

SENATE BILL No. 5

By Legislative Educational Planning Committee

1-7

AN ACT concerning school districts; relating to certain funds; amending K.S.A. 12-2615, 44-505c, 72-4141, 72-5390, 72-6409, 72-6425, 72-6428, 72-8209, 72-8302, 72-8316, 72-8317, 72-8415a and 75-6110 and repealing the existing sections; also repealing K.S.A. 72-3703.

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

New Section 1. The board of education of any school district may pay costs relating to any uninsured loss. The expenses of a school district attributable to an uninsured loss shall be paid from the special reserve fund of the school district.

New Sec. 2. (a) There is hereby established in every school district a special liability expense fund. Moneys in such fund shall be used to:

(1) Pay the cost of providing for its defense and the defense of employees pursuant to the Kansas tort claims act and for the payment of claims and other direct and indirect costs resulting from the implementation of such act; and

(2) pay judgments rendered against the district.

(b) The district shall credit to the special liability expense fund any moneys received by the district from any source which may be lawfully utilized for the purposes specified by this section including the proceeds of tax levies hereinafter authorized and provided. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the district, the amounts credited to and the amount on hand in such special fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents of the district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Whenever the governing body of any school district determines that moneys from other sources will be insufficient to pay such costs, the governing body is hereby authorized to levy an annual tax upon all taxable tangible property within the district in an amount determined by the governing body to be necessary for such purpose to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such school district.

1 New Sec. 3. (a) There is hereby established in every school district
2 a special reserve fund. Moneys in such fund shall be used to:

3 (1) Pay claims, judgments, expenses and other purposes authorized
4 by K.S.A. 72-8415a, and amendments thereto;

5 (2) pay costs relating to uninsured losses; and

6 (3) pay the cost of workers compensation insurance and workers com-
7 pensation claims, awards, expenses and other purposes authorized by the
8 workers compensation act.

9 (b) Any balance remaining in the special reserve fund at the end of
10 the budget year shall be carried forward into that reserve fund for suc-
11 ceeding budget years. No such fund shall be subject to the provisions of
12 K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing
13 the budget of such school district, the amounts credited to and the
14 amount on hand in the special reserve fund, and the amount expended
15 therefrom shall be included in the annual budget for the information of
16 the residents of the school district. Interest earned on the investment of
17 moneys in any such fund shall be credited to that fund.

18 New Sec. 4. (a) There is hereby established in every school district
19 a textbook and student materials revolving fund. Moneys in such fund
20 shall be used to:

21 (1) Purchase any items designated in paragraphs (a) through (e) of
22 K.S.A. 72-5389, and amendments thereto;

23 (2) pay the cost, whether incidental to curricular, extracurricular or
24 other school-related activities; and

25 (3) purchase textbooks as authorized by K.S.A. 72-4141, and amend-
26 ments thereto.

27 (b) Any balance remaining in the textbook and student materials re-
28 volving fund at the end of the budget year shall be carried forward into
29 that fund for succeeding budget years. No such fund shall be subject to
30 the provisions of K.S.A. 79-2925 through 79-2937, and amendments
31 thereto. In preparing the budget of such school district, the amounts
32 credited to and the amount on hand in the textbook and student materials
33 revolving fund, and the amount expended therefrom shall be included in
34 the annual budget for the information of the residents of the school dis-
35 trict. Interest earned on the investment of moneys in any such fund shall
36 be credited to that fund.

37 Sec. 5. K.S.A. 12-2615 is hereby amended to read as follows: 12-
38 2615. (a) The governing body of any city, ~~county or school district~~ or
39 *county* may establish by resolution a risk management reserve fund for
40 the purpose of providing moneys to reimburse such city, ~~county or school~~
41 ~~district~~ or *county*, in whole or in part, from insurable losses not otherwise
42 insured. The resolution establishing such risk management reserve fund
43 shall prescribe the purposes for which moneys in the fund may be used,

1 and any expenditure therefrom shall require the approval of the governing
2 body. Moneys may be paid into such risk management reserve fund from
3 any source which may be lawfully utilized for such purposes, including
4 transfers from the general fund, from any special liability expense fund
5 established in accordance with the provisions of K.S.A. 75-6110, or from
6 any other fund or grant program account of the governmental unit in
7 reasonable proportion to the estimated cost of self insuring the risk losses
8 covered by such reserve fund. Such fund shall not be subject to the pro-
9 visions of K.S.A. 79-2925 ~~to 79-2937, inclusive, and acts amendatory~~
10 ~~thereof or supplemental thereto, except that~~ *through 79-2937, and*
11 *amendments thereto.* In making the budget of such city, ~~county or school~~
12 ~~district or county,~~ the amounts credited to and the amount on hand in
13 such reserve fund, and the amount expended therefrom, shall be included
14 in the annual budget for the information of the residents. Interest earned
15 on the investment of moneys in such reserve fund shall be credited to
16 such fund.

17 (b) If the governing body of any city, ~~county or school district shall~~
18 ~~determine or county, determines,~~ on an actuarial basis that money which
19 has been credited to such fund, or any part thereof, is no longer needed
20 for the purposes for which it was established, ~~said the~~ governing body
21 may transfer such amount not needed to the funds or accounts from
22 which the money was received. Any money so transferred shall be budg-
23 eted in accordance with the provisions of K.S.A. 79-2925 ~~to 79-2937,~~
24 ~~inclusive, and acts amendatory thereof or supplemental~~ *through 79-2937,*
25 *and amendments thereto.*

26 Sec. 6. K.S.A. 44-505c is hereby amended to read as follows: 44-
27 505c. Any city, county, school district or other political subdivision or
28 municipality is hereby authorized to pay the cost of workmen's compen-
29 sation coverage for its employees as provided by this act and may pay
30 such costs from the various funds from which compensation is paid to its
31 employees. *School districts may pay such costs from the special reserve*
32 *fund of the school district.* Any such city, county, political subdivision or
33 municipality, except a school district, may levy annually at the time of its
34 levy of taxes an additional tax for such purpose and, in the case of cities,
35 counties and school districts, for the purpose of paying a portion of the
36 principal and interest on bonds issued by a city under the authority of
37 K.S.A. 12-1774, and amendments thereto, which, together with any other
38 fund available shall be sufficient to provide the cost thereof. Any taxing
39 subdivision authorized to levy a tax under this section, in lieu of levying
40 such tax, may pay such costs from any employee benefits contribution
41 fund established pursuant to K.S.A. 12-16,102, *and amendments thereto.*
42 Counties shall provide for coverage of district court officers and employ-
43 ees whose total salary is payable by counties. Such tax shall not be subject

1 to any tax levy limit prescribed by article 19 of chapter 79 of the Kansas
2 Statutes Annotated, ~~or acts amendatory thereof or supplemental thereto.~~
3 ~~Taxes levied by counties and cities under the authority of this act shall be~~
4 ~~exempt from the limitations imposed under the provisions of K.S.A. 79-~~
5 ~~5001 to 79-5016, inclusive, and amendments thereto.~~

6 Sec. 7. K.S.A. 72-4141 is hereby amended to read as follows: 72-
7 4141. The board of education of any school district may establish a school
8 textbook rental plan for such grades as are maintained by the district
9 whereby such board shall purchase school textbooks to be used by the
10 pupils upon the payment by such pupils of a rental fee. *Moneys received*
11 *by the board of education under this section shall be deposited in the*
12 *textbook and student materials revolving fund of the school district.*

13 Sec. 8. K.S.A. 72-5390 is hereby amended to read as follows: 72-
14 5390. (a) The board of education of any school district may prescribe,
15 assess and collect fees and supplemental charges for:

16 (1) The use, rental or purchase by pupils of any of the items desig-
17 nated in K.S.A. 72-5389, and amendments thereto, to offset, in part or in
18 total, the expense of purchasing such items; and

19 (2) participation in activities, or the use of facilities, materials and
20 equipment, which participation or use is not mandatory, but optional to
21 pupils, whether incidental to curricular, extracurricular or other school-
22 related activities.

23 (b) ~~Except as otherwise provided in this section,~~ Moneys received by
24 a board of education under this section shall be deposited in the ~~general~~
25 *textbook and student materials revolving* fund of the school district and
26 shall be considered reimbursements to the district for the purpose of the
27 school district finance and quality performance act ~~and may be expended~~
28 ~~whether the same have been budgeted or not and amounts so expended~~
29 ~~shall not be considered operating expenses.~~

30 ~~—(c) Moneys received by a board of education under this section for~~
31 ~~the use, rental or purchase by pupils of any of the items designated in~~
32 ~~paragraph (a) of K.S.A. 72-5389, and amendments thereto, may be de-~~
33 ~~posited in the revolving fund established by the board for the purpose of~~
34 ~~purchasing textbooks under the provisions of article 41 of chapter 72 of~~
35 ~~Kansas Statutes Annotated, and the board may expend moneys from such~~
36 ~~revolving fund for the purpose of purchasing the items.~~

37 ~~—(d) The board of education may establish a revolving fund for the~~
38 ~~purpose of purchasing any of the items designated in paragraphs (b)~~
39 ~~through (c) of K.S.A. 72-5389, and amendments thereto, and moneys~~
40 ~~received by the board of education under this section for use, rental or~~
41 ~~purchase by pupils of any of the items may be deposited in such revolving~~
42 ~~fund.~~

43 Sec. 9. K.S.A. 72-6409 is hereby amended to read as follows: 72-

1 6409. (a) “General fund” means the fund of a district from which oper-
2 ating expenses are paid and in which is deposited the proceeds from the
3 tax levied under K.S.A. 72-6431, and amendments thereto, all amounts
4 of general state aid under this act, payments under K.S.A. 72-7105a, and
5 amendments thereto, payments of federal funds made available under
6 the provisions of title I of public law 874, except amounts received for
7 assistance in cases of major disaster and amounts received under the low-
8 rent housing program, and such other moneys as are provided by law.

9 (b) “Operating expenses” means the total expenditures and lawful
10 transfers from the general fund of a district during a school year for all
11 purposes, except expenditures for the purposes specified in K.S.A. 72-
12 6430, and amendments thereto.

13 (c) “General fund budget” means the amount budgeted for operating
14 expenses in the general fund of a district.

15 (d) “Budget per pupil” means the general fund budget of a district
16 divided by the enrollment of the district.

17 (e) “Program weighted fund” means and includes the following funds
18 of a district: ~~Transportation fund~~, Vocational education fund, and bilin-
19 gual education fund.

20 (f) “Categorical fund” means and includes the following funds of a
21 district: Special education fund, food service fund, driver training fund,
22 adult education fund, adult supplementary education fund, area voca-
23 tional school fund, inservice education fund, parent education program
24 fund, summer program fund, extraordinary school program fund, and
25 educational excellence grant program fund.

26 Sec. 10. K.S.A. 72-6425 is hereby amended to read as follows: 72-
27 6425. (a) ~~There is hereby established in every district a fund which shall~~
28 ~~be called the transportation fund which fund shall consist of all moneys~~
29 ~~deposited therein or transferred thereto according to law. All moneys~~
30 ~~received by the district for pupil transportation shall be credited to the~~
31 ~~transportation general fund. The expenses of a district attributable to~~
32 ~~pupil transportation shall be paid from the transportation general fund.~~
33 ~~Any district may transfer moneys from its capital outlay fund to its trans-~~
34 ~~portation fund for the purpose of purchasing buses and bus equipment.~~
35 ~~If a board determines that any moneys which have been transferred to~~
36 ~~its transportation fund from its capital outlay fund are not needed for the~~
37 ~~purchase of buses or bus equipment, the board may transfer the moneys~~
38 ~~back to the capital outlay fund.~~

39 ~~—(b) The provisions of this section shall take effect and be in force~~
40 ~~from and after July 1, 1992.~~

41 *(b) The transportation fund of each district is hereby abolished. Any*
42 *moneys in such fund shall be transferred and credited to the general fund*
43 *of the school district.*

1 Sec. 11. K.S.A. 72-6428 is hereby amended to read as follows: 72-
2 6428. (a) Any lawful transfer of moneys from the general fund of a district
3 to any other fund shall be an operating expense in the year the transfer
4 is made. The board of any district may transfer moneys from the general
5 fund to any categorical fund of the district in any school year. The board
6 of any district may transfer moneys from the general fund to any program
7 weighted fund of the district in any school year, subject to the following
8 conditions:

9 (1) No board shall transfer moneys in any amount from the general
10 fund to a program weighted fund prior to maturation of the obligation of
11 the fund necessitating the transfer.

12 (2) The board may transfer moneys in an amount not to exceed the
13 amount of the obligation of the program weighted fund necessitating the
14 transfer.

15 ~~(b) The board of any district may transfer moneys from the general
16 fund to the technology education fund of the district in any school year,
17 subject to the conditions imposed upon transferability of moneys from
18 the general fund to program weighted funds of the district.~~

19 ~~(c)~~ (e) The board of any district may transfer moneys from the general
20 fund to the contingency reserve fund of the district in any school year,
21 subject to the limitations imposed upon the amount authorized to be
22 maintained in the contingency reserve fund under K.S.A. 72-6426, and
23 amendments thereto.

24 ~~(d)~~ (c) The board of any district may transfer moneys from the general
25 fund to the capital outlay fund of the district in any school year, subject
26 to the following conditions:

27 (1) No board shall transfer moneys in any amount from the general
28 fund to the capital outlay fund prior to June 1 in any school year.

29 (2) The board of any of the districts with 10,000 or more enrollment
30 may transfer moneys in an amount not to exceed an amount equal to 1%
31 of the general fund budget.

32 (3) The board of any district, other than the districts with 10,000 or
33 more enrollment, may transfer moneys in an amount not to exceed an
34 amount equal to 2% of the general fund budget.

35 (4) No board shall transfer moneys in any amount from the general
36 fund to the capital outlay fund in any school year ~~commencing after June~~
37 ~~30, 1993~~, unless such board, in its adopted budget for such year, shall
38 have budgeted a capital outlay levy at (A) not less than a 3.5 mill rate or
39 (B) not less than the mill rate necessary to produce the same amount of
40 money that would have been produced by a 3.5 mill rate in the 1988-89
41 school year, whichever of (A) or (B) is the greater mill rate.

42 ~~(e)~~ (d) Any district may make capital outlay expenditures from the
43 general fund for acquisition of equipment and repair of school buildings.

1 ~~(f) The provisions of this section shall take effect and be in force from~~
2 ~~and after July 1, 1992.~~

3 Sec. 12. K.S.A. 72-8209 is hereby amended to read as follows: 72-
4 8209. Whenever any judgment rendered against any school district shall
5 ~~become~~ *becomes* final, the governing body thereof shall make a tax levy
6 *board of education shall levy a tax* at the first tax levying period after such
7 judgment becomes final, sufficient to pay such amount and for the pur-
8 pose of paying a portion of the principal and interest on bonds issued by
9 cities under the authority of K.S.A. 12-1774, and amendments thereto,
10 for the financing of redevelopment projects upon property located within
11 the school district and such tax levy may be levied outside of tax levy
12 limitations prescribed by law. Such tax shall be collected as other school
13 district taxes, but no execution shall issue on such judgment against the
14 school district. ~~In case the governing body neglects to levy the tax as~~
15 ~~hereinbefore provided, then Revenue derived from such tax shall be de-~~
16 ~~posited in the special liability expense fund of the school district. If the~~
17 ~~board fails to levy the tax, the judgment creditor may have and recover~~
18 ~~a judgment against the officer or officers so in default, for the amount~~
19 ~~due him or her on such judgment, with costs.~~

20 Sec. 13. K.S.A. 72-8302 is hereby amended to read as follows: 72-
21 8302. (a) The board of education of a school district may provide or
22 furnish transportation for pupils who are enrolled in the school district
23 to or from any school of the school district or to or from any school of
24 another school district attended by such pupils in accordance with the
25 provisions of an agreement entered into under authority of K.S.A. 72-
26 8233, and amendments thereto.

27 (b) (1) When any or all of the conditions specified in this provision
28 exist, the board of education of a school district shall provide or furnish
29 transportation for pupils who reside in the school district and who attend
30 any school of the school district or who attend any school of another
31 school district in accordance with the provisions of an agreement entered
32 into under authority of K.S.A. 72-8233, and amendments thereto. The
33 conditions which apply to the requirements of this provision are as
34 follows:

35 (A) The residence of the pupil is inside or outside the corporate limits
36 of a city, the school building attended is outside the corporate limits of a
37 city and the school building attended is more than 2½ miles by the usually
38 traveled road from the residence of the pupil; or

39 (B) the residence of the pupil is outside the corporate limits of a city,
40 the school building attended is inside the corporate limits of a city and
41 the school building attended is more than 2½ miles by the usually traveled
42 road from the residence of the pupil; or

43 (C) the residence of the pupil is inside the corporate limits of one

1 city, the school building attended is inside the corporate limits of a dif-
2 ferent city and the school building attended is more than 2½ miles by
3 the usually traveled road from the residence of the pupil.

4 (2) The provisions of this subsection are subject to the provisions of
5 subsections (c) and (d).

6 (c) The board of education of every school district is authorized to
7 adopt rules and regulations to govern the conduct, control and discipline
8 of all pupils while being transported in school buses. The board may
9 suspend or revoke the transportation privilege or entitlement of any pupil
10 who violates any rules and regulations adopted by the board under au-
11 thority of this subsection.

12 (d) The board of education of every school district may suspend or
13 revoke the transportation privilege or entitlement of any pupil who is
14 detained at school at the conclusion of the school day for violation of any
15 rules and regulations governing pupil conduct or for disobedience of an
16 order of a teacher or other school authority. Suspension or revocation of
17 the transportation privilege or entitlement of any pupil specified in this
18 subsection shall be limited to the school day or days on which the pupil
19 is detained at school. The provisions of this subsection do not apply to
20 any pupil who has been determined to be an exceptional child, except
21 gifted children, under the provisions of the special education for excep-
22 tional children act.

23 (e) (1) Subject to the limitations specified in this subsection, the
24 board of education of any school district may prescribe and collect fees
25 to offset, totally or in part, the costs incurred for the provision or fur-
26 nishing of transportation for pupils. The limitations which apply to the
27 authorization granted by this subsection are as follows:

28 (A) Fees for the provision or furnishing of transportation for pupils
29 shall be prescribed and collected only to recover the costs incurred as a
30 result of and directly attributable to the provision or furnishing of trans-
31 portation for pupils and only to the extent that such costs are not reim-
32 bursed from any other source provided by law;

33 (B) fees for the provision or furnishing of transportation may not be
34 assessed against or collected from any pupil who is counted in determin-
35 ing the transportation weighting of the school district under the provisions
36 of the school district finance and quality performance act or any pupil
37 who is determined to be a child with disabilities under the provisions of
38 the special education for exceptional children act or any pupil who is
39 eligible for free or reduced price meals under the national school lunch
40 act or any pupil who is entitled to transportation under the provisions of
41 subsection (a) of K.S.A. 72-8306, and amendments thereto, and who re-
42 sides 2½ miles or more by the regular route of a school bus from the
43 school attended;

1 (C) fees for the provision or furnishing of transportation for pupils in
2 accordance with the provisions of an agreement entered into under au-
3 thority of K.S.A. 72-8233 or 72-8307, and amendments thereto, shall be
4 controlled by the provisions of the agreement.

5 (2) All moneys received by a school district from fees collected under
6 this subsection shall be deposited in the ~~transportation~~ *general* fund of
7 the district.

8 Sec. 14. K.S.A. 72-8316 is hereby amended to read as follows: 72-
9 8316. (a) Any board of education, pursuant to a policy developed and
10 adopted by it, may provide for the use of district-owned or leased school
11 buses when such buses are not being used for regularly required school
12 purposes. The policy may provide for:

13 (1) (A) Transporting parents and other adults to or from school-re-
14 lated functions or activities, (B) transporting pupils to or from functions
15 or activities sponsored by organizations, the membership of which is prin-
16 cipally composed of children of school age, and (C) transporting persons
17 engaged in field trips in connection with their participation in an adult
18 education program maintained by the transporting school district or by
19 any other school district, within or outside the boundaries of the trans-
20 porting school district; and

21 (2) contracting with (A) the governing body of any township, city or
22 county for transportation of individuals, groups or organizations, (B) the
23 governing authority of any nonpublic school for transportation of pupils
24 attending such nonpublic school to or from interschool or intraschool
25 functions or activities, (C) the board of trustees of any community college
26 for transportation of students enrolled in such community college to or
27 from attendance at class at the community college or to and from func-
28 tions or activities of the community college, (D) a public recreation com-
29 mission established and operated under the laws of this state, for any
30 purposes related to the operation of the recreation commission and all
31 programs and services thereof, (E) the board of education of any other
32 school district for transportation, on a cooperative and shared-cost basis,
33 of pupils, school personnel, parents and other adults to or from school-
34 related functions or activities, or (F) a four-year college or university, area
35 vocational school or area vocational-technical school for transportation of
36 students to or from attendance at class at the four-year college or uni-
37 versity, area vocational school or area vocational-technical school or for
38 transportation of students, alumni and other members of the public to or
39 from functions or activities of the four-year college or university, area
40 vocational school or area vocational-technical school.

41 (b) The costs related to the use of school buses under authority of
42 this section shall not be considered in determining the transportation
43 weighting of a school district under article 64 of chapter 72 of Kansas

1 Statutes Annotated.

2 (c) Transportation fees may be charged by the board to offset, totally
3 or in part, the costs incurred for the use of school buses under authority
4 of this section.

5 (d) Any revenues received by a board of education as transportation
6 fees or under any contract entered into pursuant to this section shall be
7 deposited in the ~~transportation~~ *general* fund of the district and may be
8 expended whether the same have been budgeted or not.

9 (e) The provisions of subsection (c) of K.S.A. 8-1556, and amend-
10 ments thereto, apply to the use of school buses under authority of this
11 section.

12 Sec. 15. K.S.A. 72-8317 is hereby amended to read as follows: 72-
13 8317. (a) The board of education of any school district, pursuant to a
14 policy developed and adopted by the board, may provide that whenever
15 the school district furnishes school bus transportation for pupils of the
16 school district to or from attendance at class in an area vocational school,
17 area vocational-technical school, technical college, community college, or
18 four-year college or university, adults who are students enrolled at any
19 such educational institution may be furnished such school bus transpor-
20 tation to or from attendance at class, on a space available basis, along with
21 the pupils of the school district. Whenever any school district shall furnish
22 transportation for adult students pursuant to a policy adopted under au-
23 thority of this section, such transportation shall be furnished subject to
24 such terms and conditions as the board of education of the school district
25 shall impose.

26 (b) Fees for the furnishing of transportation for adult students pur-
27 suant to a policy adopted under authority of this section may be charged
28 such adult students to offset, totally or in part, any costs incurred by a
29 school district in the furnishing of such transportation, or such transpor-
30 tation may be furnished free of charge. Any revenues received by a board
31 of education as fees charged adult students for transportation furnished
32 under authority of this section shall be deposited in the ~~transportation~~
33 *general* fund of the district and may be expended whether the same have
34 been budgeted or not.

35 Sec. 16. K.S.A. 72-8415a is hereby amended to read as follows: 72-
36 8415a. (a) *If the board of education of any school district elects to act as*
37 *a self-insurer for the provision of health care services, disability income*
38 *benefits or a group life insurance benefit as authorized by K.S.A. 72-8414,*
39 *and amendments thereto. The board shall make payments for claims, judg-*
40 *ments and expenses for health care services, disability income benefits or*
41 *group life insurance benefits, whichever is applicable from the special*
42 *reserve fund of the school district.*

43 *The board of education may enter into a trust agreement with any*

1 corporate entity having the powers of a trust company within the state of
2 Kansas, and may transfer from time to time amounts held in the special
3 reserve fund to the custody of the trustee for safeguarding and investment.
4 Any such trust agreement may grant the trustee the power to exercise
5 such fiscal management and administrative control as may be necessary
6 for the lawful and efficient management of any such amounts transferred
7 to the custody of the trustee.

8 ~~(b) If the board of education of any school district or the board of~~
9 trustees of any community college elects to act as a self-insurer for the
10 provision of health care services ~~or~~, disability income benefits, or a group
11 life insurance benefit, ~~or all three~~, as authorized by K.S.A. 72-8414, and
12 amendments thereto, ~~it shall by resolution~~ the board shall create a sep-
13 arate health care services reserve fund or disability income benefits re-
14 serve fund, or a separate group life insurance benefit reserve fund, or all
15 three, in the budget of the ~~school district or~~ community college, ~~which~~
16 ~~ever is applicable~~, which shall be reserve funds for the payments of claims,
17 judgments and expenses for health care services or disability income ben-
18 efits or group life insurance benefits, whichever is applicable. Any balance
19 remaining in any such reserve fund at the end of the fiscal year shall be
20 carried forward into that reserve fund for succeeding fiscal years. No such
21 fund shall be subject to the provisions of K.S.A. 79-2925 through 79-2937,
22 and amendments thereto, ~~except that~~. In preparing the budget of such
23 ~~school district or~~ community college, the amounts credited to and the
24 amount on hand in any such reserve fund, and the amount expended
25 therefrom shall be included in the annual budget for the information of
26 the residents. Interest earned on the investment of moneys in any such
27 fund shall be credited to that fund.

28 ~~(b) In the discretion of the board of education or~~ The board of trust-
29 tees, ~~it~~ may enter into a trust agreement with any corporate entity having
30 the powers of a trust company within the state of Kansas, and may transfer
31 from time to time amounts held in the health care services reserve fund
32 or the disability income benefits reserve fund, or the group life insurance
33 benefit reserve fund, or all three, to the custody of the trustee for safe-
34 guarding and investment. Any such trust agreement may grant the trustee
35 the power to exercise such fiscal management and administrative control
36 as may be necessary for the lawful and efficient management of any such
37 amounts transferred to the custody of the trustee.

38 Sec. 17. K.S.A. 75-6110 is hereby amended to read as follows: 75-
39 6110. (a) *Except as provided for school districts*, payments by municipal-
40 ities for the cost of providing for its defense and the defense of employees
41 pursuant to this act and for the payment of claims and other direct and
42 indirect costs resulting from the implementation of this act may be paid
43 from the general or other existing fund of such municipality or from a

1 special liability expense fund established for such purpose pursuant to
2 subsection (b). *School districts shall make such payments from the special*
3 *liability expense fund of the school district.*

4 (b) Whenever the governing body of any municipality shall determine
5 that it is advisable to establish a special fund for the payment of such
6 costs and to establish a reserve therefor, in lieu of paying the same out
7 of the general or other existing fund of the municipality, such governing
8 body may create and establish a special liability expense fund for the
9 payment of such costs and may place therein any moneys received by the
10 municipality from any source whatsoever which may be lawfully utilized
11 for such purpose including the proceeds of tax levies hereinafter author-
12 ized and provided. Such fund shall not be subject to the provisions of
13 K.S.A. 79-2925 to 79-2937, inclusive, and any acts amendatory thereof or
14 supplemental thereto, except that *through 79-2937, and amendments*
15 *thereto.* In making the budget of such municipality, the amounts credited
16 to and the amount on hand in such special fund, and the amount ex-
17 pended therefrom, shall be included in the annual budget for the infor-
18 mation of the residents of such municipality.

19 (c) Whenever the governing body of any municipality which is au-
20 thorized by law to levy taxes upon property has established a special li-
21 ability expense fund under the provisions of this section and ~~shall deter-~~
22 ~~mine~~ *determines* that moneys from other sources will be insufficient to
23 pay such costs, the governing body ~~is hereby authorized to~~ *may* levy an
24 annual tax upon all taxable tangible property within the municipality in
25 an amount determined by the governing body to be necessary for such
26 purpose and in the case of cities, ~~counties and school districts~~ *and coun-*
27 *ties,* to pay a portion of the principal and interest on bonds issued by cities
28 under the authority of K.S.A. 12-1774, and amendments thereto, for the
29 financing of redevelopment projects upon property located in such *city*
30 *or county* ~~or such school district.~~

31 Sec. 18. K.S.A. 12-2615, 44-505c, 72-3703, 72-4141, 72-5390, 72-
32 6409, 72-6425, 72-6428, 72-8209, 72-8302, 72-8316, 72-8317, 72-8415a
33 and 75-6110 are hereby repealed.

34 Sec. 19. This act shall take effect and be in force from and after its
35 publication in the statute book.

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