K.S.A. 76-6b04, and amendments thereto, 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 juvenile justice authority is authorized to pledge funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the juvenile justice authority 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 juvenile justice authority is also authorized to pledge any funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the juvenile justice authority specified by statute as a priority for the payment of debt service on such revenue

bonds. Neither the state or the juvenile justice authority 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 juvenile justice authority for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the juvenile justice authority for payment of debt service on revenue bonds and any such revenue bonds issued for the purposes set forth in subsection (a) shall not be considered a debt or obligation of the state for the purpose of section 6 of article 11 of the constitution of the state of Kansas.

(c) Subject to any restrictions imposed by appropriation acts, the Kansas department for aging and disability services is authorized to pledge funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the Kansas department for aging and disability services specified by statute for the payment of debt service on revenue bonds issued for a new state security hospital on the Larned state hospital grounds or any other capital improvement projects at any other institution or facility of the Kansas department for aging and disability services. Subject to any restrictions imposed by appropriation acts, the Kansas department for aging and disability services is also authorized to pledge any funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the Kansas department for aging and disability services specified by statute as a priority for the payment of debt service on such revenue bonds. Neither the state or the Kansas department for aging and disability services 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 Kansas department for aging and disability services for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the Kansas department for aging and disability services for payment of debt service on revenue bonds and any such revenue bonds issued for a new state security hospital on the Larned state hospital grounds or any other capital improvement projects at any other institution or facility of the Kansas department for aging and disability services shall not be considered a debt or obligation of the state for the purpose of section 6 of article 11 of the constitution of the state of Kansas.

(d) Subject to any restrictions imposed by appropriation acts, the director of the Kansas office of veterans services is authorized to pledge funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the Kansas office of veterans services specified by statute for the payment of debt service on revenue bonds issued for veterans' home HVAC system replacement. Subject to any restrictions imposed by appropriation acts, the director of the Kansas office of veterans services is also authorized to pledge any funds appropriated to it from the state institutions building fund or from any other source and transferred to a special revenue fund of the Kansas office of veterans services specified by statute as a priority for the payment of debt service on such revenue bonds. Neither the state nor the director of the Kansas office of veterans services 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 Kansas office of veterans services for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the Kansas office of veterans services for payment of debt service on revenue bonds and any such revenue bonds issued for veterans' home HVAC system replacement shall not be considered a debt or obligation of the state for the purpose of section 6

of article 11 of the constitution of the state of Kansas.

(e) On July 1, 2026, or as soon thereafter as moneys are available, \$25,000,000 shall be transferred by the director of accounts and reports from the state general fund to the state institutions building fund. On July 1, 2027, and on July 1 each year thereafter, or as soon thereafter as moneys are available, an amount equal to the amount pursuant to this subsection for the immediately preceding year plus 2% of \$25,000,000 shall be transferred by the director of accounts and reports from the state general fund to the state institutions building fund. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.

Sec. 5. K.S.A. 76-6b11 is hereby amended to read as follows: 76-6b11. ~~(a) Except as provided in subsection (e),~~ On July 1 of each year, the director of accounts and reports shall record a debit to the state treasurer's receivables for the Kansas educational building fund, the state institutions building fund and the state general fund and shall record a corresponding credit to each such fund in an amount equal to 95% of the amount credited respectively to each such fund during the immediately preceding fiscal year, except that such amount shall be proportionally adjusted with respect to any such fund in any fiscal year for any change in the tax levy rate for any such fund.

(b) All taxes received by the state treasurer under K.S.A. 76-6b01; ~~and 76-6b04 and section 15 [L. 2003, ch. 146, § 15],~~ and amendments thereto, ~~and the provisions of section 15 of chapter 146 of the 2003 Session Laws of Kansas~~ during the current fiscal year shall be deposited in the state treasury to the credit of the Kansas educational building fund, the state institutions building fund and the state general fund, respectively, and shall reduce the amount debited and credited to such funds under subsection (a).

(c) On June 30 of each year, the director of accounts and reports shall adjust the amounts debited and credited to the state treasurer's receivables and to the Kansas educational building fund, the state institutions building fund and the state general fund pursuant to this section, to reflect the taxes actually received by the state treasurer and deposited during the fiscal year in the state treasury to the credit of each such fund.

(d) The director of accounts and reports shall notify the state treasurer of all amounts debited and credited to the Kansas educational building fund, the state institutions building fund and the state general fund pursuant to this section and all reductions and adjustments thereto made pursuant to this section. The state treasurer shall enter all such amounts debited and credited and shall make reductions and adjustments thereto on the books and records kept and maintained for such funds by the state treasurer in accordance with the notice thereof.

~~(e) On October 1, 2003, the director of accounts and reports shall make such adjustments and amendments as may be required to reflect and account for the property tax imposed by K.S.A. 79-2976 as if such tax had been in effect on July 1, 2003. The provisions of this section shall expire on June 30, 2026.~~

Sec. 6. K.S.A. 76-6b01, 76-6b02, 76-6b04 and 76-6b11 and K.S.A. 2024 Supp. 76-6b05 are hereby repealed.

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

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE adopted

Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE

as amended _____

HOUSE adopted

Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.