

SENATE BILL No. 465

By Committee on Ways and Means

2-5

AN ACT concerning school districts; relating to school finance; providing revenue therefor; amending K.S.A. 72-4419, 72-6405, 72-6410, 72-6411, 72-6413, 72-6414, 72-6415, 72-6420 and 72-6421 and K.S.A. 2003 Supp. 72-6407, 72-6409, 72-6431, 72-8302, 79-32,110, 79-3603, 79-3620, 79-3703, 79-3710 and 79-5040 and repealing the existing sections; also repealing K.S.A. 72-979, 72-6412, 72-6433b, 72-6440, 72-6441, 72-6443 and 72-6446 and K.S.A. 2003 Supp. 72-978, 72-6431b, 72-6431c, 79-201y, 79-3603c, 79-3620c and 79-3710a.

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

New Section 1. (a) For school year 2004-2005, the amount of base state aid per pupil shall be determined by the state board as follows:

- (1) Determine the full time equivalent enrollment of the district.
- (2) For districts with an enrollment of less than 430:
 - (A) Subtract the amount determined under paragraph (1) from 430;
 - (B) divide the remainder determined under paragraph (A) by 0.1;
 - (C) multiply the quotient determined under (B) by \$5,033;
 - (D) add \$6,411 to the product determined under paragraph (C). The sum is the base state aid per pupil.
- (3) For districts with an enrollment of at least 430 but less than 1,300:
 - (A) Subtract the amount determined under paragraph (1) from 1,300;
 - (B) divide the remainder determined under paragraph (A) by 0.8;
 - (C) multiply the quotient determined under paragraph (B) by \$5,033;
 - (D) add \$5,863 to the product determined under paragraph (C). The sum is the base state aid per pupil.
- (4) For districts with an enrollment of at least 1,300 but less than 11,200:
 - (A) Subtract the amount determined under paragraph (1) from 11,200;
 - (B) divide the remainder determined under paragraph (A) by 6.0;
 - (C) multiply the quotient determined under paragraph (B) by \$5,033;
 - (D) add \$5,033 to the product determined under paragraph (C). The sum is the base state aid per pupil.
- (5) For districts with an enrollment of 11,200 or more, the base state aid per pupil is \$5,033.

1 (b) For school year 2005-2006 and each school year thereafter, the
2 amount of base state aid per pupil is the amount of base state aid per
3 pupil in the preceding school year, plus 2%.

4 If the amount of base state aid per pupil is reduced as provided by
5 subsection (c), the adjustment in the amount of such aid pursuant to this
6 subsection shall be determined using the amount of the base state aid
7 per pupil prior to any reduction in amount as provided by subsection (c).

8 (c) The amount of base state aid per pupil is subject to reduction
9 commensurate with any reduction under K.S.A. 75-6704, and amend-
10 ments thereto, in the amount of the appropriation from the state general
11 fund for general state aid. If the amount of appropriations for general
12 state aid is insufficient to pay in full the amount each district is entitled
13 to receive for any school year, the amount of base state aid per pupil for
14 such school year is subject to reduction commensurate with the amount
15 of the insufficiency.

16 New Sec. 2. (a) In each school year, any district which is obligated
17 to make payments from its capital outlay fund pursuant to K.S.A. 72-8801
18 *et seq.*, and amendments thereto, is eligible for entitlement to an amount
19 of supplemental capital outlay state aid. Entitlement of a district to such
20 supplemental state aid shall be determined by the state board as provided
21 in this section. The state board shall:

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

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

26 (3) identify the amount of the assessed valuation per pupil located at
27 the 95th percentile of the amounts ranked under paragraph (2);

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

30 (5) subtract the ratio obtained under paragraph (4) from 1.0. If the
31 resulting ratio equals or exceeds 1.0, the eligibility of the district for en-
32 titlement to supplemental capital outlay state aid shall lapse. If the re-
33 sulting ratio is less than 1.0, the district is entitled to receive such sup-
34 plemental aid in an amount which shall be determined by the state board
35 by multiplying the amount the district is obligated to pay pursuant to
36 K.S.A. 72-8801 *et seq.*, and amendments thereto, by such ratio. The prod-
37 uct is the amount of supplemental capital outlay state aid the district is
38 entitled to receive for the school year.

39 (b) If the amount of appropriations for supplemental capital outlay
40 state aid is less than the amount each district is entitled to receive for the
41 school year, the state board shall prorate the amount appropriated among
42 the districts in proportion to the amount each district is entitled to receive.

43 (c) The state board of education shall prescribe the dates upon which

1 the distribution of payments of supplemental capital outlay state aid to
2 school districts shall be due. Such payments shall be distributed to dis-
3 tricts on the dates prescribed by the state board. The state board shall
4 certify to the director of accounts and reports the amount due each dis-
5 trict, and the director of accounts and reports shall draw a warrant on the
6 state treasurer payable to the treasurer of the district. Upon receipt of
7 the warrant, the treasurer of the district shall credit the amount thereof
8 to the supplemental capital outlay fund of the district to be used for the
9 purposes of such fund.

10 (d) If any amount of supplemental capital outlay state aid that is due
11 to be paid during the month of June of a school year pursuant to the
12 other provisions of this section is not paid on or before June 30 of such
13 school year, then such payment shall be paid on or after the ensuing July
14 1, as soon as moneys are available therefor. Any payment of capital outlay
15 state aid that is due to be paid during the month of June of a school year
16 and that is paid to school districts on or after the ensuing July 1 shall be
17 recorded and accounted for by school districts as a receipt for the school
18 year ending on the preceding June 30.

19 New Sec. 3. In order to provide for the differences in the cost of
20 living among the school districts in the state, the state board of education
21 shall make recommendations to the governor for adjustments to the
22 amount of base state aid per pupil determined under section 1, and
23 amendments thereto. In determining the amount of any such adjustment,
24 the board shall use data from the national center for educational statistics,
25 studies conducted by the board or other sources the board deems appro-
26 priate. The state board shall file such recommendations, if any, as part of
27 the budget estimate required by K.S.A. 75-3717, and amendments
28 thereto.

29 Sec. 4. K.S.A. 72-4419 is hereby amended to read as follows: 72-
30 4419. The school district in which a student is enrolled shall pay the
31 tuition of such student to attend any vocational education course or pro-
32 gram when such attendance is approved as provided in K.S.A. 72-4418,
33 and amendments thereto, from its vocational education fund, except that
34 *the general fund of the district*. Any board receiving funds under an agree-
35 ment under K.S.A. 72-4421, and amendments thereto, shall pay such
36 tuition when the student is enrolled in a school district which is a party
37 to the agreement if the agreement so provides. ~~In the case of a school~~
38 ~~district which is not a party to an agreement under K.S.A. 72-4421, and~~
39 ~~amendments thereto, should there be insufficient or no moneys in the~~
40 ~~vocational education fund to pay such tuition, the board of education shall~~
41 ~~transfer from the general fund to the vocational education fund such~~
42 ~~amount as will satisfy the insufficiency.~~

43 Sec. 5. K.S.A. 72-6405 is hereby amended to read as follows: 72-

1 6405. (a) K.S.A. 72-6405 through ~~72-6440~~ 72-6447 and sections 1, 2 and
2 3, and amendments thereto, shall be known and may be cited as the
3 school district finance and quality performance act.

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

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

10 Sec. 6. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as
11 follows: 72-6407. (a) (1) "Pupil" means (A) any person who is regularly
12 enrolled in a district and attending kindergarten or any of the grades one
13 through 12 maintained by the district ~~or~~; (B) who is regularly enrolled in
14 a district and attending kindergarten or any of the grades one through 12
15 in another district in accordance with an agreement entered into under
16 authority of K.S.A. 72-8233, and amendments thereto, ~~or~~; or (C) who is
17 regularly enrolled in a district and attending special education *and related*
18 *services provided for preschool-aged exceptional children by the district.*

19 (2) Except as otherwise provided in this subsection, a pupil in at-
20 tendance full time shall be counted as one pupil. A pupil in attendance
21 part time shall be counted as that proportion of one pupil (to the nearest
22 $\frac{1}{10}$) that the pupil's attendance bears to full-time attendance. A pupil
23 attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in
24 and attending an institution of postsecondary education which is author-
25 ized under the laws of this state to award academic degrees shall be
26 counted as one pupil if the pupil's postsecondary education enrollment
27 and attendance together with the pupil's attendance in either of the
28 grades 11 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted
29 as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of
30 the pupil's postsecondary education attendance and attendance in grade
31 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in
32 and attending an area vocational school, area vocational-technical school
33 or approved vocational education program shall be counted as one pupil
34 if the pupil's vocational education enrollment and attendance together
35 with the pupil's attendance in any of grades nine through 12 is at least $\frac{5}{6}$
36 time, otherwise the pupil shall be counted as that proportion of one pupil
37 (to the nearest $\frac{1}{10}$) that the total time of the pupil's vocational education
38 attendance and attendance in any of grades nine through 12 bears to full-
39 time attendance. A pupil enrolled in a district and attending special ed-
40 ucation and related services, except special education and related services
41 for preschool-aged exceptional children, provided for by the district shall
42 be counted as one pupil. A pupil enrolled in a district and attending
43 special education and related services for preschool-aged exceptional chil-

1 dren provided for by the district shall be counted as $\frac{1}{2}$ pupil. A preschool-
2 aged at-risk pupil enrolled in a district and receiving services under an
3 approved at-risk pupil assistance plan maintained by the district shall be
4 counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social and
5 rehabilitation services and enrolled in unified school district No. 259,
6 Sedgwick county, Kansas, but housed, maintained, and receiving educa-
7 tional services at the Judge James V. Riddel Boys Ranch, shall be counted
8 as two pupils.

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

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

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

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

27 (e) "Enrollment" means: (1) For districts scheduling the school days
28 or school hours of the school term on a trimestral or quarterly basis, the
29 number of pupils regularly enrolled in the district on September 20 plus
30 the number of pupils regularly enrolled in the district on February 20
31 less the number of pupils regularly enrolled on February 20 who were
32 counted in the enrollment of the district on September 20; and for dis-
33 tricts not specified in this clause (1), the number of pupils regularly en-
34 rolled in the district on September 20; (2) if enrollment in a district in
35 any school year has decreased from enrollment in the preceding school
36 year, enrollment of the district in the current school year means which-
37 ever is the greater of (A) enrollment in the preceding school year minus
38 enrollment in such school year of preschool-aged at-risk pupils, if any
39 such pupils were enrolled, plus enrollment in the current school year of
40 preschool-aged at-risk pupils, if any such pupils are enrolled, or (B) the
41 sum of enrollment in the current school year of preschool-aged at-risk
42 pupils, if any such pupils are enrolled and the average (mean) of the sum
43 of (i) enrollment of the district in the current school year minus enroll-

1 ment in such school year of preschool-aged at-risk pupils, if any such
 2 pupils are enrolled and (ii) enrollment in the preceding school year minus
 3 enrollment in such school year of preschool-aged at-risk pupils, if any
 4 such pupils were enrolled and (iii) enrollment in the school year next
 5 preceding the preceding school year minus enrollment in such school year
 6 of preschool-aged at-risk pupils, if any such pupils were enrolled; or (3)
 7 the number of pupils as determined under K.S.A. 72-6447, and amend-
 8 ments thereto.

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

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

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

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

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

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

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

40 ~~(m) “Ancillary school facilities weighting” means an addend compo-~~
 41 ~~nent assigned to enrollment of districts to which the provisions of K.S.A.~~
 42 ~~72-6441, and amendments thereto, apply on the basis of costs attributable~~
 43 ~~to commencing operation of new school facilities. Ancillary school facil-~~

1 ~~ities weighting may be assigned to enrollment of a district only if the~~
2 ~~district has levied a tax under authority of K.S.A. 72-6441, and amend-~~
3 ~~ments thereto, and remitted the proceeds from such tax to the state trea-~~
4 ~~surer. Ancillary school facilities weighting is in addition to assignment of~~
5 ~~school facilities weighting to enrollment of any district eligible for such~~
6 ~~weighting.~~

7 ~~(n)~~ (k) “Juvenile detention facility” means: (1) Any secure public or
8 private facility which is used for the lawful custody of accused or adju-
9 dicated juvenile offenders and which shall not be a jail;

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

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

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

27 Sec. 7. K.S.A. 2003 Supp. 72-6409 is hereby amended to read as
28 follows: 72-6409. (a) “General fund” means the fund of a district from
29 which operating expenses are paid and in which is deposited the proceeds
30 from the tax levied under K.S.A. 72-6431, and amendments thereto, all
31 amounts of general state aid under this act, payments under K.S.A. 72-
32 7105a, and amendments thereto, payments of federal funds made avail-
33 able under the provisions of title I of public law 874, except amounts
34 received for assistance in cases of major disaster and amounts received
35 under the low-rent housing program, and such other moneys as are pro-
36 vided by law.

37 (b) “Operating expenses” means the total expenditures and lawful
38 transfers from the general fund of a district during a school year for all
39 purposes, except expenditures for the purposes specified in K.S.A. 72-
40 6430, and amendments thereto.

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

43 (d) “Budget per pupil” means the general fund budget of a district

1 divided by the enrollment of the district.

2 (e) “Program weighted fund” means and includes the ~~following funds~~
3 ~~of a district: Vocational education fund, special education fund~~ and bilin-
4 gual education fund.

5 (f) “Categorical fund” means and includes the following funds of a
6 district: ~~Special education fund~~, Food service fund, driver training fund,
7 adult education fund, adult supplementary education fund, area voca-
8 tional school fund, professional development fund, parent education pro-
9 gram fund, summer program fund, extraordinary school program fund,
10 and educational excellence grant program fund.

11 Sec. 8. K.S.A. 72-6410 is hereby amended to read as follows: 72-
12 6410. (a) “State financial aid” means an amount equal to the product
13 obtained by multiplying base state aid per pupil by the adjusted enroll-
14 ment of a district.

15 (b) “Base state aid per pupil” means an amount of state financial aid
16 per pupil. ~~Subject to the other provisions of this subsection, the amount~~
17 ~~of base state aid per pupil is \$3,890. The amount of base state aid per~~
18 ~~pupil is subject to reduction commensurate with any reduction under~~
19 ~~K.S.A. 75-6704, and amendments thereto, in the amount of the approp-~~
20 ~~riation from the state general fund for general state aid. If the amount~~
21 ~~of appropriations for general state aid is insufficient to pay in full the~~
22 ~~amount each district is entitled to receive for any school year, the amount~~
23 ~~of base state aid per pupil for such school year is subject to reduction~~
24 ~~commensurate with the amount of the insufficiency as determined by~~
25 ~~section 1, and amendments thereto.~~

26 (c) “Local effort” means the sum of an amount equal to the proceeds
27 from the tax levied under authority of K.S.A. 72-6431, and amendments
28 thereto, and an amount equal to any unexpended and unencumbered
29 balance remaining in the general fund of the district, except amounts
30 received by the district and authorized to be expended for the purposes
31 specified in K.S.A. 72-6430, and amendments thereto, and an amount
32 equal to any unexpended and unencumbered balances remaining in the
33 program weighted ~~funds~~ *fund* of the district, ~~except any amount in the~~
34 ~~vocational education fund of the district if the district is operating an area~~
35 ~~vocational school~~, and an amount equal to any remaining proceeds from
36 taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amend-
37 ments thereto, prior to the repeal of such statutory sections, and an
38 amount equal to the amount deposited in the general fund in the current
39 school year from amounts received in such year by the district under the
40 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
41 and an amount equal to the amount deposited in the general fund in the
42 current school year from amounts received in such year by the district
43 pursuant to contracts made and entered into under authority of K.S.A.

1 72-6757, and amendments thereto, and an amount equal to the amount
2 credited to the general fund in the current school year from amounts
3 distributed in such year to the district under the provisions of articles 17
4 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-
5 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,
6 ~~and an amount equal to the amount of payments received by the district~~
7 ~~under the provisions of K.S.A. 72-979, and amendments thereto,~~ and an
8 amount equal to the amount of a grant, if any, received by the district
9 under the provisions of K.S.A. 72-983, and amendments thereto, and an
10 amount equal to 75% of the federal impact aid of the district.

11 (d) "Federal impact aid" means an amount equal to the federally
12 qualified percentage of the amount of moneys a district receives in the
13 current school year under the provisions of title I of public law 874 and
14 congressional appropriations therefor, excluding amounts received for as-
15 sistance in cases of major disaster and amounts received under the low-
16 rent housing program. The amount of federal impact aid defined herein
17 as an amount equal to the federally qualified percentage of the amount
18 of moneys provided for the district under title I of public law 874 shall
19 be determined by the state board in accordance with terms and conditions
20 imposed under the provisions of the public law and rules and regulations
21 thereunder.

22 Sec. 9. K.S.A. 72-6411 is hereby amended to read as follows: 72-
23 6411. (a) The transportation weighting of each district shall be deter-
24 mined by the state board as follows:

25 (1) Determine the total expenditures of the district during the pre-
26 ceding school year from all funds for transporting pupils of public and
27 nonpublic schools on regular school routes;

28 (2) divide the amount determined under (1) by the total number of
29 pupils who were included in the enrollment of the district in the preced-
30 ing school year and for whom transportation was made available by the
31 district;

32 (3) multiply the quotient obtained under (2) by the total number of
33 pupils who were included in the enrollment of the district in the preced-
34 ing school year, were residing less than ~~2 1/2~~ 1.25 miles by the usually
35 traveled road from the school building they attended, and for whom trans-
36 portation was made available by the district;

37 (4) multiply the product obtained under (3) by 50%;

38 (5) subtract the product obtained under (4) from the amount deter-
39 mined under (1);

40 (6) divide the remainder obtained under (5) by the total number of
41 pupils who were included in the enrollment of the district in the preced-
42 ing school year, were residing ~~2 1/2~~ 1.25 miles or more by the usually
43 traveled road from the school building they attended and for whom trans-

1 portation was made available by the district. The quotient is the per-pupil
2 cost of transportation;

3 (7) on a density-cost graph plot the per-pupil cost of transportation
4 for each district;

5 (8) construct a curve of best fit for the points so plotted;

6 (9) locate the index of density for the district on the base line of the
7 density-cost graph and from the point on the curve of best fit directly
8 above this point of index of density follow a line parallel to the base line
9 to the point of intersection with the vertical line, which point is the for-
10 mula per-pupil cost of transportation of the district;

11 (10) divide the formula per-pupil cost of transportation of the district
12 by base state aid per pupil;

13 (11) multiply the quotient obtained under (10) by the number of
14 pupils who are included in the enrollment of the district, are residing ~~2 1/2~~
15 1.25 miles or more by the usually traveled road to the school building
16 they attend, and for whom transportation is being made available by, and
17 at the expense of, the district. The product is the transportation weighting
18 of the district.

19 (b) For the purpose of providing accurate and reliable data on pupil
20 transportation, the state board is authorized to adopt rules and regulations
21 prescribing procedures which districts shall follow in reporting pertinent
22 information relative thereto, including uniform reporting of expenditures
23 for transportation.

24 (c) "Index of density" means the number of pupils who are included
25 in the enrollment of a district in the current school year, are residing ~~2 1/2~~
26 1.25 miles or more by the usually traveled road from the school building
27 they attend, and for whom transportation is being made available on reg-
28 ular school routes by the district, divided by the number of square miles
29 of territory in the district.

30 (d) "Density-cost graph" means a drawing having: (1) A horizontal or
31 base line divided into equal intervals of density, beginning with zero on
32 the left; and (2) a scale for per-pupil cost of transportation to be shown
33 on a line perpendicular to the base line at the left end thereof, such scale
34 to begin with zero dollars at the base line ascending by equal per-pupil
35 cost intervals.

36 (e) "Curve of best fit" means the curve on a density-cost graph drawn
37 so the sum of the distances squared from such line to each of the points
38 plotted on the graph is the least possible.

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

41 Sec. 10. K.S.A. 72-6413 is hereby amended to read as follows: 72-
42 6413. The program weighting of each district shall be determined by the
43 state board as follows:

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

3 ~~(b) compute full time equivalent enrollment in approved vocational~~
 4 ~~education programs and multiply the computed enrollment by 0.5;~~

5 ~~(c) add the products obtained under (a) and (b). The sum is the pro-~~
 6 ~~gram weighting of the district.~~

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

9 *(a) Determine the full time equivalent enrollment of each district.*

10 *(b) (1) Determine the number of pupils attending special education*
 11 *and related services included in the enrollment of the district;*

12 *(2) multiply the number determined under paragraph (1) of this sub-*
 13 *section by .00002;*

14 *(3) add .90 to the product determined under paragraph (2) of this*
 15 *subsection. The sum is the special education and related services weight-*
 16 *ing of the district.*

17 *(b) (1) Determine the number of pupils enrolled in programs of bi-*
 18 *lingual education;*

19 *(2) (A) for districts with an enrollment of less than 500, multiply the*
 20 *number determined under paragraph (1) of this subsection by .15. The*
 21 *product is the bilingual weighting of the district;*

22 *(B) for districts with an enrollment of at least 500 but less than 1,000:*

23 *(i) Subtract 500 from the enrollment of the district;*

24 *(ii) multiply the remainder determined under paragraph (i) of this*
 25 *subsection by .0014;*

26 *(iii) add .15 to the product determined under paragraph (ii) of this*
 27 *subsection. The sum is the bilingual weighting of the district;*

28 *(C) for districts with an enrollment of 1,000 or more:*

29 *(i) Subtract 1,000 from the enrollment of the district;*

30 *(ii) multiply the remainder determined under paragraph (i) of this*
 31 *subsection by .000005.*

32 *(iii) add .85 to the product obtained under paragraph (ii) of this sub-*
 33 *section. The sum is the bilingual education weighting of the district.*

34 *(c) The sum of the special education and related services weighting*
 35 *of the district and the bilingual education weighting of the district is the*
 36 *program weighting of the district.*

37 Sec. 11. K.S.A. 72-6414 is hereby amended to read as follows: 72-

38 6414. (a) The at-risk pupil weighting of each district shall be determined

39 by the state board by multiplying the number of at-risk pupils included

40 in enrollment of the district by .10. The product is the at-risk pupil weight-

41 ing of the district as follows:

42 *(1) Determine the full time equivalent enrollment of the district;*

43 *(2) determine the number of at-risk pupils included in the enrollment*

1 of the district.

2 (3) For districts with an enrollment of less than 200, multiply the
3 number determined under paragraph (2) by .20. The product is the at-
4 risk weighting of the district.

5 (4) For districts of 200 or more:

6 (A) Divide 1,000 by the enrollment of the district;

7 (B) multiply the quotient obtained under paragraph (A) by .08;

8 (C) subtract the product determined under paragraph (B) from .60.
9 The remainder is the at-risk weighting of the district.

10 (b) Except as provided in subsection (d), of the amount a district
11 receives from the at-risk pupil weighting, an amount produced by a pupil
12 weighting of .01 shall be used by the district for achieving mastery of
13 basic reading skills by completion of the third grade in accordance with
14 standards and outcomes of mastery identified by the state board under
15 K.S.A. 72-7534, and amendments thereto.

16 (c) A district shall include such information in its at-risk pupil assis-
17 tance plan as the state board may require regarding the district's reme-
18 diation strategies and the results thereof in achieving the third grade
19 reading standards and outcomes of mastery identified by the state board.
20 The reporting requirements shall include information documenting re-
21 mediation strategies and improvement made by pupils who performed
22 below the expected standard on the second grade diagnostic reading test
23 prescribed by the state board.

24 (d) A district whose pupils substantially achieve the state board stan-
25 dards and outcomes of mastery of reading skills upon completion of third
26 grade may be released, upon request, by the state board from the require-
27 ments of subsection (b).

28 Sec. 12. K.S.A. 72-6415 is hereby amended to read as follows: 72-
29 6415. (a) The school facilities weighting of each district shall be deter-
30 mined in each school year in which such weighting may be assigned to
31 enrollment of the district as follows:

32 (1) Determine the number of pupils, included in enrollment of the
33 district, who are attending a new school facility;

34 (2) (A) multiply the number of pupils determined under *paragraph*
35 (1) by .25 in the first year in which such weighting may be assigned;

36 (B) multiply the number of pupils determined under *paragraph (1)*
37 by .16 in the second year in which such weighting may be assigned;

38 (C) multiply the number of pupils determined under *paragraph (1)*
39 by .08 in the third year in which such weighting may be assigned.

40 (b) The product determined under subsection (a) is the school facil-
41 ities weighting of the district.

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

1 Sec. 13. K.S.A. 72-6420 is hereby amended to read as follows: 72-
2 6420. (a) There is hereby established in every district a fund which shall
3 be called the special education fund, which fund shall consist of all mon-
4 eys deposited therein or transferred thereto according to law. ~~Notwith-~~
5 ~~standing any other provision of law~~ *Except as provided herein*, all moneys
6 received by the district from whatever source for special education shall
7 be credited to the special education fund established by this section, ex-
8 cept that (1) amounts of payments received by a district under K.S.A. 72-
9 979, and amendments thereto, and amounts of grants, if any, received by
10 a district under K.S.A. 72-983, and amendments thereto, shall be depos-
11 ited in the general fund of the district and transferred to the special
12 education fund, and (2). *Any* moneys received by a district pursuant to
13 lawful agreements made under K.S.A. 72-968, and amendments thereto,
14 shall be credited to the special fund established under the agreements.
15 (b) The expenses of a district directly attributable to special education
16 shall be paid from the special education fund and from special funds
17 established under K.S.A. 72-968, and amendments thereto.

18 (c) Obligations of a district pursuant to lawful agreements made un-
19 der K.S.A. 72-968, and amendments thereto, shall be paid from the spe-
20 cial education fund established by this section.

21 Sec. 14. K.S.A. 72-6421 is hereby amended to read as follows: 72-
22 6421. (a) ~~There is hereby established in every district a fund which shall~~
23 ~~be called the vocational education fund.~~ All moneys received by a district
24 for any course or program authorized and approved under the provisions
25 of article 44 of chapter 72 of Kansas Statutes Annotated, except for
26 courses and programs conducted in an area vocational school, shall be
27 credited to the ~~vocational education fund~~ *general fund of the school dis-*
28 *trict*. All moneys received by the district from tuition, fees or charges or
29 from any other source for vocational education courses or programs, ex-
30 cept for courses and programs conducted in an area vocational school,
31 shall be credited to the ~~vocational education~~ *general* fund. The expenses
32 of a district directly attributable to vocational education shall be paid from
33 the ~~vocational education~~ *general* fund.

34 (b) Obligations of a district pursuant to lawful agreements made un-
35 der K.S.A. 72-4421, and amendments thereto, shall be paid from the
36 ~~vocational education fund established by this section~~ *general fund of the*
37 *school district*. If any such agreement expresses an obligation of a district
38 in terms of a mill levy, such obligation shall be construed to mean an
39 amount equal to that which would be produced by the levy.

40 (c) ~~The provisions of this section shall take effect and be in force~~
41 ~~from and after July 1, 1992.~~ *The vocational education fund of each district*
42 *is hereby abolished. Any moneys in such fund shall be transferred and*
43 *credited to the general fund of the school district.*

1 Sec. 15. K.S.A. 2003 Supp. 72-6431 is hereby amended to read as
2 follows: 72-6431. (a) The board of each district shall levy an ad valorem
3 tax upon the taxable tangible property of the district in the school years
4 specified in subsection (b) for the purpose of:

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

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

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

15 (b) The tax required under subsection (a) shall be levied at a rate of
16 ~~20~~ 35 mills in the school year ~~2003-2004~~ and school year 2004-2005 *and*
17 *school year 2005-2006*.

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

24 (d) On June 1 of each year, the amount, if any, by which a district's
25 local effort exceeds the amount of the district's state financial aid, as
26 determined by the state board, shall be remitted to the state treasurer.
27 Upon receipt of any such remittance, the state treasurer shall deposit the
28 same in the state treasury to the credit of the state school district finance
29 fund.

30 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
31 1964b, and amendments thereto.

32 Sec. 16. K.S.A. 2003 Supp. 72-8302 is hereby amended to read as
33 follows: 72-8302. (a) The board of education of a school district may
34 provide or furnish transportation for pupils who are enrolled in the school
35 district to or from any school of the school district or to or from any
36 school of another school district attended by such pupils in accordance
37 with the provisions of an agreement entered into under authority of
38 K.S.A. 72-8233, and amendments thereto.

39 (b) (1) When any or all of the conditions specified in this provision
40 exist, the board of education of a school district shall provide or furnish
41 transportation for pupils who reside in the school district and who attend
42 any school of the school district or who attend any school of another
43 school district in accordance with the provisions of an agreement entered

1 into under authority of K.S.A. 72-8233, and amendments thereto. The
2 conditions which apply to the requirements of this provision are as
3 follows:

4 (A) The residence of the pupil is inside or outside the corporate limits
5 of a city, the school building attended is outside the corporate limits of a
6 city and the school building attended is more than ~~2 1/2~~ 1.25 miles by the
7 usually traveled road from the residence of the pupil; or

8 (B) the residence of the pupil is outside the corporate limits of a city,
9 the school building attended is inside the corporate limits of a city and
10 the school building attended is more than ~~2 1/2~~ 1.25 miles by the usually
11 traveled road from the residence of the pupil; or

12 (C) the residence of the pupil is inside the corporate limits of one
13 city, the school building attended is inside the corporate limits of a dif-
14 ferent city and the school building attended is more than ~~2 1/2~~ 1.25 miles
15 by the usually traveled road from the residence of the pupil.

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

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

24 (d) The board of education of every school district may suspend or
25 revoke the transportation privilege or entitlement of any pupil who is
26 detained at school at the conclusion of the school day for violation of any
27 rules and regulations governing pupil conduct or for disobedience of an
28 order of a teacher or other school authority. Suspension or revocation of
29 the transportation privilege or entitlement of any pupil specified in this
30 subsection shall be limited to the school day or days on which the pupil
31 is detained at school. The provisions of this subsection do not apply to
32 any pupil who has been determined to be an exceptional child, except
33 gifted children, under the provisions of the special education for excep-
34 tional children act.

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

40 (A) Fees for the provision or furnishing of transportation for pupils
41 shall be prescribed and collected only to recover the costs incurred as a
42 result of and directly attributable to the provision or furnishing of trans-
43 portation for pupils and only to the extent that such costs are not reim-

1 bursed from any other source provided by law;
 2 (B) fees for the provision or furnishing of transportation may not be
 3 assessed against or collected from any pupil who is counted in determin-
 4 ing the transportation weighting of the school district under the provisions
 5 of the school district finance and quality performance act or any pupil
 6 who is determined to be a child with disabilities under the provisions of
 7 the special education for exceptional children act or any pupil who is
 8 eligible for free or reduced price meals under the national school lunch
 9 act or any pupil who is entitled to transportation under the provisions of
 10 subsection (a) of K.S.A. 72-8306, and amendments thereto, and who re-
 11 sides ~~2 1/2~~ 1.25 miles or more by the regular route of a school bus from
 12 the school attended;

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

17 (2) All moneys received by a school district from fees collected under
 18 this subsection shall be deposited in the general fund of the district.

19 Sec. 17. K.S.A. 2003 Supp. 79-32,110 is hereby amended to read as
 20 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
 21 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is
 22 hereby imposed upon the Kansas taxable income of every resident indi-
 23 vidual, which tax shall be computed in accordance with the following tax
 24 schedules:

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

26 If the taxable income is:	The tax is:
27 Not over \$30,000	3.5% of Kansas taxable income
28 Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
29 Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000

30 (2) *All other individuals.*

31 (A) For tax year 1997:

32 If the taxable income is:	The tax is:
33 Not over \$20,000	4.1% of Kansas taxable income
34 Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000
35 Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000

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

37 If the taxable income is:	The tax is:
38 Not over \$15,000	3.5% of Kansas taxable income
39 Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
40 Over \$30,000	\$1,462.50 plus 6.45% of excess over \$30,000

41 (b) *Nonresident Individuals*. A tax is hereby imposed upon the Kansas
 42 taxable income of every nonresident individual, which tax shall be an
 43 amount equal to the tax computed under subsection (a) as if the nonres-

1 ident were a resident multiplied by the ratio of modified Kansas source
2 income to Kansas adjusted gross income.

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

7 (1) The normal tax shall be in an amount equal to 4% of the Kansas
8 taxable income of such corporation; and

9 (2) the surtax shall be in an amount equal to 3.35% of the Kansas
10 taxable income of such corporation in excess of \$50,000.

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

14 (e) *In addition to the tax imposed pursuant to subsections (a) and (b),*
15 *for tax years commencing after December 31, 2003, a surcharge shall be*
16 *imposed on resident individuals and nonresident individuals and corpo-*
17 *rations in the amount of 15% of the tax due pursuant to subsections (a),*
18 *(b) and (c), computed without regard to any applicable income tax credits.*

19 Sec. 18. K.S.A. 2003 Supp. 79-3603 is hereby amended to read as
20 follows: 79-3603. For the privilege of engaging in the business of selling
21 tangible personal property at retail in this state or rendering or furnishing
22 any of the services taxable under this act, there is hereby levied and there
23 shall be collected and paid a tax at the rate of 5.3% on and after July 1,
24 2002, and before July 1, 2004, ~~5.2%~~ 6.3% on and after July 1, 2004, ~~and~~
25 ~~before July 1, 2005, and 5% on and after July 1, 2005,~~ and, within a
26 redevelopment district established pursuant to K.S.A. 74-8921, and
27 amendments thereto, there is hereby levied and there shall be collected
28 and paid an additional tax at the rate of 2% until the earlier of the date
29 the bonds issued to finance or refinance the redevelopment project have
30 been paid in full or the final scheduled maturity of the first series of bonds
31 issued to finance any part of the project upon:

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

34 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
35 ices; (2) the gross receipts received from the sale of interstate telephone
36 or telegraph services, which (A) originate within this state and terminate
37 outside the state and are billed to a customer's telephone number or
38 account in this state; or (B) originate outside this state and terminate
39 within this state and are billed to a customer's telephone number or ac-
40 count in this state except that the sale of interstate telephone or telegraph
41 service does not include: (A) Any interstate incoming or outgoing wide
42 area telephone service or wide area transmission type service which en-
43 titles the subscriber to make or receive an unlimited number of com-

1 munications to or from persons having telephone service in a specified
2 area which is outside the state in which the station provided this service
3 is located; (B) any interstate private communications service to the per-
4 sons contracting for the receipt of that service that entitles the purchaser
5 to exclusive or priority use of a communications channel or group of
6 channels between exchanges; (C) any value-added nonvoice service in
7 which computer processing applications are used to act on the form, con-
8 tent, code or protocol of the information to be transmitted; (D) any tel-
9 ecommunication service to a provider of telecommunication services
10 which will be used to render telecommunications services, including car-
11 rier access services; or (E) any service or transaction defined in this sec-
12 tion among entities classified as members of an affiliated group as pro-
13 vided by section 1504 of the federal internal revenue code of 1986, as in
14 effect on January 1, 2001; and (3) the gross receipts from the provision
15 of services taxable under this subsection which are billed on a combined
16 basis with nontaxable services, shall be accounted for and the tax remitted
17 as follows: The taxable portion of the selling price of those combined
18 services shall include only those charges for taxable services if the selling
19 price for the taxable services can be readily distinguishable in the retailer's
20 books and records from the selling price for the nontaxable services. Oth-
21 erwise, the gross receipts from the sale of both taxable and nontaxable
22 services billed on a combined basis shall be deemed attributable to the
23 taxable services included therein. Within 90 days of billing taxable services
24 on a combined basis with nontaxable services, the retailer shall enter into
25 a written agreement with the secretary identifying the methodology to be
26 used in determining the taxable portion of the selling price of those com-
27 bined services. The burden of proving that any receipt or charge is not
28 taxable shall be upon the retailer. Upon request from the customer, the
29 retailer shall disclose to the customer the selling price for the taxable
30 services included in the selling price for the taxable and nontaxable serv-
31 ices billed on a combined basis;

32 (c) the gross receipts from the sale or furnishing of gas, water, elec-
33 tricity and heat, which sale is not otherwise exempt from taxation under
34 the provisions of this act, and whether furnished by municipally or pri-
35 vately owned utilities, except that, on and after January 1, 2006, for sales
36 of gas, electricity and heat delivered through mains, lines or pipes to
37 residential premises for noncommercial use by the occupant of such
38 premises, and for agricultural use and also, for such use, all sales of pro-
39 pane gas, the state rate shall be 0%; and for all sales of propane gas, LP
40 gas, coal, wood and other fuel sources for the production of heat or light-
41 ing for noncommercial use of an occupant of residential premises, the
42 state rate shall be 0%, but such tax shall not be levied and collected upon
43 the gross receipts from: (1) The sale of a rural water district benefit unit;

1 (2) a water system impact fee, system enhancement fee or similar fee
2 collected by a water supplier as a condition for establishing service; or (3)
3 connection or reconnection fees collected by a water supplier;

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

8 (e) the gross receipts from the sale of admissions to any place pro-
9 viding amusement, entertainment or recreation services including admis-
10 sions to state, county, district and local fairs, but such tax shall not be
11 levied and collected upon the gross receipts received from sales of ad-
12 missions to any cultural and historical event which occurs triennially;

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

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

23 (h) the gross receipts from the service of renting or leasing of tangible
24 personal property except such tax shall not apply to the renting or leasing
25 of machinery, equipment or other personal property owned by a city and
26 purchased from the proceeds of industrial revenue bonds issued prior to
27 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
28 12-1749, and amendments thereto, and any city or lessee renting or leas-
29 ing such machinery, equipment or other personal property purchased
30 with the proceeds of such bonds who shall have paid a tax under the
31 provisions of this section upon sales made prior to July 1, 1973, shall be
32 entitled to a refund from the sales tax refund fund of all taxes paid
33 thereon;

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

37 (j) the gross receipts from the rendering of the services of washing
38 and washing and waxing of vehicles;

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

41 (l) (1) except as otherwise provided by paragraph (2), the gross re-
42 cepts received from the sales of tangible personal property to all con-
43 tractors, subcontractors or repairmen for use by them in erecting struc-

1 tures, or building on, or otherwise improving, altering, or repairing real
2 or personal property.

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

10 (m) the gross receipts received from fees and charges by public and
11 private clubs, drinking establishments, organizations and businesses for
12 participation in sports, games and other recreational activities, but such
13 tax shall not be levied and collected upon the gross receipts received from:
14 (1) Fees and charges by any political subdivision, by any organization
15 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
16 201, and amendments thereto, or by any youth recreation organization
17 exclusively providing services to persons 18 years of age or younger which
18 is exempt from federal income taxation pursuant to section 501(c)(3) of
19 the federal internal revenue code of 1986, for participation in sports,
20 games and other recreational activities; and (2) entry fees and charges for
21 participation in a special event or tournament sanctioned by a national
22 sporting association to which spectators are charged an admission which
23 is taxable pursuant to subsection (e);

24 (n) the gross receipts received from dues charged by public and pri-
25 vate clubs, drinking establishments, organizations and businesses, pay-
26 ment of which entitles a member to the use of facilities for recreation or
27 entertainment, but such tax shall not be levied and collected upon the
28 gross receipts received from: (1) Dues charged by any organization ex-
29 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
30 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
31 in a nonprofit organization which is exempt from federal income taxation
32 pursuant to section 501 (c)(3) of the federal internal revenue code of
33 1986, and whose purpose is to support the operation of a nonprofit zoo;

34 (o) the gross receipts received from the isolated or occasional sale of
35 motor vehicles or trailers but not including: (1) The transfer of motor
36 vehicles or trailers by a person to a corporation or limited liability com-
37 pany solely in exchange for stock securities or membership interest in
38 such corporation or limited liability company; or (2) the transfer of motor
39 vehicles or trailers by one corporation or limited liability company to
40 another when all of the assets of such corporation or limited liability
41 company are transferred to such other corporation or limited liability
42 company; or (3) the sale of motor vehicles or trailers which are subject
43 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and

1 amendments thereto, by an immediate family member to another im-
2 mediate family member. For the purposes of clause (3), immediate family
3 member means lineal ascendants or descendants, and their spouses. In
4 determining the base for computing the tax on such isolated or occasional
5 sale, the fair market value of any motor vehicle or trailer traded in by the
6 purchaser to the seller may be deducted from the selling price;

7 (p) the gross receipts received for the service of installing or applying
8 tangible personal property which when installed or applied is not being
9 held for sale in the regular course of business, and whether or not such
10 tangible personal property when installed or applied remains tangible
11 personal property or becomes a part of real estate, except that no tax shall
12 be imposed upon the service of installing or applying tangible personal
13 property in connection with the original construction of a building or
14 facility, the original construction, reconstruction, restoration, remodeling,
15 renovation, repair or replacement of a residence or the construction, re-
16 construction, restoration, replacement or repair of a bridge or highway.

17 For the purposes of this subsection:

18 (1) "Original construction" shall mean the first or initial construction
19 of a new building or facility. The term "original construction" shall include
20 the addition of an entire room or floor to any existing building or facility,
21 the completion of any unfinished portion of any existing building or fa-
22 cility and the restoration, reconstruction or replacement of a building or
23 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
24 or earthquake, but such term, except with regard to a residence, shall not
25 include replacement, remodeling, restoration, renovation or reconstruc-
26 tion under any other circumstances;

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

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

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

39 (q) the gross receipts received for the service of repairing, servicing,
40 altering or maintaining tangible personal property which when such serv-
41 ices are rendered is not being held for sale in the regular course of busi-
42 ness, and whether or not any tangible personal property is transferred in
43 connection therewith. The tax imposed by this subsection shall be appli-

1 cable to the services of repairing, servicing, altering or maintaining an
2 item of tangible personal property which has been and is fastened to,
3 connected with or built into real property;

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

7 (s) the gross receipts received from the sale of computer software,
8 the sale of the service of providing computer software other than pre-
9 written computer software and the sale of the services of modifying, al-
10 tering, updating or maintaining computer software, whether the com-
11 puter software is installed or delivered electronically by tangible storage
12 media physically transferred to the purchaser or by load and leave;

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

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

23 (v) the gross receipts received from the sales of bingo cards, bingo
24 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,
25 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
26 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
27 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
28 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,
29 and amendments thereto, shall be exempt from taxes imposed pursuant
30 to this section.

31 Sec. 19. K.S.A. 2003 Supp. 79-3620 is hereby amended to read as
32 follows: 79-3620. (a) All revenue collected or received by the director of
33 taxation from the taxes imposed by this act shall be remitted to the state
34 treasurer in accordance with the provisions of K.S.A. 75-4215, and
35 amendments thereto. Upon receipt of each such remittance, the state
36 treasurer shall deposit the entire amount in the state treasury, less
37 amounts withheld as provided in subsection (b) and amounts credited as
38 provided in subsection (c) and (d), to the credit of the state general fund.

39 (b) A refund fund, designated as "sales tax refund fund" not to exceed
40 \$100,000 shall be set apart and maintained by the director from sales tax
41 collections and estimated tax collections and held by the state treasurer
42 for prompt payment of all sales tax refunds including refunds authorized
43 under the provisions of K.S.A. 79-3635, and amendments thereto. Such

1 fund shall be in such amount, within the limit set by this section, as the
2 director shall determine is necessary to meet current refunding require-
3 ments under this act. In the event such fund as established by this section
4 is, at any time, insufficient to provide for the payment of refunds due
5 claimants thereof, the director shall certify the amount of additional funds
6 required to the director of accounts and reports who shall promptly trans-
7 fer the required amount from the state general fund to the sales tax refund
8 fund, and notify the state treasurer, who shall make proper entry in the
9 records.

10 (c) (1) The state treasurer shall credit $\frac{5}{8}$ s of the revenue collected
11 or received from the tax imposed by K.S.A. 79-3603, and amendments
12 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
13 exclusive of amounts credited pursuant to subsection (d), in the state
14 highway fund.

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

20 (3) ~~The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and~~
21 ~~received from the tax imposed by K.S.A. 79-3603, and amendments~~
22 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
23 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
24 ~~highway fund.~~ *The state treasurer shall credit $\frac{5}{126}$ of the revenue collected*
25 *or received from the tax imposed by K.S.A. 79-3603, and amendments*
26 *thereto, at the rate of 6.3%, and deposited as provided in subsection (a),*
27 *exclusive of amounts credited pursuant to subsection (d), in the state high-*
28 *way fund.*

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

42 Sec. 20. K.S.A. 2003 Supp. 79-3703 is hereby amended to read as
43 follows: 79-3703. There is hereby levied and there shall be collected from

1 every person in this state a tax or excise for the privilege of using, storing,
2 or consuming within this state any article of tangible personal property.
3 Such tax shall be levied and collected in an amount equal to the consid-
4 eration paid by the taxpayer multiplied by the rate of 5.3% on and after
5 July 1, 2002, and before July 1, 2004, and ~~5%~~ 6.3% on and after July 1,
6 ~~2006~~ 2004. Within a redevelopment district established pursuant to
7 K.S.A. 74-8921, and amendments thereto, there is hereby levied and
8 there shall be collected and paid an additional tax of 2% until the earlier
9 of: (1) The date the bonds issued to finance or refinance the redevelop-
10 ment project undertaken in the district have been paid in full; or (2) the
11 final scheduled maturity of the first series of bonds issued to finance the
12 redevelopment project. All property purchased or leased within or with-
13 out this state and subsequently used, stored or consumed in this state
14 shall be subject to the compensating tax if the same property or trans-
15 action would have been subject to the Kansas retailers' sales tax had the
16 transaction been wholly within this state.

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

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

32 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected
33 or received from the tax imposed by K.S.A. 79-3703, and amendments
34 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
35 exclusive of amounts credited pursuant to subsection (d), in the state
36 highway fund.

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

42 (3) ~~The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or~~
43 ~~received from the tax imposed by K.S.A. 79-3703, and amendments~~

1 ~~thereto, at the rate of 5%, and deposited as provided by subsection (a),~~
 2 ~~exclusive of amounts credited pursuant to subsection (d), in the state~~
 3 ~~highway fund. The state treasurer shall credit $\frac{5}{126}$ of the revenue collected~~
 4 ~~or received from the tax imposed by K.S.A. 79-3703, and amendments~~
 5 ~~thereto, at the rate of 6.3%, and deposited as provided in subsection (a),~~
 6 ~~exclusive of amounts credited pursuant to subsection (d), in the state high-~~
 7 ~~way fund.~~

8 (d) The state treasurer shall credit all revenue collected or received
 9 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
 10 certified by the director, from taxpayers doing business within that por-
 11 tion of a redevelopment district occupied by a redevelopment project that
 12 was determined by the secretary of commerce and housing to be of state-
 13 wide as well as local importance or will create a major tourism area for
 14 the state as defined in K.S.A. 12-1770a, and amendments thereto, to the
 15 city bond finance fund created by subsection (d) of K.S.A. 79-3620, and
 16 amendments thereto. The provisions of this subsection shall expire when
 17 the total of all amounts credited hereunder and under subsection (d) of
 18 K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special
 19 obligation bonds issued for the purpose of financing all or a portion of
 20 the costs of such redevelopment project.

21 Sec. 22. K.S.A. 2003 Supp. 79-5040 is hereby amended to read as
 22 follows: 79-5040. (a) In 1999, and in each year thereafter, all existing
 23 statutory fund mill levy rate and aggregate levy rate limitations on taxing
 24 subdivisions are hereby suspended.

25 (b) *The provisions of subsection (a) shall not apply to the fund mill*
 26 *levy rate and aggregate levy rate limitations imposed by K.S.A. 72-8801*
 27 *et seq., and amendments thereto.*

28 Sec. 23. K.S.A. 72-979, 72-4419, 72-6405, 72-6410, 72-6411, 72-
 29 6412, 72-6413, 72-6414, 72-6415, 72-6420, 72-6421, 72-6433b, 72-6440,
 30 72-6441, 72-6443 and 72-6446 and K.S.A. 2003 Supp. 72-978, 72-6407,
 31 72-6409, 72-6431, 72-6431b, 72-6431c, 72-8302, 79-201y, 79-32,110, 79-
 32 3603, 79-3603c, 79-3620, 79-3620c, 79-3703, 79-3710, 79-3710a and 79-
 33 5040 are hereby repealed.

34 Sec. 24. This act shall take effect and be in force from and after its
 35 publication in the statute book.

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