AN ACT concerning school districts; relating to school finance; authorizing tax levy, procedure and limitations; local activities budget.

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

Section 1. (a) As used in sections 1 and 2, and amendments thereto:

(1) “School district” or “district” means a school district which has adopted a local option budget not less than 30% of the state financial aid of the district in the current school year.

(2) “Authorized to adopt a local activities budget” means that a district has adopted a resolution under this section, and the resolution was approved at an election thereon.

(3) “Local activities budget computation factor” of each school district means the product of: (A) The full-time equivalent enrollment of the district in the preceding school year; (B) the amount of base state aid per pupil; and (C) five percent.

(4) “Statutorily prescribed mill rate” means 4.9 mills.

(b) Each school year, the board of education of any district, by resolution, may adopt a local activities budget.

(c) (1) The board of education of any school district that has adopted a local activities budget may levy an ad valorem tax on the taxable tangible property of the district for the purpose of financing that portion of the district’s local activities budget which is not financed from any other source provided by law and 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. Such levy shall be at a rate equal to or greater than 1.78 mills, but shall not exceed the statutorily prescribed mill rate. No levy shall be made under this section until a resolution is adopted by the board of education and such resolution is submitted to and approved by a majority of the qualified electors of the school district voting on the question at an election thereon. The resolution submitted to the qualified electors of the school district shall specify the mill rate used to fund the local activities budget. If the resolution is not approved by a majority of the voters voting on the question at the election thereon, no like resolution shall be adopted by the board within the nine months following publication of the resolution.
(2) 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 into the local activities fund of the district.

(3) In a year, if a board of education of a school district chooses not to make a tax levy authorized under this section, or chooses to make a smaller tax levy for such purpose, such board of education may do so. If the board of education of any school district refrains from making a levy in any one or more years or refrains from making the full levy which it is authorized to make under this section and the resolution adopted thereunder, the authority of such school district to make such a tax levy shall not be extended beyond the original period specified in the resolution adopted under this subsection nor shall the mill rate of the tax authorized in any succeeding year be increased.

(4) Whenever an initial resolution has been adopted under this subsection and such resolution specified a lesser mill rate than the statutorily prescribed mill rate or a lesser number of years than five, the board of education of the school district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and subject to the same conditions, and shall be authorized to increase the mill rate as specified in any such subsequent resolution. Any mill rate specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the mill rates authorized in the initial resolution and the percentage authorized in any subsequent resolution is not in excess of the statutorily prescribed mill rate.

(5) The authority to adopt a local activities budget granted by the resolution to a school district shall expire five years from the date of the election in which the resolution was approved by the majority of the qualified electors of the school district voting on the question at the election thereon. Upon expiration, no school district shall levy a tax under this subsection unless a new resolution has been approved at an election in accordance with this subsection.

(d) Any election called pursuant to this section shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto, for the noticing, calling and holding of elections upon the question of issuing bonds under the general bond law. Such election may be conducted in the manner provided by the mail ballot act.

(e) (1) There is hereby established in every district that adopts a local activities budget a fund which shall be called the local activities fund. The fund shall consist of all amounts deposited therein or credited thereto according to law.
(2) Except as provided by paragraph (3), amounts in the local activities fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to the general fund of the district or to any program weighted fund or categorical fund of the district.

(3) Amounts in the local activities fund may not be expended nor transferred to the general fund of the district for the purpose of funding the cost of providing the subjects or areas of instruction required by state law to be provided in accredited schools \[or which are provided as part of the general curriculum of the district as approved by the board of education of such district\], including reasonable and necessary related instruction, administration, support staff, supplies, equipment and building costs.

(4) Any balance remaining in the local activities fund at the end of the school year shall be carried forward into that fund for succeeding school years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the local activities budget of such school district, the amounts credited to and the amount on hand in the local activities fund, and the amount expended therefrom shall be included in the annual local activities fund budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

Sec. 2. (a) There is hereby created in the state treasury the local activities equalization fund. The state board of education shall administer the local activities equalization fund in accordance with this section. Expenditures from the local activities equalization fund shall only be made for the purposes of subsection (c), and shall be made in accordance with the provisions of appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the state board of education, or a person or persons designated by the state board of education.

(b) In each school year, if a district has levied a tax under section 1, and amendments thereto, and the total revenue collected from such tax for such school year is an amount greater than the district’s local activities budget computation factor, then such district shall remit to the state board an amount equal to the difference between the total revenue collected from such tax for such school year and the district’s local activities budget computation factor. Upon receipt of such amount, the state board shall remit such amount to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon the receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the local activities equalization fund.

(c) In each school year, if a district has levied a tax pursuant to
section 1, and amendments thereto, at the statutorily prescribed mill rate, and the total revenue collected from such tax for such school year is an amount less than the district’s local activities budget computation factor, then such district shall be entitled to receive an amount equal to the difference between the district’s local activities budget computation factor and the total revenue collected from such tax for such school year. Moneys payable to school districts under this subsection shall be paid solely from the local activities equalization fund.

(d) If the amount of appropriations for payments to be made under subsection (c) is less than the amount each district is entitled to receive for the school year, the state board shall prorate the amount appropriated among the districts in proportion to the amount each district is entitled to receive.

(e) The state board shall prescribe the dates upon which payments of any amounts school districts are entitled to receive under subsection (c) shall be due. Payments shall be distributed to districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each district, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the district. Upon receipt of the warrant, the treasurer of the district shall credit the amount thereof to the local activities fund of the district to be used for the purposes of such fund.

Sec. 3. The state board shall adopt rules and regulations necessary to implement and administer the provisions of sections 1 and 2, and amendments thereto.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.