

## HOUSE BILL No. 2932

By Committee on Appropriations

3-15

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9 AN ACT concerning schools and school districts; relating to school fi-  
10 nance; providing revenue therefor; amending K.S.A. 72-6405, 72-6410,  
11 72-6412, 72-6413, 72-6414 and 72-6442 and K.S.A. 2003 Supp. 72-  
12 6407, 72-6431, 79-32,110, 79-3603, 79-3620, 79-3703 and 79-3710 and  
13 repealing the existing sections; also repealing K.S.A. 72-6433b and 72-  
14 6440 and K.S.A. 2003 Supp. 72-6431b, 72-6431c, 79-201y, 79-3603c,  
15 79-3620c and 79-3710a.

16

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

18 New Section 1. (a) Subject to appropriations therefor, a school dis-  
19 trict audit team shall be created within the division of budget of the  
20 department of administration. In order to keep parents, policymakers and  
21 interested taxpayers informed on the performance of their schools and  
22 school districts and to aid school districts to realize greater efficiencies  
23 and to identify good practices that may be shared with other districts, the  
24 school district audit team shall conduct a performance review, at the  
25 request of the board of education of a school district, on the operations  
26 of the school district.

27 (b) The board of education of any school district may request the  
28 school district audit team to review the operations of the school district.

29 New Sec. 2. For school year 2004-2005, a pupil attending full-day  
30 kindergarten at an attendance center with an enrollment in the preceding  
31 school year of at least 60% pupils who are eligible for free or reduced  
32 price meals under the national school lunch act shall be counted as one  
33 pupil. For school year 2005-2006, a pupil attending full-day kindergarten  
34 at an attendance center with an enrollment in the preceding school year  
35 of at least 48% pupils are eligible for free or reduced price meals under  
36 the national school lunch act shall be counted as one pupil. For school  
37 year 2006-2007, a pupil attending full-day kindergarten at an attendance  
38 center with an enrollment in the preceding school year of at least 36%  
39 pupils who are eligible for free or reduced price meals under the national  
40 school lunch act shall be counted as one pupil. For school year 2007-  
41 2008, a pupil attending full-day kindergarten at an attendance center with  
42 an enrollment in the preceding school year of at least 24% pupils who  
43 are eligible for free or reduced price meals under the national school

1 lunch act shall be counted as one pupil. For school year 2008-2009, a  
2 pupil attending full-day kindergarten at an attendance center with an  
3 enrollment in the preceding school year of at least 12% pupils who are  
4 eligible for free or reduced price meals under the national school lunch  
5 act shall be counted as one pupil. For school year 2009-2010 and each  
6 school year thereafter, a pupil attending full-day kindergarten shall be  
7 counted as one pupil.

8 New Sec. 3. (a) There is hereby established in the state treasury the  
9 school district capital outlay supplemental fund. The fund shall consist of  
10 all amounts transferred thereto under the provisions of subsection (c).

11 (b) In each school year, each school district which is obligated to  
12 make payments from its capital outlay fund established pursuant to K.S.A.  
13 72-8803, and amendments thereto, shall be entitled to receive payment  
14 from the school district capital outlay supplemental fund in an amount  
15 determined by the state board of education as provided in this subsection.  
16 The state board of education shall:

17 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
18 of each school district in the state and round such amount to the nearest  
19 \$1,000. The rounded amount is the AVPP of a school district for the  
20 purposes of this section;

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

22 (3) prepare a schedule of dollar amounts using the amount of the  
23 median AVPP of all school districts as the point of beginning. The sched-  
24 ule of dollar amounts shall range upward in equal \$1,000 intervals from  
25 the point of beginning to and including an amount that is equal to the  
26 amount of the AVPP of the school district with the highest AVPP of all  
27 school districts and shall range downward in equal \$1,000 intervals from  
28 the point of beginning to and including an amount that is equal to the  
29 amount of the AVPP of the school district with the lowest AVPP of all  
30 school districts;

31 (4) determine a state aid percentage factor for each school district by  
32 assigning a state aid computation percentage to the amount of the median  
33 AVPP shown on the schedule, decreasing the state aid computation per-  
34 centage assigned to the amount of the median AVPP by one percentage  
35 point for each \$1,000 interval above the amount of the median AVPP,  
36 and increasing the state aid computation percentage assigned to the  
37 amount of the median AVPP by one percentage point for each \$1,000  
38 interval below the amount of the median AVPP. The state aid percentage  
39 factor of a school district is the percentage assigned to the schedule  
40 amount that is equal to the amount of the AVPP of the school district,  
41 except that the state aid percentage factor of a school district shall not  
42 exceed 100%. The state aid computation percentage is 25% for capital  
43 outlay obligations incurred by a school district on or after the effective

1 date of this act under K.S.A. 72-8801 et seq., and amendments thereto;  
2 (5) determine the amount that a school district levied pursuant to  
3 K.S.A. 72-8801 et seq., and amendments thereto, but not to exceed four  
4 mills;

5 (6) multiply the amount determined under paragraph (5) by the ap-  
6 plicable state aid percentage factor. The product is the amount of pay-  
7 ment the school district is entitled to receive from the school district  
8 capital outlay supplemental fund in the school year.

9 (c) The state board of education shall certify to the director of ac-  
10 counts and reports the entitlements of school districts determined under  
11 the provisions of subsection (b), and an amount equal thereto shall be  
12 transferred by the director from the state general fund to the school  
13 district capital outlay supplemental fund for distribution to school dis-  
14 tricts. All transfers made in accordance with the provisions of this sub-  
15 section shall be considered to be demand transfers from the state general  
16 fund.

17 (d) Payments from the school district capital outlay supplemental  
18 fund shall be distributed to school districts at times determined by the  
19 state board of education to be necessary to assist school districts in making  
20 scheduled payments pursuant to capital outlay obligations. The state  
21 board of education shall certify to the director of accounts and reports  
22 the amount due each school district entitled to payment from the fund,  
23 and the director of accounts and reports shall draw a warrant on the state  
24 treasurer payable to the treasurer of the school district. Upon receipt of  
25 the warrant, the treasurer of the school district shall credit the amount  
26 thereof to the capital outlay fund of the school district to be used for the  
27 purposes of such fund.

28 New Sec. 4. (a) As used in this section, terms have the meanings  
29 provided by K.S.A. 74-4932, and amendments thereto.

30 (b) On or before July 1, 2007, the board of education of each school  
31 district shall develop and provide for the implementation and adminis-  
32 tration of a district health care benefits program for employees of the  
33 district. Such program shall provide benefits which are comparable to the  
34 benefits provided to state employees under the state health care program.  
35 Under such program, a district shall pay the same proportionate amount  
36 which a state agency pays for the cost of single membership for employees  
37 participating in the health care benefits program of the district.

38 Sec. 5. K.S.A. 72-6405 is hereby amended to read as follows: 72-  
39 6405. (a) K.S.A. 72-6405 through ~~72-6440~~ 72-6447 and sections 1, 2 and  
40 3, and amendments thereto, shall be known and may be cited as the  
41 school district finance and quality performance act.

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

1     **(b)** *The provisions of this act are severable. If any provision of this*  
2 *act is held to be invalid or unconstitutional, it shall be presumed conclu-*  
3 *sively that the legislature would have enacted the remainder of this act*  
4 *without such invalid or unconstitutional provision.*

5     Sec. 6. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as  
6 follows: 72-6407. *As used in this act:*

7     **(a) (1)** “Pupil” means any person **(A)** who is regularly enrolled in a  
8 district and attending kindergarten or any of the grades one through 12  
9 maintained by the district ~~or~~; **(B)** who is regularly enrolled in a district  
10 and attending kindergarten or any of the grades one through 12 in another  
11 district in accordance with an agreement entered into under authority of  
12 K.S.A. 72-8233, and amendments thereto, ~~or~~; *or* **(C)** who is regularly  
13 enrolled in a district and attending special education *and related* services  
14 provided for preschool-aged exceptional children by the district.

15     **(2)** Except as otherwise provided in this subsection, a pupil in at-  
16 tendance full time shall be counted as one pupil. A pupil in attendance  
17 part time shall be counted as that proportion of one pupil (to the nearest  
18  $\frac{1}{10}$ ) that the pupil’s attendance bears to full-time attendance. *Except as*  
19 *provided by section 2, and amendments thereto*, a pupil attending kin-  
20 dergarten shall be counted as  $\frac{1}{2}$  pupil. A pupil enrolled in and attending  
21 an institution of postsecondary education which is authorized under the  
22 laws of this state to award academic degrees shall be counted as one pupil  
23 if the pupil’s postsecondary education enrollment and attendance to-  
24 gether with the pupil’s attendance in either of the grades 11 or 12 is at  
25 least  $\frac{5}{6}$  time, otherwise the pupil shall be counted as that proportion of  
26 one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of the pupil’s postsec-  
27 ondary education attendance and attendance in grade 11 or 12, as applica-  
28 ble, bears to full-time attendance. A pupil enrolled in and attending an  
29 area vocational school, area vocational-technical school or approved vo-  
30 cational education program shall be counted as one pupil if the pupil’s  
31 vocational education enrollment and attendance together with the pupil’s  
32 attendance in any of grades nine through 12 is at least  $\frac{5}{6}$  time, otherwise  
33 the pupil shall be counted as that proportion of one pupil (to the nearest  
34  $\frac{1}{10}$ ) that the total time of the pupil’s vocational education attendance and  
35 attendance in any of grades nine through 12 bears to full-time attendance.  
36 A pupil enrolled in a district and attending special education and related  
37 services, except special education and related services for preschool-aged  
38 exceptional children, provided for by the district shall be counted as one  
39 pupil. A pupil enrolled in a district and attending special education and  
40 related services for preschool-aged exceptional children provided for by  
41 the district shall be counted as  $\frac{1}{2}$  pupil. A preschool-aged at-risk pupil  
42 enrolled in a district and receiving services under an approved at-risk  
43 pupil assistance plan maintained by the district shall be counted as  $\frac{1}{2}$

1 pupil. A pupil in the custody of the secretary of social and rehabilitation  
2 services and enrolled in unified school district No. 259, Sedgwick county,  
3 Kansas, but housed, maintained, and receiving educational services at the  
4 Judge James V. Riddel Boys Ranch, shall be counted as two pupils.

5 (3) A pupil residing at the Flint Hills job corps center shall not be  
6 counted. A pupil confined in and receiving educational services provided  
7 for by a district at a juvenile detention facility shall not be counted. A  
8 pupil enrolled in a district but housed, maintained, and receiving edu-  
9 cational services at a state institution shall not be counted.

10 (b) "Preschool-aged exceptional children" means exceptional chil-  
11 dren, except gifted children, who have attained the age of three years but  
12 are under the age of eligibility for attendance at kindergarten.

13 (c) "At-risk pupils" means pupils who are eligible for free meals un-  
14 der the national school lunch act and who are enrolled in a district which  
15 maintains an approved at-risk pupil assistance plan.

16 (d) "Preschool-aged at-risk pupil" means an at-risk pupil who has  
17 attained the age of four years, is under the age of eligibility for attendance  
18 at kindergarten, and has been selected by the state board in accordance  
19 with guidelines consonant with guidelines governing the selection of pu-  
20 pils for participation in head start programs. The state board shall select  
21 not more than 5,500 preschool-aged at-risk pupils to be counted in any  
22 school year.

23 (e) "Enrollment" means: (1) For districts scheduling the school days  
24 or school hours of the school term on a trimestral or quarterly basis, the  
25 number of pupils regularly enrolled in the district on September 20 plus  
26 the number of pupils regularly enrolled in the district on February 20  
27 less the number of pupils regularly enrolled on February 20 who were  
28 counted in the enrollment of the district on September 20; and for dis-  
29 tricts not specified in this ~~clause~~ *paragraph* (1), the number of pupils  
30 regularly enrolled in the district on September 20;

31 (2) If enrollment in a district in any school year has decreased from  
32 enrollment in the preceding school year, enrollment of the district in the  
33 current school year means whichever is the greater of (A) enrollment in  
34 the preceding school year minus enrollment in such school year of pre-  
35 school-aged at-risk pupils, if any such pupils were enrolled, plus enroll-  
36 ment in the current school year of preschool-aged at-risk pupils, if any  
37 such pupils are enrolled, or (B) the sum of enrollment in the current  
38 school year of preschool-aged at-risk pupils, if any such pupils are enrolled  
39 and the average (mean) of the sum of (i) enrollment of the district in the  
40 current school year minus enrollment in such school year of preschool-  
41 aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in  
42 the preceding school year minus enrollment in such school year of pre-  
43 school-aged at-risk pupils, if any such pupils were enrolled and (iii) en-

1 rollment in the school year next preceding the preceding school year  
2 minus enrollment in such school year of preschool-aged at-risk pupils, if  
3 any such pupils were enrolled, ~~or~~.

4 (3) *For districts affected by a disaster, as defined by K.S.A. 72-6447,*  
5 *and amendments thereto*, the number of pupils as determined under  
6 K.S.A. 72-6447, and amendments thereto.

7 (f) “Adjusted enrollment” means enrollment adjusted by adding at-  
8 risk pupil weighting, program weighting, low enrollment weighting, if any,  
9 correlation weighting, if any, school facilities weighting, if any, ancillary  
10 school facilities weighting, if any, special education and related services  
11 weighting, and transportation weighting to enrollment.

12 (g) “At-risk pupil weighting” means an addend component assigned  
13 to enrollment of districts on the basis of enrollment of at-risk pupils.

14 (h) “Program weighting” means an addend component assigned to  
15 enrollment of districts on the basis of pupil attendance in educational  
16 programs which differ in cost from regular educational programs.

17 (i) “Low enrollment weighting” means an addend component as-  
18 signed to enrollment of districts having under ~~1,725~~ 1,700 enrollment on  
19 the basis of costs attributable to maintenance of educational programs by  
20 such districts in comparison with costs attributable to maintenance of  
21 educational programs by districts having ~~1,725~~ 1,700 or over enrollment.

22 (j) “School facilities weighting” means an addend component as-  
23 signed to enrollment of districts on the basis of costs attributable to com-  
24 mencing operation of new school facilities. School facilities weighting may  
25 be assigned to enrollment of a district only if the district has adopted a  
26 local option budget and budgeted therein the total amount authorized for  
27 the school year. School facilities weighting may be assigned to enrollment  
28 of the district only in the school year in which operation of a new school  
29 facility is commenced and in the next succeeding school year.

30 (k) “Transportation weighting” means an addend component as-  
31 signed to enrollment of districts on the basis of costs attributable to the  
32 provision or furnishing of transportation.

33 (l) “Correlation weighting” means an addend component assigned to  
34 enrollment of districts having ~~1,725~~ 1,700 or over enrollment on the basis  
35 of costs attributable to maintenance of educational programs by such  
36 districts as a correlate to low enrollment weighting assigned to enrollment  
37 of districts having under ~~1,725~~ 1,700 enrollment.

38 (m) “Ancillary school facilities weighting” means an addend compo-  
39 nent assigned to enrollment of districts to which the provisions of K.S.A.  
40 72-6441, and amendments thereto, apply on the basis of costs attributable  
41 to commencing operation of new school facilities. Ancillary school facil-  
42 ities weighting may be assigned to enrollment of a district only if the  
43 district has levied a tax under authority of K.S.A. 72-6441, and amend-

1 ments thereto, and remitted the proceeds from such tax to the state trea-  
2 surer. Ancillary school facilities weighting is in addition to assignment of  
3 school facilities weighting to enrollment of any district eligible for such  
4 weighting.

5 (n) “Juvenile detention facility” means: (1) Any secure public or pri-  
6 vate facility which is used for the lawful custody of accused or adjudicated  
7 juvenile offenders and which shall not be a jail;

8 (2) any level VI treatment facility licensed by the Kansas department  
9 of health and environment which is a psychiatric residential treatment  
10 facility for individuals under the age of 21 which conforms with the reg-  
11 ulations of the centers for medicare/medicaid services and the joint com-  
12 mission on accreditation of health care organizations governing such fa-  
13 cilities; and

14 (3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth  
15 Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clar-  
16 ence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living  
17 Center, Trego County Secure Care Center, St. Francis Academy at At-  
18 chison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina,  
19 St. Francis Center at Salina, King’s Achievement Center, and Liberty  
20 Juvenile Services and Treatment.

21 (o) “Special education and related services weighting” means an ad-  
22 dendum component assigned to enrollment of districts on the basis of costs  
23 attributable to provision of special education and related services for pu-  
24 pils determined to be exceptional children.

25 Sec. 7. K.S.A. 72-6410 is hereby amended to read as follows: 72-  
26 6410. (a) “State financial aid” means an amount equal to the product  
27 obtained by multiplying base state aid per pupil by the adjusted enroll-  
28 ment of a district.

29 (b) (1) “Base state aid per pupil” means an amount of state financial  
30 aid per pupil. ~~Subject to the other provisions of this subsection, the~~  
31 ~~amount of base state aid per pupil is \$3,890.~~

32 (2) *Subject to the provisions of paragraph (3) of this subsection:*

33 (A) *For school year 2003-2004, the amount of base state aid per pupil*  
34 *shall be \$3,863.*

35 (B) *For school year 2004-2005, the amount of base state aid per pupil*  
36 *shall be \$3,963.*

37 (C) *For school year 2005-2006, the amount of base state aid per pupil*  
38 *shall be \$4,038.*

39 (D) *For school year 2006-2007 and each school year thereafter, base*  
40 *state aid per pupil shall be \$4,113.*

41 (3) The amount of base state aid per pupil is subject to reduction  
42 commensurate with any reduction under K.S.A. 75-6704, and amend-  
43 ments thereto, in the amount of the appropriation from the state general

1 fund for general state aid. If the amount of appropriations for general  
2 state aid is insufficient to pay in full the amount each district is entitled  
3 to receive for any school year, the amount of base state aid per pupil for  
4 such school year is subject to reduction commensurate with the amount  
5 of the insufficiency.

6 (c) “Local effort” means the sum of an amount equal to the proceeds  
7 from the tax levied under authority of K.S.A. 72-6431, and amendments  
8 thereto, and an amount equal to any unexpended and unencumbered  
9 balance remaining in the general fund of the district, except amounts  
10 received by the district and authorized to be expended for the purposes  
11 specified in K.S.A. 72-6430, and amendments thereto, and an amount  
12 equal to any unexpended and unencumbered balances remaining in the  
13 program weighted funds of the district, except any amount in the voca-  
14 tional education fund of the district if the district is operating an area  
15 vocational school, and an amount equal to any remaining proceeds from  
16 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-  
17 ments thereto, prior to the repeal of such statutory sections, and an  
18 amount equal to the amount deposited in the general fund in the current  
19 school year from amounts received in such year by the district under the  
20 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,  
21 and an amount equal to the amount deposited in the general fund in the  
22 current school year from amounts received in such year by the district  
23 pursuant to contracts made and entered into under authority of K.S.A.  
24 72-6757, and amendments thereto, and an amount equal to the amount  
25 credited to the general fund in the current school year from amounts  
26 distributed in such year to the district under the provisions of articles 17  
27 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-  
28 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,  
29 and an amount equal to the amount of payments received by the district  
30 under the provisions of K.S.A. 72-979, and amendments thereto, and an  
31 amount equal to the amount of a grant, if any, received by the district  
32 under the provisions of K.S.A. 72-983, and amendments thereto, and an  
33 amount equal to 75% of the federal impact aid of the district.

34 (d) “Federal impact aid” means an amount equal to the federally  
35 qualified percentage of the amount of moneys a district receives in the  
36 current school year under the provisions of title I of public law 874 and  
37 congressional appropriations therefor, excluding amounts received for as-  
38 sistance in cases of major disaster and amounts received under the low-  
39 rent housing program. The amount of federal impact aid defined herein  
40 as an amount equal to the federally qualified percentage of the amount  
41 of moneys provided for the district under title I of public law 874 shall  
42 be determined by the state board in accordance with terms and conditions  
43 imposed under the provisions of the public law and rules and regulations



1 thereunder.

2 Sec. 8. K.S.A. 72-6412 is hereby amended to read as follows: 72-  
3 6412. The low enrollment weighting of each district with under ~~1,725~~  
4 *1,700* enrollment shall be determined by the state board as follows:

5 (a) Determine the amount of the median budget per pupil for the  
6 1991-92 school year of districts with 75-125 enrollment in such school  
7 year;

8 (b) determine the amount of the median budget per pupil for the  
9 1991-92 school year of districts with 200-399 enrollment in such school  
10 year;

11 (c) determine the amount of the median budget per pupil for the  
12 1991-92 school year of districts with 1,900 or over enrollment;

13 (d) prescribe a schedule amount for each of the districts by preparing  
14 a schedule based upon an accepted mathematical formula and derived  
15 from a linear transition between (1) the median budgets per pupil deter-  
16 mined under (a) and (b), and (2) the median budgets per pupil deter-  
17 mined under (b) and (c). The schedule amount for districts with 0-99  
18 enrollment is an amount equal to the amount of the median budget per  
19 pupil determined under (a). The schedule amount for districts with 100-  
20 299 enrollment is the amount derived from the linear transition under  
21 (1). The schedule amount for districts with 300-1,899 enrollment is the  
22 amount derived from the linear transition under (2);

23 (e) for districts with 0-99 enrollment:

24 (1) Subtract the amount determined under (c) from the amount de-  
25 termined under (a);

26 (2) divide the remainder obtained under (1) by the amount deter-  
27 mined under (c);

28 (3) multiply the quotient obtained under (2) by the enrollment of the  
29 district in the current school year. The product is the low enrollment  
30 weighting of the district;

31 (f) for districts with 100-299 enrollment:

32 (1) Subtract the amount determined under (c) from the schedule  
33 amount of the district;

34 (2) divide the remainder obtained under (1) by the amount deter-  
35 mined under (c);

36 (3) multiply the quotient obtained under (2) by the enrollment of the  
37 district in the current school year. The product is the low enrollment  
38 weighting of the district;

39 (g) for districts with ~~300-1,724~~ *300-1,699* enrollment:

40 (1) Subtract the amount determined under (c) from the schedule  
41 amount of the district;

42 (2) divide the remainder obtained under (1) by the amount deter-  
43 mined under (c);

1 (3) multiply the quotient obtained under (2) by the enrollment of the  
 2 district in the current school year. The product is the low enrollment  
 3 weighting of the district.

4 Sec. 9. K.S.A. 72-6413 is hereby amended to read as follows: 72-  
 5 6413. The program weighting of each district shall be determined by the  
 6 state board as follows:

7 (a) Compute full time equivalent enrollment in programs of bilingual  
 8 education and multiply the computed enrollment by 0.2;

9 (b) (1) *multiply the computed enrollment by .22 for school year 2004-*  
 10 *2005;*

11 (2) *multiply the computed enrollment by .24 for school year 2005-*  
 12 *2006; and*

13 (3) *multiply the computed enrollment by .25 for school year 2006-*  
 14 *2007 and each school year thereafter;*

15 (c) compute full time equivalent enrollment in approved vocational  
 16 education programs and multiply the computed enrollment by 0.5;

17 ~~(e)~~ (d) add the products obtained under ~~(a) and (b)~~ subsections (a),  
 18 (b) and (c). The sum is the program weighting of the district.

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

21 Sec. 10. K.S.A. 72-6414 is hereby amended to read as follows: 72-  
 22 6414. (a) The at-risk pupil weighting of each district shall be determined  
 23 by the state board ~~by multiplying as follows:~~

24 (1) *multiply the number of at-risk pupils included in enrollment of*  
 25 *the district by ~~10~~ .15 for school year 2004-2005;*

26 (2) *multiply the number of at-risk pupils included in enrollment of*  
 27 *the district by .20 for school year 2005-2006; and*

28 (3) *multiply the number of at-risk pupils included in enrollment of*  
 29 *the district by .25 for school year 2006-2007 and each school year*  
 30 *thereafter.*

31 (b) The product *obtained under subsection (a)* is the at-risk pupil  
 32 weighting of the district.

33 ~~(b)~~ (c) Except as provided in subsection ~~(d)~~ (e), of the amount a dis-  
 34 trict receives from the at-risk pupil weighting, an amount produced by a  
 35 pupil weighting of .01 shall be used by the district for achieving mastery  
 36 of basic reading skills by completion of the third grade in accordance with  
 37 standards and outcomes of mastery identified by the state board under  
 38 K.S.A. 72-7534, and amendments thereto.

39 ~~(e)~~ (d) A district shall include such information in its at-risk pupil  
 40 assistance plan as the state board may require regarding the district's  
 41 remediation strategies and the results thereof in achieving the third grade  
 42 reading standards and outcomes of mastery identified by the state board.  
 43 The reporting requirements shall include information documenting re-

1 mediation strategies and improvement made by pupils who performed  
2 below the expected standard on the second grade diagnostic reading test  
3 prescribed by the state board.

4 ~~(d)~~ (e) A district whose pupils substantially achieve the state board  
5 standards and outcomes of mastery of reading skills upon completion of  
6 third grade may be released, upon request, by the state board from the  
7 requirements of subsection (b).

8 Sec. 11. K.S.A. 2003 Supp. 72-6431 is hereby amended to read as  
9 follows: 72-6431. (a) The board of each district shall levy an ad valorem  
10 tax upon the taxable tangible property of the district in the school years  
11 specified in subsection (b) for the purpose of:

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

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

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

22 (b) The tax required under subsection (a) shall be levied at a rate of  
23 20 mills in the school year ~~2003-2004~~ and school year 2004-2005. *The tax*  
24 *required under subsection (a) shall be levied at a rate of 21 mills in the*  
25 *school year 2005-2006.*

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

32 (d) On June ~~4~~ 6 of each year, the amount, if any, by which a district's  
33 local effort exceeds the amount of the district's state financial aid, as  
34 determined by the state board, shall be remitted to the state treasurer.  
35 Upon receipt of any such remittance, the state treasurer shall deposit the  
36 same in the state treasury to the credit of the state school district finance  
37 fund.

38 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
39 1964b, and amendments thereto.

40 Sec. 12. K.S.A. 72-6442 is hereby amended to read as follows: 72-  
41 6442. The correlation weighting of each district with ~~1,725~~ 1,700 or over  
42 enrollment shall be determined by the state board as follows:

43 (a) Determine the schedule amount for a district with ~~1,725~~ 1,700

1 enrollment as derived from the linear transition under (d) of K.S.A. 72-  
2 6412, and amendments thereto, and subtract the amount determined  
3 under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule  
4 amount so determined;

5 (b) divide the remainder obtained under (a) by the amount deter-  
6 mined under (c) of K.S.A. 72-6412, and amendments thereto, and mul-  
7 tiply the quotient by the enrollment of the district in the current school  
8 year. The product is the correlation weighting of the district.

9 Sec. 13. K.S.A. 2003 Supp. 79-32,110 is hereby amended to read as  
10 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
11 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is  
12 hereby imposed upon the Kansas taxable income of every resident indi-  
13 vidual, which tax shall be computed in accordance with the following tax  
14 schedules:

15 (1) *Married individuals filing joint returns*.

16 If the taxable income is:	The tax is:
17 Not over \$30,000 .....	3.5% of Kansas taxable income
18 Over \$30,000 but not over \$60,000 .....	\$1,050 plus 6.25% of excess over \$30,000
19 Over \$60,000 .....	\$2,925 plus 6.45% of excess over \$60,000

20 (2) *All other individuals*.

21 (A) For tax year 1997:

22 If the taxable income is:	The tax is:
23 Not over \$20,000 .....	4.1% of Kansas taxable income
24 Over \$20,000 but not over \$30,000 .....	\$820 plus 7.5% of excess over \$20,000
25 Over \$30,000 .....	\$1,570 plus 7.75% of excess over \$30,000

26 (B) For tax year 1998, and all tax years thereafter:

27 If the taxable income is:	The tax is:
28 Not over \$15,000 .....	3.5% of Kansas taxable income
29 Over \$15,000 but not over \$30,000 .....	\$525 plus 6.25% of excess over \$15,000
30 Over \$30,000 .....	\$1,462.50 plus 6.45% of excess over \$30,000

31 (b) *Nonresident Individuals*. A tax is hereby imposed upon the Kansas  
32 taxable income of every nonresident individual, which tax shall be an  
33 amount equal to the tax computed under subsection (a) as if the nonres-  
34 ident were a resident multiplied by the ratio of modified Kansas source  
35 income to Kansas adjusted gross income.

36 (c) *Corporations*. A tax is hereby imposed upon the Kansas taxable  
37 income of every corporation doing business within this state or deriving  
38 income from sources within this state. Such tax shall consist of a normal  
39 tax and a surtax and shall be computed as follows:

- 40 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
41 taxable income of such corporation; and
- 42 (2) the surtax shall be in an amount equal to 3.35% of the Kansas  
43 taxable income of such corporation in excess of \$50,000.

1 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable  
2 income of estates and trusts at the rates provided in paragraph (2) of  
3 subsection (a) hereof.

4 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*  
5 *for tax years commencing after December 31, 2003, a surcharge shall be*  
6 *imposed on resident individuals and nonresident individuals in the*  
7 *amount of 5% of the tax due pursuant to subsections (a) and (b), computed*  
8 *without regard to any applicable income tax credits.*

9 Sec. 14. K.S.A. 2003 Supp. 79-3603 is hereby amended to read as  
10 follows: 79-3603. For the privilege of engaging in the business of selling  
11 tangible personal property at retail in this state or rendering or furnishing  
12 any of the services taxable under this act, there is hereby levied and there  
13 shall be collected and paid a tax at the rate of 5.3% on and after July 1,  
14 2002, and before July 1, 2004, ~~5.2%~~ 5.5% on and after July 1, 2004, and  
15 before July 1, 2005, and ~~5%~~ 5.6% on and after July 1, 2005, *and before*  
16 *July 1, 2006, and 5.7% on and after July 1, 2006,* and, within a redevelop-  
17 ment district established pursuant to K.S.A. 74-8921, and amendments  
18 thereto, there is hereby levied and there shall be collected and paid an  
19 additional tax at the rate of 2% until the earlier of the date the bonds  
20 issued to finance or refinance the redevelopment project have been paid  
21 in full or the final scheduled maturity of the first series of bonds issued  
22 to finance any part of the project upon:

23 (a) The gross receipts received from the sale of tangible personal  
24 property at retail within this state;

25 (b) (1) the gross receipts from intrastate telephone or telegraph serv-  
26 ices; (2) the gross receipts received from the sale of interstate telephone  
27 or telegraph services, which (A) originate within this state and terminate  
28 outside the state and are billed to a customer's telephone number or  
29 account in this state; or (B) originate outside this state and terminate  
30 within this state and are billed to a customer's telephone number or ac-  
31 count in this state except that the sale of interstate telephone or telegraph  
32 service does not include: (A) Any interstate incoming or outgoing wide  
33 area telephone service or wide area transmission type service which en-  
34 titles the subscriber to make or receive an unlimited number of com-  
35 munications to or from persons having telephone service in a specified  
36 area which is outside the state in which the station provided this service  
37 is located; (B) any interstate private communications service to the per-  
38 sons contracting for the receipt of that service that entitles the purchaser  
39 to exclusive or priority use of a communications channel or group of  
40 channels between exchanges; (C) any value-added nonvoice service in  
41 which computer processing applications are used to act on the form, con-  
42 tent, code or protocol of the information to be transmitted; (D) any tel-  
43 ecommunication service to a provider of telecommunication services

1 which will be used to render telecommunications services, including car-  
2 rier access services; or (E) any service or transaction defined in this sec-  
3 tion among entities classified as members of an affiliated group as pro-  
4 vided by section 1504 of the federal internal revenue code of 1986, as in  
5 effect on January 1, 2001; and (3) the gross receipts from the provision  
6 of services taxable under this subsection which are billed on a combined  
7 basis with nontaxable services, shall be accounted for and the tax remitted  
8 as follows: The taxable portion of the selling price of those combined  
9 services shall include only those charges for taxable services if the selling  
10 price for the taxable services can be readily distinguishable in the retailer's  
11 books and records from the selling price for the nontaxable services. Oth-  
12 erwise, the gross receipts from the sale of both taxable and nontaxable  
13 services billed on a combined basis shall be deemed attributable to the  
14 taxable services included therein. Within 90 days of billing taxable services  
15 on a combined basis with nontaxable services, the retailer shall enter into  
16 a written agreement with the secretary identifying the methodology to be  
17 used in determining the taxable portion of the selling price of those com-  
18 bined services. The burden of proving that any receipt or charge is not  
19 taxable shall be upon the retailer. Upon request from the customer, the  
20 retailer shall disclose to the customer the selling price for the taxable  
21 services included in the selling price for the taxable and nontaxable serv-  
22 ices billed on a combined basis;

23 (c) the gross receipts from the sale or furnishing of gas, water, elec-  
24 tricity and heat, which sale is not otherwise exempt from taxation under  
25 the provisions of this act, and whether furnished by municipally or pri-  
26 vately owned utilities, except that, on and after January 1, 2006, for sales  
27 of gas, electricity and heat delivered through mains, lines or pipes to  
28 residential premises for noncommercial use by the occupant of such  
29 premises, and for agricultural use and also, for such use, all sales of pro-  
30 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP  
31 gas, coal, wood and other fuel sources for the production of heat or light-  
32 ing for noncommercial use of an occupant of residential premises, the  
33 state rate shall be 0%, but such tax shall not be levied and collected upon  
34 the gross receipts from: (1) The sale of a rural water district benefit unit;  
35 (2) a water system impact fee, system enhancement fee or similar fee  
36 collected by a water supplier as a condition for establishing service; or (3)  
37 connection or reconnection fees collected by a water supplier;

38 (d) the gross receipts from the sale of meals or drinks furnished at  
39 any private club, drinking establishment, catered event, restaurant, eating  
40 house, dining car, hotel, drugstore or other place where meals or drinks  
41 are regularly sold to the public;

42 (e) the gross receipts from the sale of admissions to any place pro-  
43 viding amusement, entertainment or recreation services including admis-

1 sions to state, county, district and local fairs, but such tax shall not be  
2 levied and collected upon the gross receipts received from sales of ad-  
3 missions to any cultural and historical event which occurs triennially;

4 (f) the gross receipts from the operation of any coin-operated device  
5 dispensing or providing tangible personal property, amusement or other  
6 services except laundry services, whether automatic or manually operated;

7 (g) the gross receipts from the service of renting of rooms by hotels,  
8 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
9 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto  
10 but such tax shall not be levied and collected upon the gross receipts  
11 received from sales of such service to the federal government and any  
12 agency, officer or employee thereof in association with the performance  
13 of official government duties;

14 (h) the gross receipts from the service of renting or leasing of tangible  
15 personal property except such tax shall not apply to the renting or leasing  
16 of machinery, equipment or other personal property owned by a city and  
17 purchased from the proceeds of industrial revenue bonds issued prior to  
18 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
19 12-1749, and amendments thereto, and any city or lessee renting or leas-  
20 ing such machinery, equipment or other personal property purchased  
21 with the proceeds of such bonds who shall have paid a tax under the  
22 provisions of this section upon sales made prior to July 1, 1973, shall be  
23 entitled to a refund from the sales tax refund fund of all taxes paid  
24 thereon;

25 (i) the gross receipts from the rendering of dry cleaning, pressing,  
26 dyeing and laundry services except laundry services rendered through a  
27 coin-operated device whether automatic or manually operated;

28 (j) the gross receipts from the rendering of the services of washing  
29 and washing and waxing of vehicles;

30 (k) the gross receipts from cable, community antennae and other sub-  
31 scriber radio and television services;

32 (l) (1) except as otherwise provided by paragraph (2), the gross re-  
33 cepts received from the sales of tangible personal property to all con-  
34 tractors, subcontractors or repairmen for use by them in erecting struc-  
35 tures, or building on, or otherwise improving, altering, or repairing real  
36 or personal property.

37 (2) Any such contractor, subcontractor or repairman who maintains  
38 an inventory of such property both for sale at retail and for use by them  
39 for the purposes described by paragraph (1) shall be deemed a retailer  
40 with respect to purchases for and sales from such inventory, except that  
41 the gross receipts received from any such sale, other than a sale at retail,  
42 shall be equal to the total purchase price paid for such property and the  
43 tax imposed thereon shall be paid by the deemed retailer;

- 1 (m) the gross receipts received from fees and charges by public and  
2 private clubs, drinking establishments, organizations and businesses for  
3 participation in sports, games and other recreational activities, but such  
4 tax shall not be levied and collected upon the gross receipts received from:  
5 (1) Fees and charges by any political subdivision, by any organization  
6 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-  
7 201, and amendments thereto, or by any youth recreation organization  
8 exclusively providing services to persons 18 years of age or younger which  
9 is exempt from federal income taxation pursuant to section 501(c)(3) of  
10 the federal internal revenue code of 1986, for participation in sports,  
11 games and other recreational activities; and (2) entry fees and charges for  
12 participation in a special event or tournament sanctioned by a national  
13 sporting association to which spectators are charged an admission which  
14 is taxable pursuant to subsection (e);
- 15 (n) the gross receipts received from dues charged by public and pri-  
16 vate clubs, drinking establishments, organizations and businesses, pay-  
17 ment of which entitles a member to the use of facilities for recreation or  
18 entertainment, but such tax shall not be levied and collected upon the  
19 gross receipts received from: (1) Dues charged by any organization ex-  
20 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of  
21 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships  
22 in a nonprofit organization which is exempt from federal income taxation  
23 pursuant to section 501 (c)(3) of the federal internal revenue code of  
24 1986, and whose purpose is to support the operation of a nonprofit zoo;
- 25 (o) the gross receipts received from the isolated or occasional sale of  
26 motor vehicles or trailers but not including: (1) The transfer of motor  
27 vehicles or trailers by a person to a corporation or limited liability com-  
28 pany solely in exchange for stock securities or membership interest in  
29 such corporation or limited liability company; or (2) the transfer of motor  
30 vehicles or trailers by one corporation or limited liability company to  
31 another when all of the assets of such corporation or limited liability  
32 company are transferred to such other corporation or limited liability  
33 company; or (3) the sale of motor vehicles or trailers which are subject  
34 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and  
35 amendments thereto, by an immediate family member to another im-  
36 mediate family member. For the purposes of clause (3), immediate family  
37 member means lineal ascendants or descendants, and their spouses. In  
38 determining the base for computing the tax on such isolated or occasional  
39 sale, the fair market value of any motor vehicle or trailer traded in by the  
40 purchaser to the seller may be deducted from the selling price;
- 41 (p) the gross receipts received for the service of installing or applying  
42 tangible personal property which when installed or applied is not being  
43 held for sale in the regular course of business, and whether or not such



1 tangible personal property when installed or applied remains tangible  
2 personal property or becomes a part of real estate, except that no tax shall  
3 be imposed upon the service of installing or applying tangible personal  
4 property in connection with the original construction of a building or  
5 facility, the original construction, reconstruction, restoration, remodeling,  
6 renovation, repair or replacement of a residence or the construction, re-  
7 construction, restoration, replacement or repair of a bridge or highway.

8 For the purposes of this subsection:

9 (1) "Original construction" shall mean the first or initial construction  
10 of a new building or facility. The term "original construction" shall include  
11 the addition of an entire room or floor to any existing building or facility,  
12 the completion of any unfinished portion of any existing building or fa-  
13 cility and the restoration, reconstruction or replacement of a building or  
14 facility damaged or destroyed by fire, flood, tornado, lightning, explosion  
15 or earthquake, but such term, except with regard to a residence, shall not  
16 include replacement, remodeling, restoration, renovation or reconstruc-  
17 tion under any other circumstances;

18 (2) "building" shall mean only those enclosures within which individ-  
19 uals customarily are employed, or which are customarily used to house  
20 machinery, equipment or other property, and including the land improve-  
21 ments immediately surrounding such building;

22 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
23 well, feedlot or any conveyance, transmission or distribution line of any  
24 cooperative, nonprofit, membership corporation organized under or sub-  
25 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,  
26 or of any municipal or quasi-municipal corporation, including the land  
27 improvements immediately surrounding such facility; and

28 (4) "residence" shall mean only those enclosures within which indi-  
29 viduals customarily live;

30 (q) the gross receipts received for the service of repairing, servicing,  
31 altering or maintaining tangible personal property which when such serv-  
32 ices are rendered is not being held for sale in the regular course of busi-  
33 ness, and whether or not any tangible personal property is transferred in  
34 connection therewith. The tax imposed by this subsection shall be appli-  
35 cable to the services of repairing, servicing, altering or maintaining an  
36 item of tangible personal property which has been and is fastened to,  
37 connected with or built into real property;

38 (r) the gross receipts from fees or charges made under service or  
39 maintenance agreement contracts for services, charges for the providing  
40 of which are taxable under the provisions of subsection (p) or (q);

41 (s) the gross receipts received from the sale of computer software,  
42 the sale of the service of providing computer software other than pre-  
43 written computer software and the sale of the services of modifying, al-

1 tering, updating or maintaining computer software, whether the com-  
2 puter software is installed or delivered electronically by tangible storage  
3 media physically transferred to the purchaser or by load and leave;

4 (t) the gross receipts received for telephone answering services, mo-  
5 bile telecommunication services, beeper services and other similar serv-  
6 ices. On and after August 1, 2002, the provisions of the federal mobile  
7 telecommunications sourcing act as in effect on January 1, 2002, shall be  
8 applicable to all sales of mobile telecommunication services taxable pur-  
9 suant to this subsection. The secretary of revenue is hereby authorized  
10 and directed to perform any act deemed necessary to properly implement  
11 such provisions;

12 (u) the gross receipts received from the sale of prepaid calling service  
13 as defined in K.S.A. 2003 Supp. 79-3673, and amendments thereto; and

14 (v) the gross receipts received from the sales of bingo cards, bingo  
15 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,  
16 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
17 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
18 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
19 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,  
20 and amendments thereto, shall be exempt from taxes imposed pursuant  
21 to this section.

22 Sec. 15. K.S.A. 2003 Supp. 79-3620 is hereby amended to read as  
23 follows: 79-3620. (a) All revenue collected or received by the director of  
24 taxation from the taxes imposed by this act shall be remitted to the state  
25 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
26 amendments thereto. Upon receipt of each such remittance, the state  
27 treasurer shall deposit the entire amount in the state treasury, less  
28 amounts withheld as provided in subsection (b) and amounts credited as  
29 provided in subsection (c) and (d), to the credit of the state general fund.

30 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
31 \$100,000 shall be set apart and maintained by the director from sales tax  
32 collections and estimated tax collections and held by the state treasurer  
33 for prompt payment of all sales tax refunds including refunds authorized  
34 under the provisions of K.S.A. 79-3635, and amendments thereto. Such  
35 fund shall be in such amount, within the limit set by this section, as the  
36 director shall determine is necessary to meet current refunding require-  
37 ments under this act. In the event such fund as established by this section  
38 is, at any time, insufficient to provide for the payment of refunds due  
39 claimants thereof, the director shall certify the amount of additional funds  
40 required to the director of accounts and reports who shall promptly trans-  
41 fer the required amount from the state general fund to the sales tax refund  
42 fund, and notify the state treasurer, who shall make proper entry in the  
43 records.

1 (c) (1) The state treasurer shall credit  $\frac{5}{98}$  of the revenue collected  
2 or received from the tax imposed by K.S.A. 79-3603, and amendments  
3 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
4 exclusive of amounts credited pursuant to subsection (d), in the state  
5 highway fund.

6 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
7 received from the tax imposed by K.S.A. 79-3603, and amendments  
8 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
9 exclusive of amounts credited pursuant to subsection (d), in the state  
10 highway fund.

11 ~~(3) The state treasurer shall credit  $\frac{1}{20}$  of the revenue collected and~~  
12 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~  
13 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~  
14 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~  
15 ~~highway fund. The state treasurer shall credit  $\frac{1}{22}$  of the revenue collected~~  
16 ~~or received from the tax imposed by K.S.A. 79-3603, and amendments~~  
17 ~~thereto, at the rate of 5.5%, and deposited as provided in subsection (a),~~  
18 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~  
19 ~~way fund.~~

20 (4) The state treasurer shall credit  $\frac{5}{112}$  of the revenue collected or  
21 received from the tax imposed by K.S.A. 79-3603, and amendments  
22 thereto, at the rate of 5.6%, and deposited as provided in subsection (a),  
23 exclusive of amounts credited pursuant to subsection (d), in the state high-  
24 way fund.

25 (5) The state treasurer shall credit  $\frac{5}{114}$  of the revenue collected or  
26 received from the tax imposed by K.S.A. 79-3603, and amendments  
27 thereto, at the rate of 5.7%, and deposited as provided in subsection (a),  
28 exclusive of amounts credited pursuant to subsection (d), in the state high-  
29 way fund.

30 (d) The state treasurer shall credit all revenue collected or received  
31 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
32 certified by the director, from taxpayers doing business within that por-  
33 tion of a redevelopment district occupied by a redevelopment project that  
34 was determined by the secretary of commerce ~~and housing~~ to be of state-  
35 wide as well as local importance or will create a major tourism area for  
36 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the  
37 city bond finance fund, which fund is hereby created. The provisions of  
38 this subsection shall expire when the total of all amounts credited here-  
39 under and under subsection (d) of K.S.A. 79-3710, and amendments  
40 thereto, is sufficient to retire the special obligation bonds issued for the  
41 purpose of financing all or a portion of the costs of such redevelopment  
42 project.

43 Sec. 16. K.S.A. 2003 Supp. 79-3703 is hereby amended to read as

1 follows: 79-3703. There is hereby levied and there shall be collected from  
2 every person in this state a tax or excise for the privilege of using, storing,  
3 or consuming within this state any article of tangible personal property.  
4 Such tax shall be levied and collected in an amount equal to the consid-  
5 eration paid by the taxpayer multiplied by the rate of 5.3% on and after  
6 July 1, 2002, and before *July 1, 2004*, 5.5% on and after *July 1, 2004*, and  
7 before *July 1, 2005*, and 5.6% on and after *July 1, 2005*, and before July  
8 1, 2006, and ~~5%~~ 5.7% on and after July 1, 2006. Within a redevelopment  
9 district established pursuant to K.S.A. 74-8921, and amendments thereto,  
10 there is hereby levied and there shall be collected and paid an additional  
11 tax of 2% until the earlier of: (1) The date the bonds issued to finance or  
12 refinance the redevelopment project undertaken in the district have been  
13 paid in full; or (2) the final scheduled maturity of the first series of bonds  
14 issued to finance the redevelopment project. All property purchased or  
15 leased within or without this state and subsequently used, stored or con-  
16 sumed in this state shall be subject to the compensating tax if the same  
17 property or transaction would have been subject to the Kansas retailers'  
18 sales tax had the transaction been wholly within this state.

19 Sec. 17. K.S.A. 2003 Supp. 79-3710 is hereby amended to read as  
20 follows: 79-3710. (a) All revenue collected or received by the director  
21 under the provisions of this act shall be remitted to the state treasurer in  
22 accordance with the provisions of K.S.A. 75-4215, and amendments  
23 thereto. Upon receipt of each such remittance, the state treasurer shall  
24 deposit the entire amount in the state treasury, less amounts set apart as  
25 provided in subsection (b) and amounts credited as provided in subsection  
26 (c) and (d), to the credit of the state general fund.

27 (b) A revolving fund, designated as "compensating tax refund fund"  
28 not to exceed \$10,000 shall be set apart and maintained by the director  
29 from compensating tax collections and estimated tax collections and held  
30 by the state treasurer for prompt payment of all compensating tax refunds.  
31 Such fund shall be in such amount, within the limit set by this section,  
32 as the director shall determine is necessary to meet current refunding  
33 requirements under this act.

34 (c) (1) The state treasurer shall credit  $\frac{5}{9}$ s of the revenue collected  
35 or received from the tax imposed by K.S.A. 79-3703, and amendments  
36 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
37 exclusive of amounts credited pursuant to subsection (d), in the state  
38 highway fund.

39 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
40 received from the tax imposed by K.S.A. 79-3703, and amendments  
41 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
42 exclusive of amounts credited pursuant to subsection (d), in the state  
43 highway fund.

1       (3) ~~The state treasurer shall credit  $\frac{1}{20}$  of the revenue collected or~~  
2 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~  
3 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~  
4 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~  
5 ~~highway fund. The state treasurer shall credit  $\frac{1}{22}$  of the revenue collected~~  
6 ~~or received from the tax imposed by K.S.A. 79-3703, and amendments~~  
7 ~~thereto, at the rate of 5.5%, and deposited as provided in subsection (a),~~  
8 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~  
9 ~~way fund.~~

10       (4) *The state treasurer shall credit  $\frac{5}{112}$  of the revenue collected or*  
11 *received from the tax imposed by K.S.A. 79-3703, and amendments*  
12 *thereto, at the rate of 5.6%, and deposited as provided in subsection (a),*  
13 *exclusive of amounts credited pursuant to subsection (d), in the state high-*  
14 *way fund.*

15       (5) *The state treasurer shall credit  $\frac{5}{114}$  of the revenue collected or*  
16 *received from the tax imposed by K.S.A. 79-3703, and amendments*  
17 *thereto, at the rate of 5.7%, and deposited as provided by subsection (a),*  
18 *exclusive of amounts credited pursuant to subsection (d), in the state high-*  
19 *way fund.*

20       (d) The state treasurer shall credit all revenue collected or received  
21 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as  
22 certified by the director, from taxpayers doing business within that por-  
23 tion of a redevelopment district occupied by a redevelopment project that  
24 was determined by the secretary of commerce ~~and housing~~ to be of state-  
25 wide as well as local importance or will create a major tourism area for  
26 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the  
27 city bond finance fund created by subsection (d) of K.S.A. 79-3620, and  
28 amendments thereto. The provisions of this subsection shall expire when  
29 the total of all amounts credited hereunder and under subsection (d) of  
30 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special  
31 obligation bonds issued for the purpose of financing all or a portion of  
32 the costs of such redevelopment project.

33       Sec. 18. K.S.A. 72-6405, 72-6410, 72-6412, 72-6413, 72-6414, 72-  
34 6433b, 72-6440 and 72-6442 and K.S.A. 2003 Supp. 72-6407, 72-6431,  
35 72-6431b, 72-6431c, 79-201y, 79-32,110, 79-3603, 79-3603c, 79-3620, 79-  
36 3620c, 79-3703, 79-3710 and 79-3710a are hereby repealed.

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