

## HOUSE BILL No. 2056

By Representatives Bethell and Huff

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AN ACT concerning school district finance; authorizing the adoption of teacher benefit and classroom enhancement budgets by boards of education and providing for the financing of such budgets.

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

Section 1. (a) In each school year, the board of any district may adopt a teacher benefit and classroom enhancement budget in an amount not to exceed 5% of the amount of state financial aid determined for the district in the school year, subject to any one or more of the following conditions:

(1) Enrollment in the district in the school year has declined from enrollment in the preceding school year; or

(2) the board has adopted a local option budget and has budgeted therein the total amount authorized for the school year; or

(3) the board has determined that the amounts budgeted for operating expenses in the general fund and the supplemental general fund are insufficient to provide for certified teacher benefits and classroom enhancements.

(b) No district may adopt a teacher benefit and classroom enhancement budget unless the question of adoption of such a budget has been submitted to and approved by the electors of the district at a general or primary election or at a special election called for the purpose. The election shall be held in the manner provided by K.S.A. 10-120, and amendments thereto, for elections on the question of issuing bonds under the general bond law.

Sec. 2. There is hereby established in every district that adopts a teacher benefit and classroom enhancement budget a fund which shall be called the teacher benefit and classroom enhancement fund. The fund shall consist of all amounts deposited therein or credited thereto according to law. Amounts in the teacher benefit and classroom enhancement fund may be expended for any benefits for certified teachers, including, but not limited to, an increase in salary and any funds remaining may be used for classroom enhancement. Any unexpended and unencumbered cash balance remaining in the teacher benefit and classroom enhancement fund of a district at the conclusion of any school year in which a

1 teacher benefit and classroom enhancement budget is adopted may be  
2 maintained in such fund until budgeted and expended in a succeeding  
3 school year.

4 Sec. 3. (a) In each school year, the board of every district that has  
5 adopted a teacher benefit and classroom enhancement budget may levy  
6 an ad valorem tax on the taxable tangible property of the district for the  
7 purpose of financing that portion of the district's teacher benefit and  
8 classroom enhancement budget which is not financed from any other  
9 source provided by law.

10 (b) The proceeds from the tax levied by a district under authority of  
11 this section shall be deposited in the teacher benefit and classroom en-  
12 hancement fund of the district.

13 (c) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
14 1964b, and amendments thereto.

15 Sec. 4. (a) (1) For the purpose of financing all or a portion of a dis-  
16 trict's teacher benefit and classroom enhancement budget in order to  
17 reduce or eliminate reliance of the district upon revenue received from  
18 property taxation, the board of any district that has adopted a teacher  
19 benefit and classroom enhancement budget may submit the question of  
20 imposing a school district retailers' sales tax to the electors of such district  
21 at an election called and held thereon.

22 (2) The board of any district proposing to adopt a retailers' sales tax  
23 shall give notice of its intention to submit such proposition for approval  
24 by the electors in the manner required by K.S.A. 10-120, and amend-  
25 ments thereto. The notices shall state the time of the election and the  
26 rate and effective date of the proposed tax. If a majority of the electors  
27 voting thereon at such election fail to approve the proposition, such prop-  
28 osition may be resubmitted under the conditions and in the manner pro-  
29 vided in this section for submission of the proposition. If a majority of  
30 the electors voting thereon at such election shall approve the levying of  
31 such tax, the board of such district shall provide by resolution for the levy  
32 of the tax. Any repeal of such tax or any reduction or increase in the rate  
33 thereof, within the limits prescribed by subsection (b) shall be accom-  
34 plished in the manner provided herein for the adoption and approval of  
35 such tax except that the repeal of any such retailers' sales tax may be  
36 accomplished by the adoption of a resolution so providing.

37 (b) (1) The rate of any school district retailers' sales tax shall be fixed  
38 in the amount of .125%, .25%, .5%, .75% or 1% which amount shall be  
39 determined by the board of the district.

40 (2) The board of a district levying a retailers' sales tax is hereby pro-  
41 hibited from administering or collecting such tax locally, but shall utilize  
42 the services of the state department of revenue to administer, enforce  
43 and collect such tax. Such tax shall be identical in its application, and

1 exemptions therefrom, to the Kansas retailers' sales tax act and all laws  
2 and administrative rules and regulations of the state department of rev-  
3 enue relating to the Kansas retailers' sales tax shall apply to such school  
4 district sales tax insofar as such laws and rules and regulations may be  
5 made applicable. The state director of taxation is hereby authorized to  
6 administer, enforce and collect such school district sales taxes and to  
7 adopt such rules and regulations as may be necessary for the efficient and  
8 effective administration and enforcement thereof.

9 (3) Upon receipt of a certified copy of a resolution authorizing the  
10 levy of a school district retailers' sales tax, the state director of taxation  
11 shall cause such taxes to be collected within or outside the boundaries of  
12 such district at the same time and in the same manner provided for the  
13 collection of the state retailers' sales tax. All moneys collected by the  
14 director of taxation under the provisions of this section shall be credited  
15 to a school district retailers' sales tax fund which fund is hereby estab-  
16 lished in the state treasury. Any refund due on any school district retailers'  
17 sales tax collected pursuant to this section shall be paid out of the sales  
18 tax refund fund and reimbursed by the director of taxation from collec-  
19 tions of school district retailers' sales tax revenue. All school district re-  
20 tailers' sales tax revenue collected within any school district pursuant to  
21 this section shall be apportioned and remitted at least quarterly by the  
22 state treasurer, on instruction from the director of taxation, to the trea-  
23 surer of such school district.

24 (4) The director of taxation shall provide, upon request by the board  
25 of a district levying a school district retailers' sales tax, a monthly report  
26 identifying each retailer having a place of business in the district and  
27 setting forth the amount of such tax remitted by each retailer during the  
28 preceding month. Such report shall be made available to the board within  
29 a reasonable time after it has been requested from the director of taxation.  
30 The director of taxation shall be allowed to assess a reasonable fee for the  
31 issuance of such report. Information received by any such board pursuant  
32 to this provision shall be confidential, and it shall be unlawful for any  
33 member or employee of such board to divulge any such information in  
34 any manner. Any violation of this provision by any such member or em-  
35 ployee is a class B misdemeanor, and such member or employee shall be  
36 dismissed from office.

37 (c) For the purpose of levying taxes pursuant to this section, there is  
38 hereby specifically conferred upon the board of any district the power  
39 and authority to impose taxes upon services rendered outside the bound-  
40 aries of the district by retailers having a place of business located within  
41 such district.

42 (d) All retail transactions consummated within a district having a re-  
43 tailers' sales tax, which transactions are subject to the Kansas retailers'

1 sales tax, shall also be subject to a school district retailers' sales tax. Except  
2 as hereinafter provided, all retail sales, for the purpose of this section,  
3 shall be considered to have been consummated at the place of business  
4 of the retailer. In the event the place of business of a retailer is doubtful  
5 the place or places at which the retail sales are consummated for the  
6 purposes of this section shall be determined under rules and regulations  
7 adopted by the secretary of revenue which rules and regulations shall be  
8 considered with state and federal law insofar as applicable. Retail sales  
9 involving the use, consumption or furnishing of gas, water, electricity and  
10 heat, for the purposes of this section, shall be considered to have been  
11 consummated at the situs of the user or recipient thereof, and retail sales  
12 involving the use or furnishing of telephone service or services taxed un-  
13 der subsection (k) of K.S.A. 79-3603, and amendments thereto, shall be  
14 considered to have been consummated at the situs of the subscriber billed  
15 therefor. Retail sales involving the leasing of telecommunication or data  
16 processing equipment commonly used in connection with telephone serv-  
17 ices shall be considered to have been consummated at the situs of the  
18 lessee. Retail sales involving the furnishing of services taxable under sub-  
19 sections (p), (q) and (r) of K.S.A. 79-3603, and amendments thereto,  
20 pursuant to a contract under which the sale of such services and the  
21 furnishing of tangible personal property exceeds \$10,000 per contract per  
22 contractor shall be considered to have been consummated at the situs  
23 where such services are performed. The director of taxation is hereby  
24 authorized to request and receive from any retailer or from any board  
25 levying the tax such information as may be reasonably necessary to de-  
26 termine the liability of retailers for any school district sales tax. The col-  
27 lection of any school district sales tax authorized at a primary or general  
28 election shall commence on the first day of the calendar quarter next  
29 following the 30th day after the date of the election authorizing the levy  
30 of such tax. The collection of any sales tax of a school district approved  
31 at any other election shall commence on the first day of the calendar  
32 quarter next following the 60th day after the date of the election author-  
33 izing the levy of such tax.

34 (e) For the purpose of determining the situs of installation, mainte-  
35 nance, servicing and repair services taxable under the provisions of this  
36 section, the place of business of the retailer of such services shall be the  
37 office or other location from which such retailer does business. Such  
38 location may be established by determining the location where sales or  
39 service personnel report or at which mail is received, orders are taken,  
40 telephone service is listed or the consideration of any other relevant fac-  
41 tors established by rules and regulations of the secretary of revenue. If  
42 the place of business of a retailer of services is located within the bound-  
43 aries of a district imposing a retailers' sales tax, services performed by

1 such retailer are subject to the tax regardless of whether the service is  
2 performed within or outside the boundaries of the district. If there is no  
3 fixed or determinable place of business for any retailer, other than a re-  
4 tailer having its only place or places of business in another state, the place  
5 of business of such retailer shall be deemed to be the place where the  
6 services are performed.

7 (f) All revenue received from a school district retailers' sales tax im-  
8 posed pursuant to this section shall be expended only for the purposes  
9 for which a property tax may be levied pursuant to section 3, and amend-  
10 ments thereto. Any such tax levy imposed by the board of a school district  
11 upon taxable tangible property located within the district shall be reduced  
12 by an amount equivalent to the amount of revenue distributed for use by  
13 the board pursuant to this section.

14 Sec. 5. This act shall take effect and be in force from and after its  
15 publication in the statute book.

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