

Senate Substitute for HOUSE BILL No. 2655

AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.

WHEREAS, The people of Kansas, through section 6(b) of article 6 of the constitution of the state of Kansas, declared that “the legislature shall make suitable provision for finance of the educational interests of the state.” According to the supreme court, this provision contains both an adequacy and equity component. On February 11, 2016, the supreme court ruled that funds provided to the school districts under the existing school finance legislation for local option budget equalization and capital outlay equalization were not equitably distributed among the school districts; and

WHEREAS, The supreme court issued an order directing the legislature to fairly allocate resources among the school districts by providing “reasonably equal access to substantially similar education opportunity through similar tax effort.” The supreme court warned that, if no action is taken by June 30, 2016, and because an unconstitutional system is invalid, it may entertain a motion to enjoin funding the school system for the 2016-2017 school year; and

WHEREAS, The legislature is committed to avoiding any disruption to public education and desires to meet its obligation; and

WHEREAS, After hearing evidence concerning varying proposals for this body to continue providing an adequate public education while satisfying the supreme court’s equity issue, the legislature is acting on this bill in an expedited manner so that the schools will open, as scheduled, for the 2016-2017 school year; and

WHEREAS, This step, while important, is only the first of many. Upon enactment of this legislation, the legislature will immediately return to the task of finding a long-term solution, based upon a broad base of stakeholders, that will continue to provide all Kansas students the opportunity to pursue their chosen desires through an excellent public education.

Now, therefore:

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

Section 1.

DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:

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| Supplemental general state aid | \$367,582,721 |
| School district equalization state aid | \$61,792,947 |

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

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| School district capital outlay state aid fund | \$50,780,296 |
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Provided, That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 4(c), and amendments thereto, exceeds the expenditure limitation established pursuant to this subsection on the school district capital outlay state aid fund, then the expenditure limitation on the school district capital outlay state aid fund is hereby increased by the amount of moneys transferred from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund pursuant to subsection (e).

(c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016 House Substitute for Senate Bill No. 161 from the state general fund in the block grants to USDs account (652-00-1000-0500), the sum of \$477,802,500 is hereby lapsed.

(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from \$17,521,425 to

\$15,167,962: *Provided, however*, That if any transfer of moneys by the director of accounts and reports from the school district extraordinary need fund of the department of education is made pursuant to subsection (e), then the expenditure limitation established pursuant to this subsection on the school district extraordinary need fund is hereby decreased from \$15,167,962 to \$15,167,962 minus the amount of moneys certified by the state board of education to be transferred pursuant to subsection (e).

(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$15,167,962 from the state general fund to the school district extraordinary need fund of the department of education: *Provided, however*, That if sufficient moneys are not available in the supplemental general state aid account of the state general fund to fully fund the provisions of section 3, and amendments thereto, then the state board of education shall certify the amount of moneys of such insufficient funds to the director of accounts and reports: *And provided*, That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such insufficient funds certified from the school district extraordinary need fund of the department of education to the supplemental general state aid account of the state general fund: *And provided however*, That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 4(c), and amendments thereto, exceeds \$50,780,296, then the state board of education shall certify the amount of moneys equal to the difference between \$50,780,296 and the amount of such demand transfer to the director of accounts and reports: *And provided*, That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such difference certified from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund of the department of education: *And provided further*, That, at the same time as the state board of education transmits each such certification to the director of accounts and reports, the state board of education shall transmit a copy of such certification to the director of legislative research.

(f) During the fiscal year ending June 30, 2017, the total amount of transfers from the school district extraordinary need fund of the department of education pursuant to this section shall not exceed \$15,167,962.

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in the supreme court's ruling in *Gannon v. State*, Case No. 113,267, ___ Kan. ___, 2016 WL 540725 (Feb. 11, 2016), including preceding school finance decisions; (2) endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered the best way to meet this constitutional standard; and (3) arrived at the best solution to discharge its constitutional duty to make suitable provision for finance of the educational interests of the state. To this end, this legislation shall be liberally construed so as to make certain that no funding for public schools will be enjoined.

(b) The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that the funding certainty of the classroom learning assuring student success act is critical to the effective operation of school districts. Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the supreme court's standard for adequacy. As a result, the legislature believes that it has enacted legislation that both fairly meets the equity requirements of article 6 of the constitution of the state of Kansas and does not run afoul of the already adequate funding as demonstrated by the excellent results of the public education system made known to the legislature.

(c) The legislature hereby finds and declares the following:

(1) That, based on testimony from the state department of education and other parties involved in the public education system, a hold harmless

fund is necessary in light of the fact that many school budgets are set based upon the provisions of the classroom learning assuring student success act;

(2) that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy, and that it is preferable to apply a single equalization formula to both categories of state aid;

(3) that this act fully complies with the supreme court's order, but that there is an untenable risk the act may be found to be unconstitutional and, as a result, all educational funding could be enjoined. The risk of disrupting education in this regard is unacceptable to the legislature, and as a result, the provisions of this act should be considered as severable; and

(4) that, based on testimony from the state department of education, the state board of education may be able to more quickly respond to and address concerns raised by the school districts, including, without limitation, emergency needs or a demonstrated inability to have reasonably equal access to substantially similar educational opportunities through similar tax effort.

New Sec. 3. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of supplemental general state aid. A school district's eligibility to receive supplemental general state aid shall be determined by the state board as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount of the local option budget adopted by each school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments thereto; and

(6) multiply the amount computed under subsection (a)(5) by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive as supplemental general state aid in the school year.

(b) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to school 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 school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the supplemental general fund of the school district to be used for the purposes of such fund.

(c) If any amount of supplemental general state aid that is due to be paid during the month of June of a school year pursuant to the other provisions of this section is not paid on or before June 30 of such school year, then such payment shall be paid on or after the ensuing July 1, as soon as moneys are available therefor. Any payment of supplemental general state aid that is due to be paid during the month of June of a school year and that is paid to school districts on or after the ensuing July 1 shall be recorded and accounted for by school districts as a receipt for the school year ending on the preceding June 30.

(d) If the amount of appropriations for supplemental general state aid is less than the amount each school district is to receive for the school year, the state board shall prorate the amount appropriated among the school districts in proportion to the amount each school district is to receive as determined under subsection (a).

(e) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(f) The provisions of this section shall expire on June 30, 2017.

New Sec. 4. (a) There is hereby established in the state treasury the school district capital outlay state aid fund. Such fund shall consist of all amounts transferred thereto under the provisions of subsection (c).

(b) For school year 2016-2017, each school district which levies a tax pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive payment from the school district capital outlay state aid fund in an amount determined by the state board of education as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount levied by each school district pursuant to K.S.A. 72-8801 et seq., and amendments thereto; and

(6) multiply the amount computed under subsection (b)(5), but not to exceed 8 mills, by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive from the school district capital outlay state aid fund in the school year.

(c) The state board shall certify to the director of accounts and reports the amount of school district capital outlay state aid determined under the provisions of subsection (b), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital outlay state aid fund for distribution to school districts. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.

(d) Payments from the school district capital outlay state aid fund shall be distributed to school districts at times determined by the state board of education. The state board of education shall certify to the di-

rector of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the capital outlay fund of the school district to be used for the purposes of such fund.

(e) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(f) The provisions of this section shall expire on June 30, 2017.

New Sec. 5. (a) For school year 2016-2017, the state board of education shall disburse school district equalization state aid to each school district that is eligible to receive such state aid. In determining whether a school district is eligible to receive school district equalization state aid, the state board shall:

(1) Determine the aggregate amount of supplemental general state aid and capital outlay state aid such school district is to receive for school year 2016-2017 under sections 3 and 4, and amendments thereto, respectively;

(2) determine the aggregate amount of supplemental general state aid and capital outlay state aid such school district received as a portion of general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-6465, and amendments thereto;

(3) subtract the amount determined under subsection (a)(1) from the amount determined under (a)(2). If the resulting difference is a positive number, then the school district is eligible to receive school district equalization state aid.

(b) The amount of school district equalization state aid an eligible school district is to receive shall be equal to the amount calculated under subsection (a)(3).

(c) The state board shall prescribe the dates upon which the distribution of payments of school district equalization state aid to school districts shall be due. Payments of school district equalization state aid shall be distributed to school 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 school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the general fund of the school district to be used for the purposes of such fund.

(d) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(e) The provisions of this section shall expire on June 30, 2017.

Sec. 6. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, shall be known and may be cited as the classroom learning assuring student success act.

(b) The legislature hereby declares that the intent of this act is to lessen state interference and involvement in the local management of school districts and to provide more flexibility and increased local control for school district boards of education and administrators in order to:

(1) Enhance predictability and certainty in school district funding sources and amounts;

(2) allow school district boards of education and administrators to best meet their individual school district's financial needs; and

(3) maximize opportunities for more funds to go to the classroom.

To meet this legislative intent, state financial support for elementary and secondary public education will be met by providing a block grant for school years 2015-2016 and 2016-2017 to each school district. Each school district's block grant will be based in part on, and be at least equal to, the total state financial support as determined for school year 2014-2015 under the school district finance and quality performance act, prior to its repeal. All school districts will be held harmless from any decreases to the final school year 2014-2015 amount of total state financial support.

(c) The legislature further declares that the guiding principles for the development of subsequent legislation for the finance of elementary and secondary public education should consist of the following:

- (1) Ensuring that students' educational needs are funded;
 - (2) providing more funding to classroom instruction;
 - (3) maximizing flexibility in the use of funding by school district boards of education and administrators; and
 - (4) achieving the goal of providing students with those education capacities established in K.S.A. 72-1127, and amendments thereto.
- (d) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 7. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-2017~~, the state board shall disburse general state aid to each school district in an amount equal to:

(1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

(A) The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;

(B) the amount directly attributable to the cost-of-living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;

(C) the amount directly attributable to declining enrollment state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and

(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(2) the amount of supplemental general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434, prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to its repeal, plus;

(3) the amount of capital outlay state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814, prior to its repeal, plus;

(4) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided; the school district has levied such tax;

(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided; the school district has levied such tax; *and*

(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided; the school district has levied such tax, plus;

(5) the amount of virtual school state aid such school district is to receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(6) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;

(7) an amount equal to 0.4% of the amount determined under subsection (a)(1).

(b) *For school year 2016-2017, the state board shall disburse general state aid to each school district in an amount equal to:*

(1) *Subject to the provisions of subsections (c) through (g), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*

(A) *The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;*

(B) *the amount directly attributable to the cost-of-living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;*

(C) *the amount directly attributable to declining enrollment state aid*

as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and

(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(2) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided the school district has levied such tax;

(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided the school district has levied such tax; and

(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided the school district has levied such tax, plus;

(3) the amount of virtual school state aid such school district is to receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(4) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;

(5) an amount equal to 0.4% of the amount determined under subsection (b)(1).

~~(b)~~(c) For any school district whose school financing sources exceeded its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal, the amount such school district is entitled to receive under subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments thereto, less the difference between such school district's school financing sources and its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal.

~~(c)~~(d) For any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, prior to the effective date of this act, and whose state financial aid for school year 2014-2015 was determined under K.S.A. 2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1) shall be determined as if such school district was not subject to K.S.A. 2014 Supp. 72-6445a, prior to its repeal, for school year 2014-2015.

~~(d)~~(e) For any school district that consolidated in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, and such consolidation becomes effective on or after July 1, 2015, the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of the former school districts would have received under subsection (a)(1) or (b)(1).

~~(e)~~(f) (1) For any school district that was entitled to receive school facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6415, prior to its repeal, for such school district shall be subtracted from the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1).

(2) For any school district which would have been eligible to receive school facilities weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, an amount directly attributable to the school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be added to the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1).

(3) For any school district which would have been eligible to receive school facilities weighting for school year 2016-2017 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the

school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be added to the amount of general state aid for such school district determined under subsection (a)(1) *or* (b)(1).

~~(g)~~(1) For any school district that received federal impact aid for school year 2014-2015, if such school district receives federal impact aid in school year 2015-2016 in an amount that is less than the amount such school district received in school year 2014-2015, then an amount equal to the difference between the amount of federal impact aid received by such school district in such school years shall be added to the amount of general state aid for such school district for school year 2015-2016 as determined under subsection (a)(1) *or* (b)(1).

(2) For any school district that received federal impact aid for school year 2014-2015, if such school district receives federal impact aid in school year 2016-2017 in an amount that is less than the amount such school district received in school year 2014-2015, then an amount equal to the difference between the amount of federal impact aid received by such school district in such school years shall be added to the amount of general state aid for such school district for school year 2016-2017 as determined under subsection (a)(1) *or* (b)(1).

~~(g)~~(h) The general state aid for each school district shall be disbursed in accordance with appropriation acts. In the event the appropriation for general state aid exceeds the amount determined under subsection (a) *or* (b) for any school year, then the state board shall disburse such excess amount to each school district in proportion to such school district's enrollment.

~~(h)~~(i) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 8. K.S.A. 2015 Supp. 72-6474 is hereby amended to read as follows: 72-6474. (a) The board of any school district to which the provisions of this subsection apply may levy an ad valorem tax on the taxable tangible property of the school district for school years 2015-2016 and 2016-2017 in an amount not to exceed the amount authorized by the state court of tax appeals for school year 2014-2015 pursuant to K.S.A. 72-6441, prior to its repeal, for the purpose set forth in K.S.A. 72-6441, prior to its repeal. The provisions of this subsection apply to any school district that imposed a levy pursuant to K.S.A. 72-6441, prior to its repeal, for school year 2014-2015.

(b) The board of any school district which would have been eligible to levy an ad valorem tax pursuant to K.S.A. 72-6441, prior to its repeal, ~~for school year 2015-2016 or 2016-2017~~ *the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2016*, may levy an ad valorem tax on the taxable tangible property of the school 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 board of tax appeals under this subsection for the purpose of financing the costs incurred by the school district that are directly attributable to ancillary school facilities. The state board of tax appeals may authorize the school district to make a levy which will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose.

(c) The state board of tax appeals shall certify to the state board of education the amount authorized to be produced by the levy of a tax under subsection (a). The state board of tax appeals may adopt rules and regulations necessary to effectuate the provisions of this section, including rules and regulations relating to the evidence required in support of a school district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.

(d) The board of any school district that has levied an ad valorem tax on the taxable tangible property of the school district each year for a period of two years under authority of subsection (b) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed six years in an amount not to exceed the amount computed by the state board of education as provided in this

subsection if the board of education of the school district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the school district. The tax authorized under this subsection may be levied at a rate which will produce an amount that is not greater than the amount computed by the state board of education as provided in this subsection. In computing such amount, the state board shall:

(1) Determine the amount produced by the tax levied by the school district under authority of subsection (b) in the second year for which such tax was levied;

(2) compute 90% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the first year of the six-year period for which the school district may levy a tax under authority of this subsection;

(3) compute 75% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the second year of the six-year period for which the school district may levy a tax under authority of this subsection;

(4) compute 60% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the third year of the six-year period for which the school district may levy a tax under authority of this subsection;

(5) compute 45% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fourth year of the six-year period for which the school district may levy a tax under authority of this subsection;

(6) compute 30% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fifth year of the six-year period for which the school district may levy a tax under authority of this subsection; and

(7) compute 15% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the sixth year of the six-year period for which the school district may levy a tax under authority of this subsection.

(e) The proceeds from any tax levied by a school district under authority of this section 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 and shall credit the same to the state school finance fund. All moneys remitted to the state treasurer pursuant to this subsection shall be used for 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.

(f) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 9. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as follows: 72-6476. (a) Each school district may submit an application to the state ~~finance council~~ *board of education* for approval of extraordinary need state aid. Such application shall be submitted in such form and manner as prescribed by the state ~~finance council~~ *board*, and shall include a description of the extraordinary need of the school district that is the basis for the application.

(b) The state ~~finance council~~ *board* shall review all submitted applications and approve or deny such application based on whether the applicant school district has demonstrated extraordinary need. As part of its review of an application, the state ~~finance council~~ *board* may conduct a hearing and provide the applicant school district an opportunity to present testimony as to such school district's extraordinary need. In determining whether a school district has demonstrated extraordinary need, the state ~~finance council~~ *board* shall consider: (1) Any extraordinary increase in enrollment of the applicant school district for the current school year; (2) any extraordinary decrease in the assessed valuation of the applicant school district for the current school year; ~~and~~ (3) any other unforeseen acts or circumstances which substantially impact the applicant school district's general fund budget for the current school year; *and (4) in lieu of any of the foregoing considerations, whether the applicant school district*

has reasonably equal access to substantially similar educational opportunity through similar tax effort.

~~(c) If the state finance council board approves an application it shall certify to the state board of education that such application was approved and determine the amount of extraordinary need state aid to be disbursed to the applicant school district from the school district extraordinary need fund. In approving any application for extraordinary need state aid, the state finance council board may approve an amount of extraordinary need state aid that is less than the amount the school district requested in the application. If the state finance council board denies an application, then within 15 days of such denial it the state board shall send written notice of such denial to the superintendent of such school district. The decision of the state finance council shall be final. All administrative proceedings pursuant to this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act. Any action by the state board pursuant to this section shall be subject to review in accordance with the Kansas judicial review act.~~

(d) There is hereby established in the state treasury the school district extraordinary need fund which shall be administered by the state department of education. All expenditures from the school district extraordinary need fund shall be used for the disbursement of extraordinary need state aid as approved by the state finance council board under this section. All expenditures from the school district extraordinary need fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the state board of education, or the designee of the state board of education. ~~At the end of each fiscal year, the director of accounts and reports shall transfer to the state general fund any moneys in the school district extraordinary need fund on each such date in excess of the amount required to pay all amounts of extraordinary need state aid approved by the state finance council for the current school year.~~

~~(e) For school year 2015-2016 and school year 2016-2017, the state board of education shall certify to the director of accounts and reports an amount equal to the aggregate of the amount determined under K.S.A. 2015 Supp. 72-6465(a)(7), and amendments thereto, for all school districts. Upon receipt of such certification, the director shall transfer the certified amount from the state general fund to the school district extraordinary need fund. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.~~

~~(f) The approvals by the state finance council required by this section are hereby characterized as matters of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711e(e), and amendments thereto. Such approvals may be given by the state finance council when the legislature is in session.~~

~~(g) The provisions of this section shall expire on July 1 June 30, 2017.~~

Sec. 10. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, shall ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, *or any application of such provision to any person or circumstance* is held to be invalid or unconstitutional by court order, ~~all provisions the invalidity shall not affect other provisions or applications of~~ K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, ~~shall be null and void which can be given effect without the invalid provision or application.~~

(b) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 11. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as follows: 74-4939a. On and after the effective date of this act for each fiscal year commencing with fiscal year 2005, notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys appropriated for the department of education from the state general fund commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by appropriation act of the legislature, in the KPERS – employer contributions account and all moneys appropriated for the department of ed-

ucation from the state general fund or any special revenue fund for each fiscal year commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by any such appropriation act in that account or any other account for payment of employer contributions for school districts, shall be distributed by the department of education to school districts in accordance with this section. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, *for school year 2015-2016*, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2015 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such disbursement of moneys, the school district shall deposit the entire amount thereof into a special retirement contributions fund of the school district, which shall be established by the school district in accordance with such policies and procedures and which shall be used for the sole purpose of receiving such disbursements from the department of education and making the remittances to the system in accordance with this section and such policies and procedures. Upon receipt of each such disbursement of moneys from the department of education, the school district shall remit, in accordance with the provisions of such policies and procedures and in the manner and on the date or dates prescribed by the board of trustees of the Kansas public employees retirement system, an equal amount to the Kansas public employees retirement system from the special retirement contributions fund of the school district to satisfy such school district's obligation as a participating employer. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, shall show within the budget of such school district all amounts received from disbursements into the special retirement contributions fund of such school district. Notwithstanding the provisions of any other statute, no official action of the school board of such school district shall be required to approve a remittance to the system in accordance with this section and such policies and procedures. All remittances of moneys to the system by a school district in accordance with this subsection and such policies and procedures shall be deemed to be expenditures of the school district.

Sec. 12. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a are hereby repealed.

Sec. 13. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.