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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chairman Abrams
Members of the Senate Committee on Education

From: Jason B. Long, Senior Assistant Revisor

Date: February 10, 2016

Subject: SB 356 – School District Bond Project Review Board.

Senate Bill No. 356 establishes the School District Bond Project Review Board (Board). The Board's primary purpose is to approve a school district capital improvement project prior to the issuance of any bonds financing such project if the bond obligations are to be paid in part with capital improvement state aid. The provisions of SB 356 would only apply to bonds approved for issuance at an election held on or after January 1, 2016. Any bonds approved at an election prior to that date would not be subject to the requirements of this bill.

The Board consists of seven members as follows: (1) The chair and ranking minority member of the Senate Committee on Ways and Means; (2) the chair and ranking minority member of the House Committee on Appropriations; (3) a member of the State Board of Education; and (4) two members appointed by the Governor who are actively involved in the construction industry.

Under SB 356, if a school district seeks to rely on capital improvement state aid to finance the repayment of the bond obligations for a capital improvement project, then the school district is require to submit an application for approval of the project. The Board must review the application and approve or deny capital improvement state aid for the project based on whether the project is to be used for instruction. The Board is to consider the extent to which the completed project will be used for instruction.

If the Board approves the project, the Board must also determine the percentage of the completed project that will be used for instruction as compared to the entire project. Such determination is to involve consideration of the planning and design of the facility constructed or remodeled under the project. Architectural enhancements beyond basic planning and design are

to be deemed not part of the instructional portion of the project. The Board is to certify the percentage of instruction for an approved project to the State Board of Education. The State Board will then use the certified percentage in calculating the amount of capital improvement state aid to be disbursed to the school district under K.S.A. 75-2319.

Denial of an application by the Board is a final decision. However, denial of an application merely forecloses the use of capital improvement state aid to repay the bond obligations of the school district. The school district may still proceed with the project and the bond issuance, but will need to repay the bond obligations using an alternative source of funding.

SB 356 also amends K.S.A. 75-2319 to apply the new percentage-based capital improvement state aid formula to those bond obligations for which an election was held on or after January 1, 2016.

If enacted the provisions of SB 356 would become effective on July 1, 2016.