

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Education** recommends **SB 257** be amended on page 1, following line 5, by inserting:

"New Section 1. (a) In each school year, the board of education of each school district shall adopt a local foundation budget. The local foundation budget of each school district shall be determined by the state board as follows:

(1) In school districts which adopt a local option budget under K.S.A. 2011 Supp. 72-6433d, and amendments thereto, the state board shall:

- (A) Determine the adjusted enrollment of the school district;
- (B) multiply the number determined under clause (A) by \$4,433;
- (C) add the amount of state aid for special education or related services received by the school district in school year 2008-2009 to the product obtained under clause (B);
- (D) divide the sum obtained under clause (C) by .90; and
- (E) multiply the sum obtained under clause (D) by .10. The resulting product is the local foundation budget of the school district.

(2) In school districts which adopt a local option budget under K.S.A. 2011 Supp. 72-6433, and amendments thereto, the state board shall:

- (A) Determine the adjusted enrollment of the school district;
 - (B) multiply the number determined under clause (A) by the base state aid per pupil;
- and
- (C) multiply the sum obtained under clause (B) by .10. The resulting product is the

local foundation budget of the school district.

Sec. 2. K.S.A. 2011 Supp. 72-6410 is hereby amended to read as follows: 72-6410. (a) "State financial aid" means an amount equal to 90% of the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(b) (1) "Base state aid per pupil" means an amount of state financial aid per pupil. Subject to the other provisions of this subsection, the amount of base state aid per pupil is ~~\$4,433 in school year 2008-2009 and \$4,492 in school year 2009-2010 and each school year thereafter.~~ \$4,200.

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

(c) "Local effort" means the sum of:

(1) An amount equal to the proceeds from the tax levied under authority of K.S.A. 72-6431, and amendments thereto, ~~and~~ ;

(2) an amount equal to any unexpended and unencumbered balance remaining in the general fund of the district, except amounts received by the district and authorized to be expended for the purposes specified in K.S.A. 72-6430, and amendments thereto, ~~and~~ ;

(3) an amount equal to any unexpended and unencumbered balances remaining in the program weighted funds of the district, except any amount in the vocational education fund of the district if the district is operating an area vocational school, ~~and~~ ;

(4) an amount equal to any remaining proceeds from taxes levied under authority of K.S.A.

72-7056 and 72-7072, and amendments thereto, prior to the repeal of such statutory sections,~~and~~;

(5) an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district under the provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,~~and~~;

(6) an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district pursuant to contracts made and entered into under authority of K.S.A. 72-6757, and amendments thereto,~~and~~;

(7) an amount equal to the amount credited to the general fund in the current school year from amounts distributed in such year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated ~~and under the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,~~ and;

(8) an amount equal to the amount of payments received by the district under the provisions of K.S.A. 72-979, and amendments thereto,~~and~~;

(9) an amount equal to the amount of payments received by the district under the provisions of K.S.A. 72-998, and amendments thereto;

(10) an amount equal to the amount of a grant, if any, received by the district under the provisions of K.S.A. 72-983, and amendments thereto; ~~and~~

(11) an amount equal to 70% of the federal impact aid of the district.

(d) "Federal impact aid" means an amount equal to the federally qualified percentage of the amount of moneys a district receives in the current school year under the provisions of title I of public law 874 and congressional appropriations therefor, excluding amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program. The amount of federal impact aid defined herein as an amount equal to the federally qualified percentage of the amount of

moneys provided for the district under title I of public law 874 shall be determined by the state board in accordance with terms and conditions imposed under the provisions of the public law and rules and regulations thereunder.

Sec. 3. K.S.A. 2011 Supp. 72-6415b is hereby amended to read as follows: 72-6415b. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget in an amount equal to at least ~~25%~~ 17% of the sum obtained by adding the amount of the state financial aid determined for of the district in and the amount of the local foundation budget for the current school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

Sec. 4. K.S.A. 2011 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an *ad valorem* tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

(1) Financing the state-level foundation obligation. The state-level foundation obligation shall be that portion of the district's general fund budget which is not financed from any other source provided by law;

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

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

(b) The tax required under subsection (a) shall be levied at a rate of 20 mills in the school year 2011-2012 and school year 2012-2013.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

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

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

Sec. 5. K.S.A. 2011 Supp. 72-6433 is hereby amended to read as follows: 72-6433. (a) As used in this section:

(1) "State prescribed percentage" means ~~31%~~ 18% of ~~state financial aid of the district in the current school year.~~ the foundation funding.

(2) "Authorized to adopt a local option budget" means that a district has adopted a resolution under this section, has published the same, and either the resolution was not protested or it was protested and an election was held by which the adoption of a local option budget was approved.

(3) "Foundation funding" means the sum obtained by adding the amount of the state-level foundation obligation and the local foundation budget.

(b) In each school year, the board of any district may adopt a local option budget which does

not exceed the state prescribed percentage.

(c) Subject to the limitation of subsection (b), in each school year, the board of any district may adopt, by resolution, a local option budget in an amount not to exceed:

(1) (A) The amount which the board was authorized to adopt in accordance with the provisions of this section in effect prior to its amendment by this act; plus

(B) the amount which the board was authorized to adopt pursuant to any resolution currently in effect; plus

(C) the amount which the board was authorized to adopt pursuant to K.S.A. 72-6444, and amendments thereto, if applicable to the district; or

(2) the state-wide average for the preceding school year as determined by the state board pursuant to subsection (j).

Except as provided by subsection (e), the adoption of a resolution pursuant to this subsection shall require a majority vote of the members of the board. Such resolution shall be effective upon adoption and shall require no other procedure, authorization or approval.

(d) If the board of a district desires to increase its local option budget authority above the amount authorized under subsection (c) or if the board was not authorized to adopt a local option budget in 2006-2007, the board may adopt, by resolution, such budget in an amount not to exceed the state prescribed percentage. The adoption of a resolution pursuant to this subsection shall require a majority vote of the members of the board. The resolution shall be published at least once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. _____,

_____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in each school year in an amount not to exceed ____% of the ~~amount of state financial aid.~~ foundation funding. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of unified School District No. _____, _____ County, Kansas, on the ____ day of _____, _____.

Clerk of the board of education.

All of the blanks in the resolution shall be filled as is appropriate. If a sufficient petition is not filed, the board may adopt a local option budget. If a sufficient petition is filed, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto. If the board fails to notify the county election officer within 30 days after a sufficient petition is filed, the resolution shall be deemed

abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(e) (1) Any resolution authorizing the adoption of a local option budget in excess of ~~30%~~ 17% of the ~~state financial aid of the district in the current school year~~ foundation funding shall not become effective unless such resolution has been submitted to and approved by a majority of the qualified electors of the school district voting at an election called and held thereon. The election shall be called and held in the manner provided by K.S.A. 10-120, and amendments thereto.

(2) If a school district adopted a resolution authorizing the adoption of a local option budget in excess of 30% of the state financial aid, as that term was defined prior to the effective date of this act, of the district and such resolution was submitted to and approved by a majority of the qualified electors of the district voting at an election called and held thereon prior to the effective date of this act, such district may adopt a local option budget in excess of the amount provided by paragraph (1) of this subsection without submitting the resolution to an election. In no case shall the district adopt a resolution authorizing the adoption of a local option budget in excess of 18% of the foundation funding.

(f) Unless specifically stated otherwise in the resolution, the authority to adopt a local option budget shall be continuous and permanent. The board of any district which is authorized to adopt a local option budget may choose not to adopt such a budget or may adopt a budget in an amount less than the amount authorized. If the board of any district whose authority to adopt a local option budget is not continuous and permanent refrains from adopting a local option budget, the authority of such district to adopt a local option budget shall not be extended by such refrainment beyond the period specified in the resolution authorizing adoption of such budget.

(g) The board of any district may initiate procedures to renew or increase the authority to

adopt a local option budget at any time during a school year after the tax levied pursuant to K.S.A. 72-6435, and amendments thereto, is certified to the county clerk under any existing authorization.

(h) The board of any district that is authorized to adopt a local option budget prior to the effective date of this act under a resolution which authorized the adoption of such budget in accordance with the provisions of this section in effect prior to its amendment by this act may continue to operate under such resolution for the period of time specified in the resolution or may abandon the resolution and operate under the provisions of this section as amended by this act. Any such district shall operate under the provisions of this section as amended by this act after the period of time specified in the resolution has expired.

(i) Any resolution adopted pursuant to this section may revoke or repeal any resolution previously adopted by the board. If the resolution does not revoke or repeal previously adopted resolutions, all resolutions which are in effect shall expire on the same date. The maximum amount of the local option budget of a school district under all resolutions in effect shall not exceed the state prescribed percentage in any school year.

(j) (1) There is hereby established in every district that adopts a local option budget a fund which shall be called the supplemental general fund. The fund shall consist of all amounts deposited therein or credited thereto according to law.

(2) Subject to the limitation imposed under paragraph (3) and subsection (e) of K.S.A. 72-6434, and amendments thereto, amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to any program weighted fund or categorical fund of the district. Amounts in the supplemental general fund attributable to any percentage over ~~25%~~ 17% of ~~state financial aid determined for the current school year~~ the foundation funding may be transferred to the capital improvements fund of the district and the

capital outlay fund of the district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of ~~25%~~ 17%.

(3) Amounts in the supplemental general fund may not be expended for the purpose of making payments under any lease-purchase agreement involving the acquisition of land or buildings which is entered into pursuant to the provisions of K.S.A. 72-8225, and amendments thereto.

(4) (A) Except as provided in paragraph (B), any unexpended budget remaining in the supplemental general fund of a district at the conclusion of any school year in which a local option budget is adopted shall be maintained in such fund.

(B) If the district received supplemental general state aid in the school year, the state board shall determine the ratio of the amount of supplemental general state aid received to the amount of the local option budget of the district for the school year and multiply the total amount of the unexpended budget remaining by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the district or remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

(k) Each year the state board of education shall determine the statewide average percentage of local option budgets legally adopted by school districts for the preceding school year.

(l) In school year 2012-2013, a school district may adopt a local option budget in an amount equal to the amount of the local option budget the district was authorized to adopt in school year 2011-2012 less an amount equal to the local foundation budget of the school district. To the extent the provisions of this subsection conflict with any other provisions of this section, this subsection shall control.

~~(m)~~ (m) The provisions of this section shall be subject to the provisions of K.S.A. 2011 Supp.

72-6433d, and amendments thereto.";

Also on page 1, following line 31, by inserting:

"Sec. 7. K.S.A. 2011 Supp. 72-6435 is hereby amended to read as follows: 72-6435. (a) In each school year, the board of every district that has adopted a local option budget may levy an *ad valorem* tax on the taxable tangible property of the district for the purpose of: (1) Financing that portion of the district's local option budget which is not financed from any other source provided by law; (2) financing that portion of the district's local foundation budget which is not financed from any other source provided by law; (3) paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district; and ~~(3)-(4)~~ funding transfers to the capital improvement fund of the district and the capital outlay fund of the district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of ~~25%~~ 17% of ~~state financial aid determined for the current school year.~~ the foundation funding.

(b) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the supplemental general fund of the district.

(c) In the school years specified in K.S.A. 72-6431, and amendments thereto, upon deposit of the proceeds from the tax levied pursuant to this section in the supplemental general fund, an amount equal to the local foundation budget, as established in section 1, and amendments thereto, shall be transferred to the general fund of the district. Such transfer shall be deemed a reimbursement of general operating expenses.

(d) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments to such sections.

Sec. 8. K.S.A. 2011 Supp. 72-6449 is hereby amended to read as follows: 72-6449. (a) As used in this section, "school district" or "district" means a school district authorized to make a levy under this section.

(b) The board of education of any district may levy a tax on the taxable tangible property within the district for the purpose of financing the costs incurred by the state that are attributable directly to assignment of the cost of living weighting to the enrollment of the district. There is hereby established in every school district a fund which shall be called the cost of living fund, which fund shall consist of all moneys deposited therein or transferred thereto in accordance with law. All moneys derived from a tax imposed pursuant to this section shall be credited to the cost of living fund. The proceeds from the tax levied by a district credited to the cost of living fund shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund.

(c) The state board of education shall determine whether a district may levy a tax under this section as follows:

(1) Determine the statewide average appraised value of single family residences for the calendar year preceding the current school year;

(2) multiply the amount determined under paragraph (1) by 1.25;

(3) determine the average appraised value of single family residences in each school district for the calendar year preceding the current school year; and

(4) (A) subtract the amount determined under paragraph (2) from the amount determined

under paragraph (3). If the amount determined for the district under this paragraph is a positive number and the district is authorized to adopt and has adopted a local option budget in an amount equal to at least ~~31%~~18% of the ~~state financial aid for the school district~~ foundation funding, the district qualifies for assignment of cost of living weighting and may levy a tax on the taxable tangible property of the district for the purpose of financing the costs that are attributable directly to assignment of the cost of living weighting to enrollment of the district; or

(B) as an alternative to the authority provided in paragraph (4)(A), if a district was authorized to make a levy pursuant to this section in school year 2006-2007, such district shall remain authorized to levy such tax at a rate necessary to generate revenue in the same amount generated in school year 2006-2007 if: (i) The amount determined under paragraph (4)(A) is a positive number; and (ii) the district continues to adopt a local option budget in an amount equal to ~~the state prescribed percentage in effect in school year 2006-2007~~ 17% of the foundation funding.

(d) No tax may be levied under this section unless the board of education adopts a resolution authorizing such a tax levy and publishes the resolution at least once in a newspaper having general circulation in the district. Except as provided by subsection (e), the resolution shall be published in substantial compliance with the following form:

Unified School District No. _____,
 _____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to levy an *ad valorem* tax in an amount not to exceed the amount necessary to finance the costs attributable directly to the assignment of cost of living weighting to the enrollment of the district. The *ad valorem* tax

authorized by this resolution may be levied unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after the publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether the levy of such a tax shall be authorized in accordance with the provisions of this resolution to the electors of the school district at the next general election of the school district, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of Unified School District No. _____, _____ County, Kansas, on the ____ day of _____, (year)_____.

Clerk of the board of education.

All of the blanks in the resolution shall be filled. If no petition as specified above is filed in accordance with the provisions of the resolution, the resolution authorizing the *ad valorem* tax levy shall become effective. If a petition is filed as provided in the resolution, the board may notify the county election officer to submit the question of whether such tax levy shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and of no force and effect and no like resolution shall be adopted by the board within the nine months following publication of the resolution. If a majority of the votes cast in an election conducted pursuant to this provision are in favor of the resolution, such resolution shall be effective on the date of such election. If a majority of the votes cast are not in favor of the resolution, the resolution shall be deemed of no effect and no like resolution shall be adopted by the board within

the nine months following such election.

(e) In determining the amount produced by the tax levied by the district under the authority of this section, the state board shall include any moneys which have been apportioned to the cost of living fund of the district from taxes levied under the provisions of K.S.A. 79-5101 *et seq.* and 79-5118 *et seq.*, and amendments thereto.

Sec. 9. K.S.A. 2011 Supp. 72-6451 is hereby amended to read as follows: 72-6451. (a) As used in this section:

(1) "School district" or "district" means a school district which: (A) Has a declining enrollment; and (B) has adopted a local option budget in an amount which equals at least ~~31%~~18% of the ~~state financial aid for the school district~~ foundation funding at the time the district applies to the state court of tax appeals for authority to make a levy pursuant to this section.

(2) "Declining enrollment" means an enrollment which has declined in amount from that of the preceding school year.

(b) (1) (A) A school district may levy an *ad valorem* tax on the taxable tangible property of the district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state court of tax appeals under this subsection for the purpose of financing the costs incurred by the state that are directly attributable to assignment of declining enrollment weighting to enrollment of the district. The state court of tax appeals may authorize the district to make a levy which will produce an amount that is not greater than the amount of revenues lost as a result of the declining enrollment of the district. Such amount shall not exceed 5% of the general fund budget of the district in the school year in which the district applies to the state court of tax appeals for authority to make a levy pursuant to this section.

(B) As an alternative to the authority provided in paragraph (1)(A), if a district was authorized

to make a levy pursuant to this section in school year 2006-2007, such district shall remain authorized to make a levy at a rate necessary to generate revenue in the same amount that was generated in school year 2007-2008 if the district adopts a local option budget in an amount equal to the state prescribed percentage in effect in school year 2006-2007.

(2) The state court of tax appeals shall certify to the state board the amount authorized to be produced by the levy of a tax under this section.

(3) The state board shall prescribe guidelines for the data that school districts shall include in cases before the state court of tax appeals pursuant to this section.

(c) A district may levy the tax authorized pursuant to this section for a period of time not to exceed two years unless authority to make such levy is renewed by the state court of tax appeals. The state court of tax appeals may renew the authority to make such levy for periods of time not to exceed two years.

(d) The state board shall provide to the state court of tax appeals such school data and information requested by the state court of tax appeals and any other information deemed necessary by the state board.

(e) There is hereby established in every district a fund which shall be called the declining enrollment fund. Such fund shall consist of all moneys deposited therein or transferred thereto according to law. The proceeds from the tax levied by a district under authority of this section shall be credited to the declining enrollment fund of the district. The proceeds from the tax levied by a district credited to the declining enrollment fund shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund.

(f) In determining the amount produced by the tax levied by the district under authority of this section, the state board shall include any moneys which have been apportioned to the declining enrollment fund of the district from taxes levied under the provisions of K.S.A. 79-5101 *et seq.* and 79-5118 *et seq.*, and amendments thereto.";

And by renumbering sections accordingly;

Also on page 1, in line 32, by striking "72-6433d is" and inserting "72-6410, 72-6415b, 72-6433, 72-6433d, 72-6435, 72-6449, 72-6451 and 72-6442b are";

Also on page 1, in the title, in line 1, by striking all after "to"; in line 2, by striking "budget" and inserting "school finance"; also in line 2, by striking "72-6433d" and inserting "72-6410, 72-6415b, 72-6433, 72-6433d, 72-6435, 72-6449 and 72-6451"; in line 3, by striking "section" and inserting "sections; also repealing K.S.A. 2011 Supp. 72-6442b"; and the bill be passed as amended.

Chairperson