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4 **SENATE Substitute for HOUSE BILL No. 2399**

5
6 By Committee on Ways and Means

7
8 4-30
9

10 AN ACT concerning school districts; relating to the powers and duties
11 thereof; relating to the financing thereof; amending K.S.A. 10-1116a,
12 as amended by section 2 of 2003 Senate Bill No. 4, 72-6417, 72-6431
13 and 72-6434 and K.S.A. 2002 Supp. 79-201x and repealing the existing
14 sections.

15
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 10-1116a, as amended by section 2 of 2003 Senate
18 Bill No. 4, is hereby amended to read as follows: 10-1116a. The limitations
19 on expenditures imposed under the cash-basis law shall not apply to:

20 (a) Expenditures in excess of current revenues made for municipally
21 owned and operated utilities out of the fund of such utilities caused by,
22 or resulting from the meeting of, extraordinary emergencies including
23 drought emergencies. In such cases expenditures in excess of current
24 revenues may be made by declaring an extraordinary emergency by res-
25 olution adopted by the governing body and such resolution shall be pub-
26 lished at least once in a newspaper of general circulation in such city.
27 Thereupon, such governing body may issue interest bearing no-fund war-
28 rants on such utility fund in an amount, including outstanding previously
29 issued no-fund warrants, not to exceed 25% of the revenues from sales
30 of service of such utility for the preceding year. Such warrants shall be
31 redeemed within three years from date of issuance and shall bear interest
32 at a rate of not to exceed the maximum rate of interest prescribed by
33 K.S.A. 10-1009, and amendments thereto. Upon the declaration of a
34 drought emergency, the governing body may issue such warrants for wa-
35 ter system improvement purposes in an amount not to exceed 50% of the
36 revenue received from the sale of water for the preceding year. Such
37 warrants shall be redeemed within five years from the date of issuance
38 and shall bear interest at a rate not to exceed the maximum rate of interest
39 prescribed by K.S.A. 10-1009, and amendments thereto.

40 (b) Expenditures *in any month* by school districts which are in excess
41 of current revenues if the deficit or shortage in revenues is caused by, or
42 a result of, the ~~late distribution~~ *payment* of state aid *after the date pre-*
43 *scribed for the payment of state aid during such month* under K.S.A. 72-

1 6417 or 72-6434, and amendments thereto.

2 The provisions of this subsection shall apply to expenditures made in
3 school year 2001-2002, school year 2002-2003, school year 2003-2004,
4 school year 2004-2005, school year 2005-2006 and school year 2006-2007.

5 Sec. 2. K.S.A. 72-6417 is hereby amended to read as follows: 72-
6 6417. (a) The distribution of general state aid under this act shall be made
7 in accordance with appropriation acts each year as provided in this
8 section.

9 (b) (1) In the months of July through May of each school year, the
10 state board shall determine the amount of general state aid which will be
11 required by each district to maintain operations in each such month. In
12 making such determination, the state board shall take into consideration
13 the district's access to local effort sources and the obligations of the gen-
14 eral fund which must be satisfied during the month. The amount deter-
15 mined by the state board under this provision is the amount of general
16 state aid which will be distributed to the district in the months of July
17 through May;

18 (2) in the month of June of each school year, *subject to the provisions*
19 *of subsection (d)*, payment shall be made of the full amount of the general
20 state aid entitlement determined for the school year, less the sum of the
21 monthly payments made in the months of July through May.

22 (c) *The state board of education shall prescribe the dates upon which*
23 *the distribution of payments of general state aid to school districts shall*
24 *be due.* Payments of general state aid shall be distributed to districts once
25 each month ~~at a time to be determined~~ *on the dates prescribed* by the
26 state board. The state board shall certify to the director of accounts and
27 reports the amount due as general state aid to each district in each of the
28 months of July through June. Such certification, and the amount of gen-
29 eral state aid payable from the state general fund, shall be approved by
30 the director of the budget. The director of accounts and reports shall
31 draw warrants on the state treasurer payable to the district treasurer of
32 each district entitled to payment of general state aid, pursuant to vouchers
33 approved by the state board. Upon receipt of such warrant, each district
34 treasurer shall deposit the amount of general state aid in the general fund,
35 except that, an amount equal to the amount of federal impact aid not
36 included in the local effort of a district may be disposed of as provided
37 in subsection (a) of K.S.A. 72-6427, and amendments thereto.

38 (d) *If any amount of general state aid that is due to be paid during*
39 *the month of June of a school year pursuant to the other provisions of this*
40 *section is not paid on or before June 30 of such school year, then such*
41 *payment shall be paid on or after the ensuing July 1, as soon as moneys*
42 *are available therefor. Any payment of general state aid that is due to be*
43 *paid during the month of June of a school year and that is paid to school*

1 *districts on or after the ensuing July 1 shall be recorded and accounted*
2 *for by school districts as a receipt for the school year ending on the pre-*
3 *ceding June 30.*

4 Sec. 3. K.S.A. 72-6434 is hereby amended to read as follows: 72-
5 6434. (a) In each school year, each district that has adopted a local option
6 budget is eligible for entitlement to an amount of supplemental general
7 state aid. Entitlement of a district to supplemental general state aid shall
8 be determined by the state board as provided in this subsection. The state
9 board shall:

10 (1) Determine the amount of the assessed valuation per pupil in the
11 preceding school year of each district in the state;

12 (2) rank the districts from low to high on the basis of the amounts of
13 assessed valuation per pupil determined under (1);

14 (3) identify the amount of the assessed valuation per pupil located at
15 the 75th percentile of the amounts ranked under (2);

16 (4) divide the assessed valuation per pupil of the district in the pre-
17 ceding school year by the amount identified under (3);

18 (5) subtract the ratio obtained under (4) from 1.0. If the resulting
19 ratio equals or exceeds 1.0, the eligibility of the district for entitlement
20 to supplemental general state aid shall lapse. If the resulting ratio is less
21 than 1.0, the district is entitled to receive supplemental general state aid
22 in an amount which shall be determined by the state board by multiplying
23 the amount of the local option budget of the district by such ratio. The
24 product is the amount of supplemental general state aid the district is
25 entitled to receive for the school year.

26 (b) If the amount of appropriations for supplemental general state
27 aid is less than the amount each district is entitled to receive for the school
28 year, the state board shall prorate the amount appropriated among the
29 districts in proportion to the amount each district is entitled to receive.

30 (c) *The state board of education shall prescribe the dates upon which*
31 *the distribution of payments of supplemental general state aid to school*
32 *districts shall be due.* Payments of supplemental general state aid shall
33 be distributed to districts ~~at a time to be determined~~ *on the dates pre-*
34 *scribed* by the state board. The state board shall certify to the director of
35 accounts and reports the amount due each district, and the director of
36 accounts and reports shall draw a warrant on the state treasurer payable
37 to the treasurer of the district. Upon receipt of the warrant, the treasurer
38 of the district shall credit the amount thereof to the supplemental general
39 fund of the district to be used for the purposes of such fund.

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

42 (d) *If any amount of supplemental general state aid that is due to be*
43 *paid during the month of June of a school year pursuant to the other*

1 *provisions of this section is not paid on or before June 30 of such school*
2 *year, then such payment shall be paid on or after the ensuing July 1, as*
3 *soon as moneys are available therefor. Any payment of supplemental gen-*
4 *eral state aid that is due to be paid during the month of June of a school*
5 *year and that is paid to school districts on or after the ensuing July 1 shall*
6 *be recorded and accounted for by school districts as a receipt for the*
7 *school year ending on the preceding June 30.*

8 New Sec. 4. Whenever a school district is required by law to make
9 any payment during the month of June and there is insufficient revenue
10 to make such payment as a result of the payment of state aid after the
11 date prescribed by the state board of education pursuant to K.S.A. 72-
12 6417 or 72-6434, and amendments thereto, the school district shall make
13 such payment as soon as moneys are available.

14 New Sec. 5. (a) If the proposition to consolidate school districts is
15 approved as provided in K.S.A. 72-8704, and amendments thereto, the
16 temporary board of education specified in the agreement pursuant to
17 K.S.A. 72-8702, and amendments thereto, shall have the power to enter
18 into contracts, adopt resolutions and take other such actions as it deems
19 necessary to provide for the maintenance, finance and operation of the
20 consolidated unified school district. The temporary board shall have the
21 power to recognize a professional employees' organization for the purpose
22 of professional negotiation. The temporary board shall have the power to
23 enter into contracts of employment for all personnel it deems necessary
24 for operation of the consolidated unified school district.

25 (b) No powers granted pursuant to this section shall be exercised
26 sooner than 90 days prior to the effective date of the consolidation of
27 such school districts.

28 Sec. 6. K.S.A. 72-6431 is hereby amended to read as follows: 72-
29 6431. (a) The board of each district shall levy an ad valorem tax upon the
30 taxable tangible property of the district in the school years specified in
31 subsection (b) for the purpose of:

32 (1) Financing that portion of the district's general fund budget which
33 is not financed from any other source provided by law;

34 (2) paying a portion of the costs of operating and maintaining public
35 schools in partial fulfillment of the constitutional obligation of the legis-
36 lature to finance the educational interests of the state; and

37 (3) with respect to any redevelopment district established prior to
38 July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, pay-
39 ing a portion of the principal and interest on bonds issued by cities under
40 authority of K.S.A. 12-1774, and amendments thereto, for the financing
41 of redevelopment projects upon property located within the district.

42 (b) The tax required under subsection (a) shall be levied at a rate of
43 20 mills in the ~~2001-02 school year~~ and in the ~~2002-03 school year~~ school

1 *year 2003-2004 and school year 2004-2005.*

2 (c) The proceeds from the tax levied by a district under authority of
3 this section, except the proceeds of such tax levied for the purpose of
4 paying a portion of the principal and interest on bonds issued by cities
5 under authority of K.S.A. 12-1774, and amendments thereto, for the fi-
6 nancing of redevelopment projects upon property located within the dis-
7 trict, shall be deposited in the general fund of the district.

8 (d) On June 1 of each year, the amount, if any, by which a district's
9 local effort exceeds the amount of the district's state financial aid, as
10 determined by the state board, shall be remitted to the state treasurer.
11 Upon receipt of any such remittance, the state treasurer shall deposit the
12 same in the state treasury to the credit of the state school district finance
13 fund.

14 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
15 1964b, and amendments thereto.

16 Sec. 7. K.S.A. 2002 Supp. 79-201x is hereby amended to read as fol-
17 lows: 79-201x. For taxable years ~~2001 and 2002~~ *2003 and 2004*, the fol-
18 lowing described property, to the extent herein specified, shall be and is
19 hereby exempt from the property tax levied pursuant to the provisions of
20 K.S.A. 72-6431, and amendments thereto: Property used for residential
21 purposes to the extent of \$20,000 of its appraised valuation.

22 ~~New Sec. 8. (a) For school year 2003-04, in addition to the au-~~
23 ~~thority granted by K.S.A. 72-8801 et seq., and amendments thereto, the~~
24 ~~board of education of any school district may adopt a resolution to levy a~~
25 ~~tax for the purpose of providing revenue for the capital outlay fund to~~
26 ~~finance expenditures authorized by this section and for the purpose of~~
27 ~~paying a portion of the principal and interest on bonds issued by cities~~
28 ~~under K.S.A. 12-1774, and amendments thereto, for the financing of re-~~
29 ~~development projects upon property located within the school district.~~
30 ~~The provisions of K.S.A. 72-8801, and amendments thereto, shall apply~~
31 ~~to any resolution and tax levied pursuant thereto. Any tax levied pursuant~~
32 ~~to this section shall be in addition to the levy authorized by K.S.A. 72-~~
33 ~~8801 et seq., and amendments thereto. Any moneys derived from a tax~~
34 ~~levied pursuant to a resolution adopted under this section shall be de-~~
35 ~~posited in the capital outlay fund of the school district. Unless otherwise~~
36 ~~provided in the resolution adopted by the board under this section, any~~
37 ~~existing resolution adopted under K.S.A. 72-8801, and amendments~~
38 ~~thereto, shall remain in force and effect.~~

39 ~~—(b) If the resolution adopted under this section so specifies, any mon-~~
40 ~~eys derived from a tax levied pursuant to such resolution may be used~~
41 ~~for:~~

42 ~~—(1) The acquisition of computer software and other technology~~
43 ~~expenses.~~

1 ~~—(2) Cost of utility services provided to school facilities including, but~~
2 ~~not limited to, gas, electric, water, telephone, sewage and solid waste~~
3 ~~disposal.~~

4 ~~—(3) Insurance premiums for property, fire, casualty or liability~~
5 ~~insurance.~~

6 ~~—(c) As used in this section:~~

7 ~~—(1) “School district” means any school district whose operating ex-~~
8 ~~penses during school year 2001-2002 were equal to or less than the me-~~
9 ~~dian amount of operating expenses per pupil as determined by the state~~
10 ~~board of education.~~

11 ~~—(2) “Operating expenses” mean the total expenditures of a school~~
12 ~~district during school year 2001-2002, except lawful transfers, capital out-~~
13 ~~lay expenditures and bond and interest expenditures.~~

14 Sec. ~~9.~~ ~~[8.]~~ K.S.A. 10-1116a, as amended by section 2 of 2003 Senate
15 Bill No. 4, 72-6417, 72-6431 and 72-6434 and K.S.A. 2002 Supp. 79-201x
16 are hereby repealed.

17 Sec. ~~10.~~ ~~[9.]~~ This act shall take effect and be in force from and after
18 its publication in the Kansas register.

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