

Session of 2018

## SENATE BILL No. 422

By Committee on Ways and Means

2-15

1 AN ACT concerning education; relating to the financing thereof; relating  
2 to the Kansas school equity and enhancement act; relating to local  
3 option budgets; amending K.S.A. 2017 Supp. 72-5143 and 72-5145 and  
4 repealing the existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. [~~K.S.A. 2017 Supp. 72-5143 is hereby amended to read as~~  
8 follows: 72-5143. (a) In each school year, the board of education of a  
9 school district ~~may shall~~ adopt, by resolution, a local option budget ~~that~~  
10 ~~does not exceed the state prescribed percentage equal to 30% of the school~~  
11 ~~district's total foundation aid.~~

12 ~~(b) Subject to the limitations of subsection (a), in each school year,~~  
13 ~~the board of education of a school district may adopt, by resolution, a local~~  
14 ~~option budget in an amount that does not exceed:~~

15 ~~(1) The amount that the board was authorized to adopt under any~~  
16 ~~resolution adopted pursuant to K.S.A. 2017 Supp. 72-6471, prior to its~~  
17 ~~expiration<sup>2</sup>; or~~

18 ~~(2) the state-wide average for the preceding school year as~~  
19 ~~determined by the state board pursuant to subsection (1).~~

20 ~~The adoption of a resolution pursuant to this section shall require a~~  
21 ~~majority vote of the members of the board. Such resolution shall be~~  
22 ~~effective upon adoption and shall require no other procedure, authorization~~  
23 ~~or approval.~~

24 ~~(c) (b) If the board of a school district desires to increase its local~~  
25 ~~option budget authority above the amount authorized required under~~  
26 ~~subsection (b) (a), the board may adopt, by resolution, such budget in an~~  
27 ~~amount not to exceed the state prescribed percentage. The adoption of a~~  
28 ~~resolution pursuant to this subsection shall require a majority vote of the~~  
29 ~~members of the board. The resolution shall be published at least once in a~~  
30 ~~newspaper having general circulation in the school district. The resolution~~  
31 ~~shall be published in substantial compliance with the following form:~~

32 Unified School District No. \_\_\_\_\_

\_\_\_\_\_ County, Kansas.

RESOLUTION

35 Be It Resolved that:

36 The board of education of the above-named school district shall be

1 authorized to adopt a local option budget in each school year in an amount  
 2 not to exceed \_\_\_\_\_% of the amount of total foundation aid. The local  
 3 option budget authorized by this resolution may be adopted, unless a  
 4 petition in opposition to the same, signed by not less than 5% of the  
 5 qualified electors of the school district, is filed with the county election  
 6 officer of the home county of the school district within 30 days after  
 7 publication of this resolution. If a petition is filed, the county election  
 8 officer shall submit the question of whether adoption of the local option  
 9 budget shall be authorized to the electors of the school district at an  
 10 election called for the purpose or at the next general election, as is  
 11 specified by the board of education of the school district.

12 CERTIFICATE

13 This is to certify that the above resolution was duly adopted by the  
 14 board of education of unified school district No. \_\_\_\_\_, County,  
 15 Kansas, on the \_\_\_\_\_ day of \_\_\_\_\_,  
 16 \_\_\_\_\_

17 \_\_\_\_\_  
 18 Clerk of the board of education.

19 All of the blanks in the resolution shall be filled appropriately. If a  
 20 sufficient petition is not filed, the board may adopt a local option budget.  
 21 If a sufficient petition is filed, the board may notify the county election  
 22 officer of the date of an election to be held to submit the question of  
 23 whether adoption of a local option budget shall be authorized. Any such  
 24 election shall be noticed, called and held in the manner provided by K.S.A.  
 25 10-120, and amendments thereto. If the board fails to notify the county  
 26 election officer within 30 days after a sufficient petition is filed, the  
 27 resolution shall be deemed abandoned and no like resolution shall be  
 28 adopted by the board within the nine months following publication of the  
 29 resolution.

30 ~~(d) (c) Unless specifically stated otherwise in the resolution, the~~  
 31 ~~authority to adopt a local option budget shall be continuous and~~  
 32 ~~permanent. The board of any school district that is authorized to adopt a~~  
 33 ~~local option budget may choose not to adopt such a budget or may adopt a~~  
 34 ~~budget in an amount less than the amount authorized. If the board of any~~  
 35 ~~school district whose authority to adopt a local option budget is not~~  
 36 ~~continuous and permanent refrains from adopting a local option budget,~~  
 37 ~~the authority of such school district to adopt a local option budget shall not~~  
 38 ~~be extended by such refrainment beyond the period specified in the~~  
 39 ~~resolution authorizing adoption of such budget.~~

40 ~~(e) (d) The board of any school district may initiate procedures to~~  
 41 ~~renew or increase the authority to adopt a local option budget at any time~~  
 42 ~~during a school year after the tax levied pursuant to K.S.A. 2017 Supp. 72-~~  
 43 ~~5147, and amendments thereto, is certified to the county clerk under any~~  
 44 ~~existing authorization.~~

1 ~~(f) (e) (1) Except as provided in paragraph (2), the board of any~~  
2 school district authorized to adopt a local option budget prior to July 1,  
3 2017, under a resolution that authorized the adoption of such budget in  
4 accordance with the provisions of K.S.A. 2017 Supp. 72-6471, prior to its  
5 ~~expiration July 1, 2017, may continue to operate under such resolution for~~  
6 the period of time specified in the resolution ~~if such resolution adopted a~~  
7 ~~local option budget above the amount required in subsection (a) or may~~  
8 abandon the resolution and operate under the provisions of this section.  
9 Any such school district shall operate under the provisions of this section  
10 after the period of time specified in any previously adopted resolution has  
11 expired.

12 ~~(2) Any resolution adopted prior to July 1, 2017, pursuant to K.S.A.~~  
13 ~~72-6433(e)(2), prior to its repeal, that authorized the adoption of a local~~  
14 ~~option budget and that was not subsequently submitted to and approved by~~  
15 ~~a majority of the qualified electors of the school district voting at an~~  
16 ~~election called and held thereon shall expire on June 30, 2018, and shall~~  
17 ~~have no force and effect during school year 2018-2019 or any subsequent~~  
18 ~~school year.~~

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

25 ~~(g) The board of any school district that desires to increase its local~~  
26 ~~option budget authority for the immediately succeeding school year shall~~  
27 ~~submit written notice of such intent to the state board by March 15 of the~~  
28 ~~current school year. The state board shall compile all such notices and~~  
29 ~~submit a report to the legislature on or before March 25 of each year.~~

30 ~~(h) (1) There is hereby established in each school district that adopts a~~  
31 ~~local option budget a supplemental general fund, which shall consist of all~~  
32 ~~amounts deposited therein or credited thereto according to law.~~

33 ~~(2) Of the moneys deposited or otherwise credited to the~~  
34 ~~supplemental general fund of a school district pursuant to K.S.A. 2017~~  
35 ~~Supp. 72-5147, and amendments thereto, that are attributable to the local~~  
36 ~~option budget adopted pursuant to subsection (a), an amount that is~~  
37 ~~proportional to that amount of such school district's total foundation aid~~  
38 ~~attributable to the at-risk student weighting as compared to such district's~~  
39 ~~total foundation aid shall be transferred to the at-risk education fund of~~  
40 ~~such school district and shall be expended in accordance with K.S.A. 2017~~  
41 ~~Supp. 72-5153, and amendments thereto.~~

42 ~~(3) Subject to the limitations imposed under subsection (h)(3),~~  
43 ~~paragraph (4), amounts in the supplemental general fund may be~~

1 expended for any purpose for which expenditures from the general fund  
2 are authorized or may be transferred to any categorical fund of the school  
3 district. Amounts in the supplemental general fund attributable to any  
4 percentage over 25% of total foundation aid determined for the current  
5 school year may be transferred to the capital improvements fund of the  
6 school district and the capital outlay fund of the school district if such  
7 transfers are specified in the resolution authorizing the adoption of a local  
8 option budget in excess of 25%.

9 ~~(3) (4)~~ Amounts in the supplemental general fund may not be  
10 expended for the purpose of making payments under any lease-purchase  
11 agreement involving the acquisition of land or buildings that is entered  
12 into pursuant to the provisions of K.S.A. 2017 Supp. 72-1149, and  
13 amendments thereto.

14 ~~(4) (5) (A)~~ Except as provided in ~~subsection (h) (4) subparagraph (B)~~,  
15 any unexpended moneys remaining in the supplemental general fund of a  
16 school district at the conclusion of any school year in which a local option  
17 budget is adopted shall be maintained in such fund.

18 (B) If the school district received supplemental state aid in the school  
19 year, the state board shall determine the ratio of the amount of  
20 supplemental general state aid received to the amount of the local option  
21 budget of the school district for the school year and multiply the total  
22 amount of the unexpended moneys remaining by such ratio. An amount  
23 equal to the amount of the product shall be transferred to the general fund  
24 of the school district or remitted to the state treasurer in accordance with  
25 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt  
26 of any such remittance, the state treasurer shall deposit the same in the  
27 state treasury to the credit of the state school district finance fund.

28 ~~(f)~~ Each year, the state board shall determine the statewide average  
29 percentage of local option budgets legally adopted by school districts for  
30 the preceding school year.

31 ~~(f) (i)~~ The provisions of this section shall be subject to the provisions  
32 of K.S.A. 2017 Supp. 72-5144, and amendments thereto.

33 ~~(h) (j)~~ As used in this section:

34 (1) "Authorized to adopt a local option budget" means that a school  
35 district has adopted a resolution pursuant to subsection (c).

36 ~~(2) (1)~~ "State prescribed percentage" means 33% of the total  
37 foundation aid of the school district in the current school year.

38 ~~(3) (2)~~ "Total foundation aid" means the same as such term is defined  
39 in K.S.A. 2017 Supp. 72-5132, and amendments thereto.]

40 Sec. 2. K.S.A. 2017 Supp. 72-5145 is hereby amended to read as  
41 follows: 72-5145. (a) In each school year, each school district that has  
42 adopted a local option budget is eligible to receive supplemental state aid.  
43 Except as provided by K.S.A. 2017 Supp. 72-5146, and amendments

Insert attachment #1

1 thereto, supplemental state aid shall be determined by the state board as  
2 provided in subsection (b).

3 (b) The state board shall:

4 (1) ~~(A) For school year 2017-2018, determine the amount of the~~  
5 ~~assessed valuation per student in the preceding school year of each school~~  
6 ~~district; and~~

7 ~~(B) for school year 2018-2019 and each school year thereafter,~~  
8 Determine the average assessed valuation per student of each school  
9 district by adding the assessed valuation per student for each of the three  
10 immediately preceding school years and dividing the resulting sum by  
11 three;

12 (2) rank the school districts from low to high on the basis of the  
13 amounts of assessed valuation per student determined under subsection (b)  
14 (1);

15 (3) identify the amount of the assessed valuation per student located  
16 at the 81.2 percentile of the amounts ranked under subsection (b)(2);

17 (4) divide the assessed valuation per student of the school district as  
18 determined under subsection (b)(1) by the amount identified under  
19 subsection (b)(3); and

20 (5) (A) if the quotient obtained under subsection (b)(4) equals or  
21 exceeds one, the school district shall not receive supplemental state aid; or  
22 (B) if the quotient obtained under subsection (b)(4) is less than one,  
23 subtract the quotient obtained under subsection (b)(4) from one, and  
24 multiply the difference by the amount of the local option budget of the  
25 school district ~~for the immediately preceding school year~~. The resulting  
26 product is the amount of supplemental state aid the school district is to  
27 receive for the school year.

28 (c) Payments of supplemental state aid shall be distributed to school  
29 districts on the dates prescribed by the state board. The state board shall  
30 certify to the director of accounts and reports the amount due each school  
31 district, and the director of accounts and reports shall draw a warrant on  
32 the state treasurer payable to the treasurer of the school district. Upon  
33 receipt of the warrant, the treasurer of the school district shall credit the  
34 amount thereof to the supplemental general fund of the school district to  
35 be used for the purposes of such fund.

36 (d) For the purposes of determining the total amount of state moneys  
37 paid to school districts, all moneys appropriated as supplemental state aid  
38 shall be deemed to be state moneys for educational and support services  
39 for school districts.

40 Sec. 3. K.S.A. 2017 Supp. 72-5143 and 72-5145 are hereby repealed.

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

**ATTACHMENT #1**

**72-5143.** (a) In each school year, the board of education of a school district may adopt, by resolution, a local option budget that does not exceed the state prescribed percentage.

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

(1) The amount that the board was authorized to adopt under any resolution adopted pursuant to K.S.A. 2017 Supp. 72-6471, prior to its expiration\* ; or

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

The adoption of a resolution pursuant to this section 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.

(c) If the board of a school district desires to increase its local option budget authority above the amount authorized under subsection (b), 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 school 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 total foundation aid. ~~[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 appropriately. ~~[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.]~~

(d) Unless specifically stated otherwise in the resolution, the authority to adopt a local option budget shall be continuous and permanent. The board of any school district that 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 school 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 school 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.

(e) The board of any school 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. 2017 Supp. 72-5147, and amendments thereto, is certified to the county clerk under any existing authorization.

(f) The board of any school district authorized to adopt a local option budget prior to July 1, 2017, under a resolution that authorized the adoption of such budget in accordance with the provisions of K.S.A. 2017 Supp. 72-6471, prior to ~~its expiration~~ July 1, 2017, 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. Any such school district shall operate under the provisions of this section after the period of time specified in any previously adopted resolution has expired.

(g) 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 that 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.

(h) (1) There is hereby established in each school district that adopts a local option budget a supplemental general fund, which shall consist of all amounts deposited therein or credited thereto according to law.

- (2) Subject to the limitations imposed under subsection (h)(3), 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 categorical fund of the school district. Amounts in the supplemental general fund attributable to any percentage over 25% of total foundation aid determined for the current school year may be transferred to the capital improvements fund of the school district and the capital outlay fund of the school district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of 25%.
- (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 that is entered into pursuant to the provisions of K.S.A. 2017 Supp. 72-1149, and amendments thereto.
- (4) (A) Except as provided in subsection (h)(4)(B), any unexpended moneys remaining in the supplemental general fund of a school 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 school district received supplemental 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 school district for the school year and multiply the total amount of the unexpended moneys remaining by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the school district or remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. 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.
- (i) Each year, the state board shall determine the statewide average percentage of local option budgets legally adopted by school districts for the preceding school year.
- (j) The provisions of this section shall be subject to the provisions of K.S.A. 2017 Supp. 72-5144, and amendments thereto.
- (k) As used in this section:
- (1) "Authorized to adopt a local option budget" means that a school district has adopted a resolution pursuant to subsection (c).
- (2) "State prescribed percentage" means 33% of the total foundation aid of the school district in the current school year.
- (3) "Total foundation aid" means the same as such term is defined in K.S.A. 2017 Supp. 72-5132, and amendments thereto.

