

[As Amended by House Committee of the Whole]

Session of 2011

**Substitute for HOUSE BILL No. 2193**

By By Committee on Education

3-21

1 AN ACT concerning school districts; relating to school finance;  
2 authorizing tax levy, procedure and limitations; local activities budget.

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

5 Section 1. (a) As used in sections 1 and 2, and amendments thereto:

6 (1) "School district" or "district" means a school district which has  
7 adopted a local option budget not less than 30% of the state financial aid  
8 of the district in the current school year.

9 (2) "Authorized to adopt a local activities budget" means that a  
10 district has adopted a resolution under this section, and the resolution was  
11 approved at an election thereon.

12 (3) "Local activities budget computation factor" of each school  
13 district means the product of: (A) The full-time equivalent enrollment of  
14 the district in the preceding school year; (B) the amount of base state aid  
15 per pupil; and (C) five percent.

16 (4) "Statutorily prescribed mill rate" means 4.9 mills.

17 (b) Each school year, the board of education of any district, by  
18 resolution, may adopt a local activities budget.

19 (c) (1) The board of education of any school district that has adopted  
20 a local activities budget may levy an ad valorem tax on the taxable  
21 tangible property of the district for the purpose of financing that portion of  
22 the district's local activities budget which is not financed from any other  
23 source provided by law and for the purpose of paying a portion of the  
24 principal and interest on bonds issued by cities under authority of K.S.A.  
25 12-1774, and amendments thereto, for the financing of redevelopment  
26 projects upon property located within the district. Such levy shall be at a  
27 rate equal to or greater than 1.78 mills, but shall not exceed the statutorily  
28 prescribed mill rate. No levy shall be made under this section until a  
29 resolution is adopted by the board of education and such resolution is  
30 submitted to and approved by a majority of the qualified electors of the  
31 school district voting on the question at an election thereon. The  
32 resolution submitted to the qualified electors of the school district shall  
33 specify the mill rate used to fund the local activities budget. If the  
34 resolution is not approved by a majority of the voters voting on the  
35 question at the election thereon, no like resolution shall be adopted by the  
36 board within the nine months following publication of the resolution.

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

7 (3) In a year, if a board of education of a school district chooses not  
8 to make a tax levy authorized under this section, or chooses to make a  
9 smaller tax levy for such purpose, such board of education may do so. If  
10 the board of education of any school district refrains from making a levy in  
11 any one or more years or refrains from making the full levy which it is  
12 authorized to make under this section and the resolution adopted  
13 thereunder, the authority of such school district to make such a tax levy  
14 shall not be extended beyond the original period specified in the resolution  
15 adopted under this subsection nor shall the mill rate of the tax authorized  
16 in any succeeding year be increased.

17 (4) Whenever an initial resolution has been adopted under this  
18 subsection and such resolution specified a lesser mill rate than the  
19 statutorily prescribed mill rate or a lesser number of years than five, the  
20 board of education of the school district may adopt one or more  
21 subsequent resolutions under the same procedure as provided for the initial  
22 resolution and subject to the same conditions, and shall be authorized to  
23 increase the mill rate as specified in any such subsequent resolution. Any  
24 mill rate specified in a subsequent resolution or in subsequent resolutions  
25 shall be limited so that the sum of the mill rates authorized in the initial  
26 resolution and the percentage authorized in any subsequent resolution is  
27 not in excess of the statutorily prescribed mill rate.

28 (5) The authority to adopt a local activities budget granted by the  
29 resolution to a school district shall expire five years from the date of the  
30 election in which the resolution was approved by the majority of the  
31 qualified electors of the school district voting on the question at the  
32 election thereon. Upon expiration, no school district shall levy a tax under  
33 this subsection unless a new resolution has been approved at an election in  
34 accordance with this subsection.

35 (d) Any election called pursuant to this section shall be noticed, called  
36 and held in the manner provided by K.S.A. 10-120, and amendments  
37 thereto, for the noticing, calling and holding of elections upon the question  
38 of issuing bonds under the general bond law. Such election may be  
39 conducted in the manner provided by the mail ballot act.

40 (e) (1) There is hereby established in every district that adopts a local  
41 activities budget a fund which shall be called the local activities fund. The  
42 fund shall consist of all amounts deposited therein or credited thereto  
43 according to law.

1 (2) Except as provided by paragraph (3), amounts in the local  
2 activities fund may be expended for any purpose for which expenditures  
3 from the general fund are authorized or may be transferred to the general  
4 fund of the district or to any program weighted fund or categorical fund of  
5 the district.

6 (3) Amounts in the local activities fund may not be expended nor  
7 transferred to the general fund of the district for the purpose of funding the  
8 cost of providing the subjects or areas of instruction required by state law  
9 to be provided in accredited schools **[or which are provided as part of**  
10 **the general curriculum of the district as approved by the board of**  
11 **education of such district]**, including reasonable and necessary related  
12 instruction, administration, support staff, supplies, equipment and building  
13 costs.

14 (4) Any balance remaining in the local activities fund at the end of the  
15 school year shall be carried forward into that fund for succeeding school  
16 years. Such fund shall not be subject to the provisions of K.S.A. 79-2925  
17 through 79-2937, and amendments thereto. In preparing the local activities  
18 budget of such school district, the amounts credited to and the amount on  
19 hand in the local activities fund, and the amount expended therefrom shall  
20 be included in the annual local activities fund budget for the information  
21 of the residents of the school district. Interest earned on the investment of  
22 moneys in any such fund shall be credited to that fund.

23 Sec. 2. (a) There is hereby created in the state treasury the local  
24 activities equalization fund. The state board of education shall administer  
25 the local activities equalization fund in accordance with this section.  
26 Expenditures from the local activities equalization fund shall only be made  
27 for the purposes of subsection (c), and shall be made in accordance with  
28 the provisions of appropriation acts upon warrants of the director of  
29 accounts and reports issued pursuant to vouchers approved by the state  
30 board of education, or a person or persons designated by the state board of  
31 education.

32 (b) In each school year, if a district has levied a tax under section 1,  
33 and amendments thereto, and the total revenue collected from such tax for  
34 such school year is an amount greater than the district's local activities  
35 budget computation factor, then such district shall remit to the state board  
36 an amount equal to the difference between the total revenue collected from  
37 such tax for such school year and the district's local activities budget  
38 computation factor. Upon receipt of such amount, the state board shall  
39 remit such amount to the state treasurer in accordance with the provisions  
40 of K.S.A. 75-4215, and amendments thereto. Upon the receipt of each  
41 such remittance, the state treasurer shall deposit the entire amount in the  
42 state treasury to the credit of the local activities equalization fund.

43 (c) In each school year, if a district has levied a tax pursuant to

1 section 1, and amendments thereto, at the statutorily prescribed mill rate,  
2 and the total revenue collected from such tax for such school year is an  
3 amount less than the district's local activities budget computation factor,  
4 then such district shall be entitled to receive an amount equal to the  
5 difference between the district's local activities budget computation factor  
6 and the total revenue collected from such tax for such school year. Moneys  
7 payable to school districts under this subsection shall be paid solely from  
8 the local activities equalization fund.

9 (d) If the amount of appropriations for payments to be made under  
10 subsection (c) is less than the amount each district is entitled to receive for  
11 the school year, the state board shall prorate the amount appropriated  
12 among the districts in proportion to the amount each district is entitled to  
13 receive.

14 (e) The state board shall prescribe the dates upon which payments of  
15 any amounts school districts are entitled to receive under subsection (c)  
16 shall be due. Payments shall be distributed to districts on the dates  
17 prescribed by the state board. The state board shall certify to the director of  
18 accounts and reports the amount due each district, and the director of  
19 accounts and reports shall draw a warrant on the state treasurer payable to  
20 the treasurer of the district. Upon receipt of the warrant, the treasurer of  
21 the district shall credit the amount thereof to the local activities fund of the  
22 district to be used for the purposes of such fund.

23 Sec. 3. The state board shall adopt rules and regulations necessary to  
24 implement and administer the provisions of sections 1 and 2, and  
25 amendments thereto.

26 Sec. 4. This act shall take effect and be in force from and after its  
27 publication in the Kansas register.

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