

**SENATE BILL No. 453**

By Committee on Ways and Means

4-2

1 AN ACT concerning education funding; relating to mineral production;  
2 creating the mineral production education fund; abolishing the oil and  
3 gas valuation depletion trust fund; concerning local effort; making and  
4 concerning appropriations for fiscal year 2017; amending K.S.A. 2013  
5 Supp. 19-101a, 72-6410, 72-6431 and 79-4227 and repealing the  
6 existing sections; also repealing K.S.A. 2013 Supp. 19-271 and 79-  
7 4231.

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 Section 1.

11 DEPARTMENT OF EDUCATION

12 (a) There is appropriated for the above agency from the following  
13 special revenue fund or funds for the fiscal year ending June 30, 2017, all  
14 moneys now or hereafter lawfully credited to and available in such fund or  
15 funds, except that expenditures other than refunds authorized by law and  
16 transfers to other state agencies shall not exceed the following:

17 Mineral production education fund.....No limit

18 New Sec. 2. (a) There is hereby established in the state treasury the  
19 mineral production education fund which shall be administered by the  
20 department of education. All moneys received from K.S.A. 79-4227, and  
21 amendments thereto, shall be deposited in the state treasury in accordance  
22 with the provisions of K.S.A. 75-4215, and amendments thereto, and shall  
23 be credited to the mineral production education fund. All expenditures  
24 from the mineral production education fund shall be for school district  
25 finance. All expenditures from the mineral production education fund shall  
26 be made in accordance with appropriation acts upon warrants of the  
27 director of accounts and reports issued pursuant to vouchers approved by  
28 the commissioner of education or the designee of the commissioner.

29 (b) On January 15 and July 15 of each year, the director of accounts  
30 and reports shall transfer a sum equal to the total amount of moneys  
31 credited to the mineral production education fund during the six months  
32 next preceding the date of transfer, from the mineral production education  
33 fund to the state school district finance fund.

34 New Sec. 3. On July 1, 2016, the director of accounts and reports  
35 shall transfer all moneys in the oil and gas valuation depletion trust fund to  
36 the state general fund. On July 1, 2016, all liabilities of the oil and gas

1 valuation depletion trust fund are hereby transferred to and imposed on the  
2 state general fund, and the oil and gas valuation depletion trust fund is  
3 hereby abolished.

4 New Sec. 4. On July 1, 2016, any moneys in each county's county oil  
5 and gas valuation depletion trust fund established pursuant to K.S.A. 2013  
6 Supp. 19-271, as such statute existed prior to July 1, 2016, which have not  
7 been authorized for release to the county general fund by the director of  
8 taxation pursuant to subsection (b) of K.S.A. 2013 Supp. 79-4231, as such  
9 statute existed prior to July 1, 2016, or have not been released from a  
10 county's county oil and gas valuation depletion trust fund to the county  
11 general fund by the county treasurer pursuant to subsection (b) of K.S.A.  
12 2013 Supp. 19-271, as such statute existed prior to July 1, 2016, are hereby  
13 authorized for release and shall be released by the county treasurer to the  
14 county general fund for expenditure as directed by the board.

15 Sec. 5. On and after July 1, 2016, K.S.A. 2013 Supp. 19-101a is  
16 hereby amended to read as follows: 19-101a. (a) The board of county  
17 commissioners may transact all county business and perform all powers of  
18 local legislation and administration it deems appropriate, subject only to  
19 the following limitations, restrictions or prohibitions:

20 (1) Counties shall be subject to all acts of the legislature which apply  
21 uniformly to all counties.

22 (2) Counties may not affect the courts located therein.

23 (3) Counties shall be subject to acts of the legislature prescribing  
24 limits of indebtedness.

25 (4) In the exercise of powers of local legislation and administration  
26 authorized under provisions of this section, the home rule power conferred  
27 on cities to determine their local affairs and government shall not be  
28 superseded or impaired without the consent of the governing body of each  
29 city within a county which may be affected.

30 (5) Counties may not legislate on social welfare administered under  
31 state law enacted pursuant to or in conformity with public law No. 271 –  
32 74<sup>th</sup> congress, or amendments thereof.

33 (6) Counties shall be subject to all acts of the legislature concerning  
34 elections, election commissioners and officers and their duties as such  
35 officers and the election of county officers.

36 (7) Counties shall be subject to the limitations and prohibitions  
37 imposed under K.S.A. 12-187 to 12-195, inclusive, and amendments  
38 thereto, prescribing limitations upon the levy of retailers' sales taxes by  
39 counties.

40 (8) Counties may not exempt from or effect changes in statutes made  
41 nonuniform in application solely by reason of authorizing exceptions for  
42 counties having adopted a charter for county government.

43 (9) No county may levy ad valorem taxes under the authority of this

1 section upon real property located within any redevelopment project area  
2 established under the authority of K.S.A. 12-1772, and amendments  
3 thereto, unless the resolution authorizing the same specifically authorized  
4 a portion of the proceeds of such levy to be used to pay the principal of  
5 and interest upon bonds issued by a city under the authority of K.S.A. 12-  
6 1774, and amendments thereto.

7 (10) Counties shall have no power under this section to exempt from  
8 any statute authorizing or requiring the levy of taxes and providing  
9 substitute and additional provisions on the same subject, unless the  
10 resolution authorizing the same specifically provides for a portion of the  
11 proceeds of such levy to be used to pay a portion of the principal and  
12 interest on bonds issued by cities under the authority of K.S.A. 12-1774,  
13 and amendments thereto.

14 (11) Counties may not exempt from or effect changes in the  
15 provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

16 (12) Except as otherwise specifically authorized by K.S.A. 12-1,101  
17 through 12-1,109, and amendments thereto, counties may not levy and  
18 collect taxes on incomes from whatever source derived.

19 (13) Counties may not exempt from or effect changes in K.S.A. 19-  
20 430, and amendments thereto.

21 (14) Counties may not exempt from or effect changes in K.S.A. 19-  
22 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

23 (15) Counties may not exempt from or effect changes in K.S.A. 19-  
24 15,139, 19-15,140 and 19-15,141, and amendments thereto.

25 (16) Counties may not exempt from or effect changes in the  
26 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c  
27 and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-  
28 1260 through 12-1270 and 12-1276, and amendments thereto.

29 (17) Counties may not exempt from or effect changes in the  
30 provisions of K.S.A. 19-211, and amendments thereto.

31 (18) Counties may not exempt from or effect changes in the  
32 provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

33 (19) Counties may not regulate the production or drilling of any oil or  
34 gas well in any manner which would result in the duplication of regulation  
35 by the state corporation commission and the Kansas department of health  
36 and environment pursuant to chapter 55 and chapter 65 of the Kansas  
37 Statutes Annotated, and amendments thereto, and any rules and regulations  
38 adopted pursuant thereto. Counties may not require any license or permit  
39 for the drilling or production of oil and gas wells. Counties may not  
40 impose any fee or charge for the drilling or production of any oil or gas  
41 well.

42 (20) Counties may not exempt from or effect changes in K.S.A. 79-  
43 41a04, and amendments thereto.

1 (21) Counties may not exempt from or effect changes in K.S.A. 79-  
2 1611, and amendments thereto.

3 (22) Counties may not exempt from or effect changes in K.S.A. 79-  
4 1494, and amendments thereto.

5 (23) Counties may not exempt from or effect changes in subsection  
6 (b) of K.S.A. 19-202, and amendments thereto.

7 (24) Counties may not exempt from or effect changes in subsection  
8 (b) of K.S.A. 19-204, and amendments thereto.

9 (25) Counties may not levy or impose an excise, severance or any  
10 other tax in the nature of an excise tax upon the physical severance and  
11 production of any mineral or other material from the earth or water.

12 (26) Counties may not exempt from or effect changes in K.S.A. 79-  
13 2017 or 79-2101, and amendments thereto.

14 (27) Counties may not exempt from or effect changes in K.S.A. 2-  
15 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-  
16 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments  
17 thereto.

18 (28) Counties may not exempt from or effect changes in K.S.A. 2013  
19 Supp. 80-121, and amendments thereto.

20 (29) Counties may not exempt from or effect changes in K.S.A. 19-  
21 228, and amendments thereto.

22 (30) Counties may not exempt from or effect changes in the wireless  
23 enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of  
24 K.S.A. 12-5301 through 12-5308, and amendments thereto.

25 (31) Counties may not exempt from or effect changes in K.S.A. 2013  
26 Supp. 26-601, and amendments thereto.

27 (32) (A) Counties may not exempt from or effect changes in the  
28 Kansas liquor control act except as provided by paragraph (B).

29 (B) Counties may adopt resolutions which are not in conflict with the  
30 Kansas liquor control act.

31 (33) (A) Counties may not exempt from or effect changes in the  
32 Kansas cereal malt beverage act except as provided by paragraph (B).

33 (B) Counties may adopt resolutions which are not in conflict with the  
34 Kansas cereal malt beverage act.

35 (34) Counties may not exempt from or effect changes in the Kansas  
36 lottery act.

37 (35) Counties may not exempt from or effect changes in the Kansas  
38 expanded lottery act.

39 (36) Counties may neither exempt from nor effect changes to the  
40 eminent domain procedure act.

41 (37) Any county granted authority pursuant to the provisions of  
42 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be  
43 subject to the limitations and prohibitions imposed under K.S.A. 19-5001

1 through 19-5005, and amendments thereto.

2 (38) Except as otherwise specifically authorized by K.S.A. 19-5001  
3 through 19-5005, and amendments thereto, counties may not exercise any  
4 authority granted pursuant to K.S.A. 19-5001 through 19-5005, and  
5 amendments thereto, including the imposition or levy of any retailers' sales  
6 tax.

7 ~~(39) Counties may not exempt from or effect changes in K.S.A. 2013~~  
8 ~~Supp. 19-271, and amendments thereto.~~

9 (b) Counties shall apply the powers of local legislation granted in  
10 subsection (a) by resolution of the board of county commissioners. If no  
11 statutory authority exists for such local legislation other than that set forth  
12 in subsection (a) and the local legislation proposed under the authority of  
13 such subsection is not contrary to any act of the legislature, such local  
14 legislation shall become effective upon passage of a resolution of the  
15 board and publication in the official county newspaper. If the legislation  
16 proposed by the board under authority of subsection (a) is contrary to an  
17 act of the legislature which is applicable to the particular county but not  
18 uniformly applicable to all counties, such legislation shall become  
19 effective by passage of a charter resolution in the manner provided in  
20 K.S.A. 19-101b, and amendments thereto.

21 (c) Any resolution adopted by a county which conflicts with the  
22 restrictions in subsection (a) is null and void.

23 Sec. 6. K.S.A. 2013 Supp. 72-6410 is hereby amended to read as  
24 follows: 72-6410. (a) "State financial aid" means an amount equal to the  
25 product obtained by multiplying base state aid per pupil by the adjusted  
26 enrollment of a district.

27 (b) (1) "Base state aid per pupil" means an amount of state financial  
28 aid per pupil. Subject to the other provisions of this subsection, the amount  
29 of base state aid per pupil is \$4,433 in school year 2008-2009 and \$4,492  
30 in school year 2009-2010 and each school year thereafter.

31 (2) The amount of base state aid per pupil is subject to reduction  
32 commensurate with any reduction under K.S.A. 75-6704, and amendments  
33 thereto, in the amount of the appropriation from the state general fund for  
34 general state aid. If the amount of appropriations for general state aid is  
35 insufficient to pay in full the amount each district is entitled to receive for  
36 any school year, the amount of base state aid per pupil for such school year  
37 is subject to reduction commensurate with the amount of the insufficiency.

38 (c) "Local effort" means the sum of ~~an amount equal to the proceeds~~  
39 ~~from the tax levied under authority of K.S.A. 72-6431, and amendments~~  
40 ~~thereto, and an amount equal to any unexpended and unencumbered~~  
41 ~~balance remaining in the general fund of the district, except amounts~~  
42 ~~received by the district and authorized to be expended for the purposes~~  
43 ~~specified in K.S.A. 72-6430, and amendments thereto, and an amount~~

1 equal to any unexpended and unencumbered balances remaining in the  
2 program weighted funds of the district, except any amount in the  
3 vocational education fund of the district if the district is operating an area  
4 vocational school, and an amount equal to any remaining proceeds from  
5 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and  
6 amendments thereto, prior to the repeal of such statutory sections, and an  
7 amount equal to the amount deposited in the general fund in the current  
8 school year from amounts received in such year by the district under the  
9 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,  
10 and an amount equal to the amount deposited in the general fund in the  
11 current school year from amounts received in such year by the district  
12 pursuant to contracts made and entered into under authority of K.S.A. 72-  
13 6757, and amendments thereto, and an amount equal to the amount  
14 credited to the general fund in the current school year from amounts  
15 distributed in such year to the district under the provisions of articles 17  
16 and 34 of chapter 12 of Kansas Statutes Annotated, *and amendments*  
17 *thereto*, and under the provisions of articles 42 and 51 of chapter 79 of  
18 Kansas Statutes Annotated, *and amendments thereto*, and an amount equal  
19 to the amount of payments received by the district under the provisions of  
20 K.S.A. 72-979, and amendments thereto, and an amount equal to the  
21 amount of a grant, if any, received by the district under the provisions of  
22 K.S.A. 72-983, and amendments thereto, and an amount equal to 70% of  
23 the federal impact aid of the district.

24 (d) "Federal impact aid" means an amount equal to the federally  
25 qualified percentage of the amount of moneys a district receives in the  
26 current school year under the provisions of title I of public law 874 and  
27 congressional appropriations therefor, excluding amounts received for  
28 assistance in cases of major disaster and amounts received under the low-  
29 rent housing program. The amount of federal impact aid defined herein as  
30 an amount equal to the federally qualified percentage of the amount of  
31 moneys provided for the district under title I of public law 874 shall be  
32 determined by the state board in accordance with terms and conditions  
33 imposed under the provisions of the public law and rules and regulations  
34 thereunder.

35 Sec. 7. K.S.A. 2013 Supp. 72-6431 is hereby amended to read as  
36 follows: 72-6431. (a) The board of each district shall levy an ad valorem  
37 tax upon the taxable tangible property of the district in the school years  
38 specified in subsection (b) for the purpose of:

39 (1) Financing that portion of the district's general fund budget which  
40 is not financed from any other source provided by law;

41 (2) paying a portion of the costs of operating and maintaining public  
42 schools in partial fulfillment of the constitutional obligation of the  
43 legislature to finance the educational interests of the state; and

1 (3) with respect to any redevelopment district established prior to July  
2 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a  
3 portion of the principal and interest on bonds issued by cities under  
4 authority of K.S.A. 12-1774, and amendments thereto, for the financing of  
5 redevelopment projects upon property located within the district.

6 (b) The tax required under subsection (a) shall be levied at a rate of  
7 20 mills in the school year 2013-2014 and school year 2014-2015.

8 (c) The proceeds from the tax levied by a district under authority of  
9 this section, except the proceeds of such tax levied for the purpose of  
10 paying a portion of the principal and interest on bonds issued by cities  
11 under authority of K.S.A. 12-1774, and amendments thereto, for the  
12 financing of redevelopment projects upon property located within the  
13 district, shall be deposited in the general fund of the district remitted to the  
14 state treasurer in accordance with the provisions of K.S.A. 75-4215, and  
15 amendments thereto. Upon receipt of each such remittance, the state  
16 treasurer shall deposit the entire amount in the state treasury to the credit  
17 of the state school district finance fund.

18 ~~(d) On June 6 of each year, the amount, if any, by which a district's~~  
19 ~~local effort exceeds the amount of the district's state financial aid, as~~  
20 ~~determined by the state board, shall be remitted to the state treasurer. Upon~~  
21 ~~receipt of any such remittance, the state treasurer shall deposit the same in~~  
22 ~~the state treasury to the credit of the state school district finance fund.~~

23 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
24 1964b, and amendments thereto.

25 Sec. 8. K.S.A. 2013 Supp. 79-4227 is hereby amended to read as  
26 follows: 79-4227. (a) All revenue collected or received by the director  
27 from the tax imposed by this act shall be remitted to the state treasurer in  
28 accordance with the provisions of K.S.A. 75-4215, and amendments  
29 thereto. Upon receipt of each such remittance, the state treasurer shall  
30 deposit the entire amount in the state treasury. The state treasurer shall first  
31 credit such amount as the director shall order to the mineral production tax  
32 refund fund created under subsection (b) of this section. ~~Except as~~  
33 ~~otherwise provided by this section, the state treasurer shall credit the~~  
34 ~~remainder of such amounts as follows: (1) Seven percent to the special~~  
35 ~~county mineral production tax fund created under subsection (e) of this~~  
36 ~~section; and (2) the remainder shall be credited to the state general fund.~~  
37 ~~On and after July 1, 2012, and thereafter, except as otherwise provided by~~  
38 ~~this section, the state treasurer shall credit the remainder of such amounts~~  
39 ~~for oil and gas for any county which had \$100,000 or more in receipts of~~  
40 ~~the excise tax upon the severance and production of oil and gas as follows:~~  
41 ~~(1) Seven percent to the special county mineral production tax fund~~  
42 ~~created under subsection (e); (2) 12.41% to the oil and gas valuation~~  
43 ~~depletion trust fund; and (3) the remainder shall be credited to the state~~

1 ~~general fund. Any revenue collected or received from the tax imposed by~~  
2 ~~this act during fiscal year 2013 shall be credited as provided in this section~~  
3 ~~as in existence on the effective date of this act. On and after July 1, 2013,~~  
4 ~~through June 30, 2014, the state treasurer shall credit the remainder of~~  
5 ~~such amounts for oil and gas for any county which had \$100,000 or more~~  
6 ~~in receipts of the excise tax upon the severance and production of oil and~~  
7 ~~gas as follows: (1) Seven percent to the special county mineral production~~  
8 ~~tax fund created under subsection (c); (2) 6% to the oil and gas valuation~~  
9 ~~depletion trust fund; and (3) the remainder shall be credited to the state~~  
10 ~~general fund. On and after July 1, 2014, through June 30, 2015, the state~~  
11 ~~treasurer shall credit the remainder of such amounts for oil and gas for any~~  
12 ~~county which had \$100,000 or more in receipts of the excise tax upon the~~  
13 ~~severance and production of oil and gas as follows: (1) Seven percent to~~  
14 ~~the special county mineral production tax fund created under subsection~~  
15 ~~(c); (2) 8% to the oil and gas valuation depletion trust fund; and (3) the~~  
16 ~~remainder shall be credited to the state general fund~~ *The state treasurer*  
17 *shall credit the remainder of such amounts collected or received from the*  
18 *tax imposed by this act during fiscal years 2013, 2014 and 2015 for oil*  
19 *and gas for any county which had \$100,000 or more in receipts of the*  
20 *excise tax upon the severance and production of oil and gas as follows: (1)*  
21 *Seven percent to the special county mineral production tax fund created*  
22 *under subsection (c); (2) 12.41% to the oil and gas valuation depletion*  
23 *trust fund; and (3) the remainder shall be credited to the state general*  
24 *fund. The state treasurer shall credit the remainder of such amounts*  
25 *collected or received from the tax imposed by this act during fiscal year*  
26 *2016, and thereafter, and distributed during fiscal year 2017, and*  
27 *thereafter, for oil and gas for any county which had \$100,000 or more in*  
28 *receipts of the excise tax upon the severance and production of oil and gas*  
29 *as follows: (1) Seven percent to the special county mineral production tax*  
30 *fund created under subsection (c); (2) 20% to the mineral production*  
31 *education fund created in section 2, and amendments thereto; and (3) the*  
32 *remainder shall be credited to the state general fund.*

33 (b) A refund fund designated as "mineral production tax refund fund"  
34 not to exceed \$50,000 is hereby created for the prompt payment of all tax  
35 refunds. The mineral production tax refund fund shall be in such amount,  
36 within the limit set by this section, as the director shall determine is  
37 necessary to meet current refunding requirements under this act.

38 (c) There is hereby created a special county mineral production tax  
39 fund. On December 1, 1983, and quarterly thereafter, the director of  
40 taxation shall distribute all moneys credited to such fund to the county  
41 treasurers of all counties in which taxes were levied under K.S.A. 79-4217,  
42 and amendments thereto, for the severing and producing of coal, oil or gas  
43 from property within the county, in the proportion that the taxes levied

1 upon production in each county bears to the total of all of such taxes levied  
2 in all of such counties. Such distribution shall be based on returns filed,  
3 with any adjustments or corrections thereto made by the director of  
4 taxation.

5 (d) The secretary of revenue shall make provision for the  
6 determination of the counties within which taxes are levied under K.S.A.  
7 79-4217, and amendments thereto, for the severance of coal, oil or gas and  
8 shall certify the same to the director of accounts and reports.

9 (e) The director of accounts and reports shall draw warrants on the  
10 state treasurer payable to the county treasurer of each county entitled to  
11 payment from the special county mineral production tax fund upon  
12 vouchers approved by the director of taxation. Upon receipt of such  
13 warrant, each county treasurer shall credit 50% of the amount thereof to  
14 the county general fund and shall distribute the remaining 50% thereof to  
15 the treasurer of each school district all or any portion of which is located  
16 within the county in the proportion that the assessed value of coal, oil and  
17 gas properties within each district bears to the total of the assessed value of  
18 all coal, oil and gas properties within the county. Such assessed valuation  
19 shall be determined upon the basis of the most recent November 1 tax roll.  
20 The treasurer of each school district shall credit the entire amount of the  
21 moneys so received to the general fund of the school district.

22 Sec. 9. K.S.A. 2013 Supp. 72-6410, 72-6431 and 79-4227 are hereby  
23 repealed.

24 Sec. 10. On and after July 1, 2016, K.S.A. 2013 Supp. 19-101a, 19-  
25 271 and 79-4231 are hereby repealed.

26 Sec. 11. This act shall take effect and be in force on and after its  
27 publication in the statute book.