

SENATE BILL No. 519

By Committee on Ways and Means

2-12

9 AN ACT concerning state finance; concerning repeal of certain transfers
10 to local units of government and ending balance requirement; amend-
11 ing K.S.A. 65-163j, 65-3306, 65-3327 and 68-581 and K.S.A. 2003
12 Supp. 75-3721, 75-6702, 79-3425, 79-34,104 and 79-34,126 and re-
13 pealing the existing sections; also repealing K.S.A. 19-2694, 68-581a,
14 79-2960, 79-2961, 79-2962, 79-2965, 79-2966, 79-2967, 79-3425f and
15 79-3425g and K.S.A. 2003 Supp. 79-2959, 79-2964, 79-3425c, 79-3425i
16 and 79-34,147.
17

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

19 Section 1. K.S.A. 65-163j is hereby amended to read as follows: 65-
20 163j. (a) The dedicated source of revenue for repayment of a loan to a
21 municipality may include service charges, connection fees, special assess-
22 ments, property taxes, grants or any other source of revenue lawfully
23 available to the municipality for such purpose. In order to ensure repay-
24 ment by municipalities of the amounts of loans provided under this act,
25 the secretary, after consultation with the governing body of any munici-
26 pality which receives a loan, may adopt charges to be levied against in-
27 dividuals and entities served by the project. Any such charges shall remain
28 in effect until the total amount of the loan, and any interest thereon, has
29 been repaid. The charges shall, insofar as is practicable, be equitably
30 assessed and may be in the form of a surcharge to the existing charges of
31 the municipality. The governing body of any municipality which receives
32 a loan under this act shall collect any charges established by the secretary
33 and shall pay the moneys collected therefrom to the secretary in accord-
34 ance with procedures established by the secretary.

35 (b) ~~Upon the failure of a municipality to meet the repayment terms~~
36 ~~and conditions of the agreement, the secretary may order the treasurer~~
37 ~~of the county in which the municipality is located to pay to the secretary~~
38 ~~such portion of the municipality's share of the local ad valorem tax re-~~
39 ~~duction fund as may be necessary to meet the terms of the agreement,~~
40 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and~~
41 ~~amendments thereto. Upon the issuance of such an order, the munici-~~
42 ~~pality shall not be required to make the tax levy reductions otherwise~~
43 ~~required by K.S.A. 79-2960 and 79-2961, and amendments thereto.~~

1 —(e) Municipalities which are provided with loans under this act shall
2 maintain project accounts in accordance with generally accepted govern-
3 ment accounting standards.

4 ~~(d)~~ (c) Any loans received by a municipality under the provisions of
5 this act shall be construed to be bonds for the purposes of K.S.A. 10-1116
6 and 79-5028, and amendments thereto, and the amount of such loans
7 shall not be included within any limitation on the bonded indebtedness
8 of the municipality.

9 Sec. 2. K.S.A. 65-3306 is hereby amended to read as follows: 65-
10 3306. The secretary's annual request for appropriations to the water pol-
11 lution control account shall be based on an estimate of the fiscal needs
12 for the ensuing budget year, less any amounts received by the secretary
13 from any public or private grants or contributions and moneys in such
14 account shall be used solely for the purposes provided for by this act.
15 Moneys allocated to a municipality shall be encumbered as an expendi-
16 ture of this account upon the formal letting of a contract for the improve-
17 ment notwithstanding the date on which actual payment is made of the
18 state financial assistance. Any municipality may contribute moneys to the
19 state water pollution control account. If there are no uncommitted or
20 unencumbered moneys in the water pollution control account, any mun-
21 icipality applying for any water pollution control project as defined in
22 K.S.A. 65-3302, *and amendments thereto*, shall as a condition of such
23 application certify in writing to the secretary that a contribution in the
24 amount of ~~twenty-five percent~~ (25%) of the eligible cost of such project
25 will be made to the water pollution control account by such municipality
26 prior to formal letting of a construction contract. Upon receipt by the
27 secretary, each such contribution shall be retained in a subaccount of the
28 water pollution control account for use solely in the project for which the
29 municipality has made application.

30 ~~Notwithstanding the provisions of K.S.A. 79-2060 and 79-2061, any~~
31 ~~municipality applying for such a water pollution control project may make~~
32 ~~such contribution from all or such part of its share of the local ad valorem~~
33 ~~tax reduction fund as may be necessary for such purpose, and to the extent~~
34 ~~such fund is pledged and used for such purpose the municipality shall~~
35 ~~not be required to make the tax levy reductions otherwise required by~~
36 ~~K.S.A. 79-2060 and 79-2061. Taxes levied by any municipality by reason~~
37 ~~of its failure to make such reduction in its levies shall not be subject to~~
38 ~~or be considered in computing the aggregate limitation upon the levy of~~
39 ~~taxes by such municipality under the provisions of K.S.A. 79-5003, and~~
40 ~~amendments thereto.~~

41 Sec. 3. K.S.A. 65-3327 is hereby amended to read as follows: 65-
42 3327. (a) The dedicated source of revenue for repayment of the loans
43 may include service charges, connection fees, special assessments, prop-

1 erty taxes, grants or any other source of revenue lawfully available to the
2 municipality for such purpose. In order to ensure repayment by munic-
3 ipalities of the amounts of loans provided under K.S.A. 65-3321 through
4 65-3329, and amendments thereto, the secretary, after consultation with
5 the governing body of any municipality which receives a loan, may adopt
6 charges to be levied against users of the project. Any such charges shall
7 remain in effect until the total amount of the loan, and any interest
8 thereon, has been repaid. The charges shall, insofar as is practicable, be
9 equitably assessed and may be in the form of a surcharge to the existing
10 charges of the municipality. The governing body of any municipality
11 which receives a loan under K.S.A. 65-3321 through 65-3329, and amend-
12 ments thereto, shall collect any charges established by the secretary and
13 shall pay the moneys collected therefrom to the secretary in accordance
14 with procedures established by the secretary.

15 ~~(b) Upon the failure of a municipality to meet the repayment terms~~
16 ~~and conditions of the agreement, the secretary may order the treasurer~~
17 ~~of the county in which the municipality is located to pay to the secretary~~
18 ~~such portion of the municipality's share of the local ad valorem tax re-~~
19 ~~duction fund as may be necessary to meet the terms of the agreement,~~
20 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961 and~~
21 ~~amendments thereto. Upon the issuance of such an order, the munic-~~
22 ~~ipality shall not be required to make the tax levy reductions otherwise~~
23 ~~required by K.S.A. 79-2960 and 79-2961 and amendments thereto.~~

24 ~~(e)~~ Municipalities which are provided with loans under K.S.A. 65-
25 3321 through 65-3329, and amendments thereto, shall maintain project
26 accounts in accordance with generally accepted government accounting
27 standards.

28 ~~(d)~~ *(c)* Municipalities which receive a grant and an allowance under
29 the federal act with respect to project costs for which a loan was provided
30 under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall
31 promptly repay such loan to the extent of the allowance received under
32 the federal act.

33 ~~(e)~~ *(d)* Any loans received by a municipality under the provisions of
34 K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be con-
35 strued to be bonds for the purposes of K.S.A. 10-1116 and 79-5028, and
36 amendments thereto, and the amount of such loans shall not be included
37 within any limitation on the bonded indebtedness of the municipality.

38 Sec. 4. K.S.A. 68-581 is hereby amended to read as follows: 68-581.
39 By resolution the board of any county may designate as a primary arterial
40 highway: (1) All or any portion of an existing or proposed new county
41 road or highway; or (2) all or any portion of an existing or a proposed new
42 street within a city in such county which is or would be an extension of a
43 county road or a connecting link between county roads. Such resolution

1 shall set out the primary arterial highway designation and its location, a
2 general description of the proposed improvement and an estimate of the
3 total cost thereof, exclusive of any grants from any other public agency.
4 Upon the adoption of such resolution, a copy thereof attested by the
5 county clerk shall, if such designation is of a city street, be transmitted to
6 the city clerk of each city wherein such primary arterial highway is located
7 or is proposed to be located. The resolution shall become effective upon
8 publication by the county in its official newspaper.

9 The board and the governing bodies of all cities in which any primary
10 arterial highway is located or is proposed to be located may enter into an
11 agreement providing for the cooperative financing of the acquisition of
12 right-of-way for and the construction, reconstruction, maintenance and
13 repair of such proposed primary arterial highway, including major bridges
14 and overpasses thereon, together with all engineering costs, under such
15 terms as the board and governing bodies shall agree upon. Such agree-
16 ment may be part of an agreement between the secretary of transporta-
17 tion, the county and the cities.

18 The board and governing body of any city wherein any portion of such
19 primary arterial highway is to be located may use any public funds avail-
20 able to such county or city for the construction, reconstruction, mainte-
21 nance or repair of such primary arterial highway, including major bridges
22 and overpasses thereon, in like manner as if it were a normal county road
23 or a city street, and the board and the governing body of each such city
24 may issue bonds as provided in K.S.A. 68-584, *and amendments thereto*.
25 ~~Whenever any such bonds are issued, either with or without a referen-~~
26 ~~dum, the board or governing body issuing the same may use the moneys~~
27 ~~received from the distribution of motor fuel tax revenues pursuant to~~
28 ~~K.S.A. 79-3425c, and any amendments thereto, to pay all or part of the~~
29 ~~principal and interest on such bonds.~~ In the event that such moneys are
30 insufficient to retire such bonds, an annual tax shall be levied upon the
31 taxable tangible property in such county or city in an amount sufficient
32 to pay the principal of and interest on said bonds.

33 Sec. 5. K.S.A. 2003 Supp. 75-3721 is hereby amended to read as
34 follows: 75-3721. (a) On or before the eighth calendar day of each regular
35 legislative session, the governor shall submit the budget report to the
36 legislature, except that in the case of the regular legislative session im-
37 mediately following the election of a governor who was elected to the
38 office of governor for the first time, that governor shall submit the budget
39 report to the legislature on or before the 21st calendar day of that regular
40 legislative session.

41 (b) The budget report of the governor shall be set up in three parts,
42 the nature and contents of which shall include the following:

43 (1) Part one shall consist of a budget message by such governor, in-

1 cluding the governor's recommendations with reference to the fiscal pol-
2 icy of the state government for the current fiscal year and the ensuing
3 fiscal year, describing the important features of the budget plan for each
4 of the fiscal years included, embracing a general budget summary setting
5 forth the aggregate figures of the budget so as to show the balanced
6 relation between the total proposed expenditures and the total anticipated
7 income for the current fiscal year and the ensuing fiscal year, with the
8 basis and factors upon which the estimates were made, and the means of
9 financing the budget plan for the each of the fiscal years included, com-
10 pared with the corresponding figures for at least the last completed fiscal
11 year, and the director of the budget shall prepare the figures for the
12 governor for such comparisons.

13 (A) The budget plan shall not include ~~(i)~~ any proposed expenditures
14 of anticipated income attributable to proposed legislation that would pro-
15 vide additional revenues from either current or new sources of revenue;
16 ~~or (ii) any proposed expenditures of moneys in the ending balance in the~~
17 ~~state general fund required by K.S.A. 75-6702, and amendments thereto.~~

18 (B) The general budget summary may be supported by explanatory
19 schedules or statements, classifying the expenditures contained therein
20 by state agencies, objects, and funds, and the income by state agencies,
21 funds, sources and types. The general budget summary shall include all
22 special or fee funds as well as the state general fund, and shall include
23 the estimated amounts of federal aids, for whatever purpose provided,
24 together with estimated expenditures therefrom.

25 (2) Part two shall embrace the detailed budget estimates for each of
26 the fiscal years included, both of expenditures and revenues, showing the
27 requests of the state agencies, if any, and the incoming governor's rec-
28 ommendations thereon. It shall also include statements of the bonded
29 indebtedness of the state, showing the actual amount of the debt service
30 for at least the last completed fiscal year, and the estimated amount for
31 the current fiscal year and for each of the ensuing fiscal years included,
32 the debt authorized and unissued, and the condition of the sinking funds.

33 (3) Part three shall consist of a draft of a legislative measure or meas-
34 ures reflecting the incoming governor's budget for all of the fiscal years
35 included in the budget report.

36 (c) The division of the budget shall compile a children's budget doc-
37 ument consisting of the information contained in agency budget estimates
38 regarding programs that provide services for children and their families.
39 Such document shall be provided to the Kansas commission on children,
40 youth and families, established by the governor's executive order number
41 91-145, and other persons or entities on request.

42 (d) The division of the budget, upon request, shall furnish the gov-
43 ernor or the legislature with any further information required concerning

1 the budget.

2 (e) Nothing in this section shall be construed to restrict or limit the
3 privilege of the governor to present supplemental budget messages or
4 amendments to previous budget messages, which may include proposals
5 for expenditure of new or increased sources of revenue derived from
6 proposed legislation.

7 (f) The budget estimate for the judicial branch of state government
8 as submitted to the director of the budget pursuant to K.S.A. 20-158, and
9 amendments thereto, shall be included in the governor's budget report.

10 Sec. 6. K.S.A. 2003 Supp. 75-6702 is hereby amended to read as
11 follows: 75-6702. ~~(a)~~ The last appropriation bill passed in any regular
12 session of the legislature shall be the omnibus reconciliation spending
13 limit bill. Each bill which is passed during a regular session of the legis-
14 lature and which appropriates or transfers money from the state general
15 fund for the ensuing fiscal year shall contain a provision that such bill
16 shall take effect and be in force from and after the effective date of the
17 omnibus reconciliation spending limit bill for that regular session of the
18 legislature or from and after such effective date and a subsequent date
19 or an event occurring after such effective date.

20 ~~(b) Except as provided in subsection (c), the maximum amount of~~
21 ~~expenditures and demand transfers from the state general fund that may~~
22 ~~be authorized by act of the legislature during the 2004 regular session of~~
23 ~~the legislature and each regular session of the legislature thereafter, is~~
24 ~~hereby fixed so that there will be an ending balance in the state general~~
25 ~~fund for the ensuing fiscal year that is equal to 7 1/2% or more of the~~
26 ~~total amount authorized to be expended or transferred by demand trans-~~
27 ~~fer from the state general fund in such fiscal year.~~

28 ~~—(c) The provisions of subsection (b) are hereby suspended for the~~
29 ~~fiscal year ending June 30, 2004, and shall not prescribe a maximum~~
30 ~~amount of expenditures and demand transfers from the state general fund~~
31 ~~that may be authorized by act of the legislature during the 2003 regular~~
32 ~~session of the legislature.~~

33 Sec. 7. K.S.A. 2003 Supp. 79-3425 is hereby amended to read as
34 follows: 79-3425. All of the amounts collected under the motor-fuel tax
35 law and amendments thereto, except amounts collected pursuant to
36 K.S.A. 79-3408c, and amendments thereto, shall be remitted by the di-
37 rector to the state treasurer in accordance with the provisions of K.S.A.
38 75-4215, and amendments thereto. Upon receipt of each such remittance,
39 the state treasurer shall deposit the entire amount in the state treasury.
40 The state treasurer shall credit such amount as the director shall order in
41 the motor-vehicle fuel tax refund fund to be used for the purpose of
42 paying motor-vehicle fuel tax refunds as provided by law. The state trea-
43 surer shall credit the remainder of such amounts as follows: To the state

1 highway fund amounts specified in K.S.A. 79-34,142, and amendments
2 thereto, to a special city and county highway fund which is hereby created,
3 amounts specified in K.S.A. 79-34,142, and amendments thereto, to be
4 apportioned and distributed in the manner ~~provided in K.S.A. 79-3425e,~~
5 ~~and amendments thereto,~~ *prescribed before the effective date of this act*
6 and to the current production account and the new production account
7 of the Kansas qualified agricultural ethyl alcohol producer incentive fund,
8 which is hereby created in the state treasury, in the amount and in the
9 manner specified in K.S.A. 79-34,161, and amendments thereto, to be
10 expended in the manner provided in K.S.A. 79-34,162, and amendments
11 thereto.

12 Sec. 8. K.S.A. 2003 Supp. 79-34,104 is hereby amended to read as
13 follows: 79-34,104. All amounts collected under the liquefied petroleum
14 motor-fuel tax law, except amounts collected pursuant to K.S.A. 79-3491a,
15 and amendments thereto, shall be remitted by the director to the state
16 treasurer in accordance with the provisions of K.S.A. 75-4215, and
17 amendments thereto. Upon receipt of each such remittance the state
18 treasurer shall deposit the entire amount in the state treasury. The state
19 treasurer shall credit such amounts as follows: To the state highway fund
20 amounts specified in K.S.A. 79-34,142, and amendments thereto, and
21 amounts specified in K.S.A. 79-34,142, and amendments thereto, to a
22 special city and county highway fund to be apportioned and distributed
23 in the manner ~~provided in K.S.A. 79-3425e, and amendments thereto~~
24 *prescribed before the effective date of this act.*

25 Sec. 9. K.S.A. 2003 Supp. 79-34,126 is hereby amended to read as
26 follows: 79-34,126. (a) All amounts collected under the interstate motor
27 fuel use act shall be remitted by the director to the state treasurer in
28 accordance with the provisions of K.S.A. 75-4215, and amendments
29 thereto. Upon receipt of each such remittance, the state treasurer shall
30 deposit the entire amount in the state treasury. The state treasurer shall
31 credit such amounts as follows: To the state highway fund amounts spec-
32 ified in K.S.A. 79-34,142, and amendments thereto, and amounts speci-
33 fied in K.S.A. 79-34,142, and amendments thereto, to a special city and
34 county highway fund to be apportioned and distributed in the manner
35 ~~provided in K.S.A. 79-3425e, and amendments thereto~~ *prescribed before*
36 *the effective date of this act.*

37 (b) All amounts collected under the international fuel tax agreement
38 shall be remitted by the director to the state treasurer in accordance with
39 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
40 of each such remittance, the state treasurer shall deposit the entire
41 amount in the state treasury to the credit of the international fuel tax
42 agreement clearing fund which is hereby created. Payments due and ow-
43 ing to member jurisdictions under the international fuel tax agreement

1 and refunds for overpayment of tax shall be made from such fund. The
2 director shall reconcile such clearing fund monthly with balances remitted
3 monthly in accordance with the provisions of subsection (a). The funds
4 in the international fuel tax agreement clearing fund shall be invested in
5 the same manner as provided in K.S.A. 68-2324, and amendments
6 thereto, and all earnings shall be deposited in the state treasury and cred-
7 ited to the state highway fund.

8 Sec. 10. K.S.A. 19-2694, 65-163j, 65-3306, 65-3327, 68-581, 68-581a,
9 79-2960, 79-2961, 79-2962, 79-2965, 79-2966, 79-2967, 79-3425f and 79-
10 3425g and K.S.A. 2003 Supp. 75-3721, 75-6702, 79-2959, 79-2964, 79-
11 3425, 79-3425c, 79-3425i, 79-34,104, 79-34,126 and 79-34,147 are hereby
12 repealed.

13 Sec. 11. This act shall take effect and be in force from and after its
14 publication in the statute book.