

SESSION OF 2013

**SECOND CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 23**

As Agreed to April 4, 2013

Brief*

SB 23 would make a number of changes related to school finance and reporting. The bill would reauthorize the school district property tax mill levy for the 2013-2014 and 2014-2015 school years and extend the deadline for repeal of the related \$20,000 residential property tax exemption to the end of tax year 2014; modify reporting requirements in the Kansas Uniform Financial Accounting and Reporting Act; authorize a second count of military students through the 2017-2018 school year to determine the number of students enrolled in a school district; and continue to allow a local school board, which has levied an *ad valorem* tax for ancillary school facilities for two years, to levy the tax for up to six years.

Continuation of the 20-Mill Levy

The bill would authorize the school district property tax mill levy for the 2013-2014 and 2014-2015 school years, and extend the deadline for repeal of the \$20,000 residential property tax exemption to the end of tax year 2014.

Capital Outlay; New Uses Prerequisite

The bill would authorize a school district to use capital outlay funds for school district property maintenance, various

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equipment for academic uses, computer software, and performance uniforms; however, prior to such authorization, the bill would require the Director of the Budget and the Director of Legislative Research to jointly certify to the Secretary of State that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive.

Changes to the Kansas Uniform Financial Accounting and Reporting Act

The bill would require each school district and the Kansas Department of Education (KSDE) to report on their respective websites the budget summary for the current school year, as well as actual expenditures for the immediately preceding two school years showing total net transfers and amounts spent per pupil by specific function, disaggregated to show the per-pupil revenue amounts from local, state, and federal sources.

Continuation of Military Student Second Count

The bill would authorize a second count of military students on February 20 to determine the number of students enrolled in a school district to continue through the 2017-2018 school year. The authorization is set currently to expire at the end of the 2012-2013 school year.

Continuation of Ancillary School Facilities Tax

The bill would allow a local school board that has levied an *ad valorem* tax for ancillary school facilities for two years to continue to levy the tax for up to six years. The amount of the levy would be reduced to 90.0 percent in the first year of the six-year period; 75.0 percent in the second year; 60.0 percent in the third year; 45.0 percent in the fourth year; 30.0 percent in the fifth year; and 15.0 percent in the sixth year.

Current law allows local school boards that have levied an *ad valorem* tax for ancillary school facilities for two years to continue to levy the tax for up to an additional three years.

Conference Committee Action

The second Conference Committee agreed to accept a portion of the House amendments to the bill but deleted the modified contents of HB 2003, relating to local operating budgets. The Conference Committee also agreed to insert the contents of the following bills:

- SB 171, as amended by the House Committee on Education Budget, relating to the Kansas Uniform Financial Accounting and Reporting Act.
- HB 2109, as amended by the Senate Committee of the Whole, relating to the military pupil count.
- HB 2391, as amended by the House Committee of the Whole, relating to the ancillary school facilities tax.

Background

SB 23, regarding continuation of the 20-mill levy, was introduced by the Legislative Educational Planning Committee. Proponents of the bill appearing at the Senate Education Committee hearing included representatives of the Kansas Association of School Boards and the Kansas National Education Association. No opposing or neutral testimony was received.

Proponents of the bill appearing in the House Education Budget Committee hearing included representatives of the Kansas Association of School Boards and the Kansas National Education Association. No opposing or neutral testimony was received.

The House Education Budget Committee amended the bill to include provisions relating to local operating budgets in school finance law (HB 2003, as amended by the House Committee).

The House Committee of the Whole amended the bill so that upon certification by the Director of the Budget and the Director of Legislative Research that capital outlay state aid is fully funded at 100.0 percent of the amount a district is entitled to receive, a school district is authorized to use capital outlay funds for school district property maintenance, various equipment for academic uses, computer software, and performance uniforms. In addition, procedures for a protest petition by local voters were identified. The bill was also amended to require a district to adopt a local operating budget equal to at least 12.5 percent of state financial aid determined for the district for school years 2013-2014 and 2014-2015. The House Education Budget Committee version required a district to adopt a local operating budget equal to 22.5 percent.

The Division of the Budget fiscal note on SB 23 as introduced indicates the bill would allow approximately \$574 million in local property taxes be available to schools.

SB 171 was introduced by the Senate Committee on Education. At the Committee hearing on the original bill, a representative the Kansas Policy Institute testified in favor of the bill. Representatives of the Kansas Association of School Boards and the Wichita Public Schools testified in opposition.

The Senate Committee amended the bill to remove reporting requirements related to expenditures for all extracurricular activities and time missed by students due to participation therein. The Committee also added the per-pupil reporting requirements by function, and the requirement to disaggregate these data.

A representative of the Kansas Policy Institute testified in favor of the bill to the House Education Budget Committee.

Representatives of the Kansas Association of School Boards and the Wichita Public Schools testified in opposition.

The House Education Budget Committee amendments to the bill were technical in nature.

The Division of the Budget fiscal note indicates, according to the KSDE, passage of the original bill would require an additional \$17,000 from the State General Fund to make required changes to KSDE's computer systems. Any fiscal effect associated with the bill is not reflected in *The FY 2014 Governor's Budget Report*.

HB 2109 – Proponents of the bill at the hearing before the House Committee were Representatives Carlin, Goico, and Moxley. Other proponents included superintendents from Fort Leavenworth (USD No. 207); Geary County (USD No. 475); Manhattan-Ogden (USD No. 383); and representatives of the Manhattan Area Chamber of Commerce and Governor's Military Council.

At the Senate Committee hearing, proponents included Senator Longbine, the same school district superintendents, and a representative of the Governor's Military Council. No neutral or opposing testimony was received.

The Senate Committee of the Whole adopted a technical amendment.

The Division of the Budget estimated that without the enactment of the bill, state aid payments would be reduced by approximately \$3.0 million in FY 2015, as current law allows districts to calculate enrollment level at the current year, prior year, or three-year enrollment average, whichever is greater. *The FY 2014 Governor's Budget Report* includes funding for the continuation of the second count date for military families.

HB 2391 – Proponents of the original bill included Blue Valley - Unified School District (USD) No. 229 and Olathe -

USD No. 233. Opponents included representatives of Wichita Public Schools and Independence - USD No. 446.

The House Committee of the Whole amended the bill to reduce the number of years in which a tax could continue be levied from nine to six years. In addition, the amount a district could levy was reduced in the second year from 80.0 percent to 75.0 percent; in year three from 70.0 percent 60.0 percent; in year four from 60.0 percent to 45.0 percent; in year five from 50.0 percent to 30.0 percent; and in year six from 40.0 percent to 15.0 percent.

The fiscal note prepared by the Division of the Budget on the original bill states the Kansas Department of Education indicates enactment of the bill would not affect state aid to school districts, as the funding for ancillary school facilities is a local property tax and the funding would remain in the local district. Any fiscal effect would be limited to those tax payers in school districts who would choose to extend the property tax levy over a nine year period. An updated fiscal note was not available for the bill, as amended.

Education; capital outlay; Kansas Uniform Financial Accounting and Reporting Act

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