

## SENATE BILL No. 310

By Committee on Ways and Means

3-30

---

9 AN ACT concerning school districts; relating to school finance; relating  
10 to revenues therefor; amending K.S.A. 72-979, 72-6405, 72-6410, 72-  
11 6413, 72-6414 and 72-8801 and K.S.A. 2004 Supp. 72-978, 72-6407,  
12 79-32,110, 79-3603, 79-3620, 79-3703 and 79-3710 and repealing the  
13 existing sections; also repealing K.S.A. 72-6433b.  
14

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

16 Section 1. K.S.A. 2004 Supp. 72-978 is hereby amended to read as  
17 follows: 72-978. ~~(a) (1) In each school year, in accordance with appropri-~~  
18 ~~ations for special education and related services provided under this act,~~  
19 ~~each school district which has provided special education and related~~  
20 ~~services in compliance with the provisions of this act~~

21 *(a) Each year, the state board of education shall determine the*  
22 *amount of state aid for the provision of special education and related*  
23 *services each school district shall receive for the ensuing school year. The*  
24 *amount of such state aid shall be computed by the state board as provided*  
25 *in this section. The state board shall:*

26 *(1) Determine the total amount of general fund and local option budg-*  
27 *ets of all school districts;*

28 *(2) subtract from the amount determined in paragraph (1) the total*  
29 *amount attributable to assignment of transportation weighting, program*  
30 *weighting, special education weighting and at-risk pupil weighting to en-*  
31 *rollment of all school districts;*

32 *(3) divide the remainder obtained in paragraph (2) by the total num-*  
33 *ber of full-time equivalent enrollment enrolled in all school districts on*  
34 *September 20;*

35 *(4) determine the total full-time equivalent enrollment of exceptional*  
36 *children receiving special education and related services provided by all*  
37 *school districts;*

38 *(5) multiply the amount of the quotient obtained in paragraph (3) by*  
39 *the full-time equivalent enrollment determined in paragraph (4);*

40 *(6) determine the amount of federal funds received by all school dis-*  
41 *tricts for the provision of special education and related services;*

42 *(7) determine the amount of revenue received by all school districts*  
43 *rendered under contracts with the state institutions for the provisions of*

- 1 *special education and related services by the state institution;*  
2 *(8) add the amounts determined under paragraphs (6) and (7) to the*  
3 *amount of the product obtained under paragraph (5);*  
4 *(9) determine the total amount of expenditures of all school districts*  
5 *for the provision of special education and related services;*  
6 *(10) subtract the amount of the sum obtained under paragraph (8)*  
7 *from the amount determined under paragraph (9); and*  
8 *(11) (A) For school year, 2006-2007, multiply the remainder ob-*  
9 *tained under paragraph (10) by 90%; and*  
10 *(B) for school year 2007-2008 and each year thereafter, multiply the*  
11 *remainder obtained under paragraph (10) by 95%.*

12 *The computed amount is the amount of state aid for the provision of*  
13 *special education aid a school district is entitled to receive for the ensuing*  
14 *school year.*

15 *(b) Each school district shall be entitled to receive:*

16 ~~(A)~~ (1) Reimbursement for actual travel allowances paid to special  
17 teachers at not to exceed the rate specified under K.S.A. 75-3203, and  
18 amendments thereto, for each mile actually traveled during the school  
19 year in connection with duties in providing special education or related  
20 services for exceptional children; such reimbursement shall be computed  
21 by the state board by ascertaining the actual travel allowances paid to  
22 special teachers by the school district for the school year and shall be in  
23 an amount equal to 80% of such actual travel allowances;

24 ~~(B)~~ (2) reimbursement in an amount equal to 80% of the actual travel  
25 expenses incurred for providing transportation for exceptional children to  
26 special education or related services; such reimbursement shall not be  
27 paid if such child has been counted in determining the transportation  
28 weighting of the district under the provisions of the school district finance  
29 and quality performance act;

30 ~~(C)~~ (3) reimbursement in an amount equal to 80% of the actual ex-  
31 penses incurred for the maintenance of an exceptional child at some place  
32 other than the residence of such child for the purpose of providing special  
33 education or related services; such reimbursement shall not exceed \$600  
34 per exceptional child per school year; and

35 ~~(D)~~ (4) except for those school districts entitled to receive reimburse-  
36 ment under subsection ~~(b)~~ or (c) or (d), after subtracting the amounts of  
37 reimbursement under paragraphs ~~(A)~~, ~~(B)~~ and ~~(C)~~ (1), (2) and (3) of this  
38 subsection (a) from the total amount appropriated for special education  
39 and related services under this act, an amount which bears the same  
40 proportion to the remaining amount appropriated as the number of full-  
41 time equivalent special teachers who are qualified to provide special ed-  
42 ucation or related services to exceptional children and are employed by  
43 the school district for approved special education or related services bears

1 to the total number of such qualified full-time equivalent special teachers  
 2 employed by all school districts for approved special education or related  
 3 services.

4 ~~(2)~~ Each special teacher who is qualified to assist in the provision of  
 5 special education or related services to exceptional children shall be  
 6 counted as  $\frac{2}{5}$  full-time equivalent special teacher who is qualified to pro-  
 7 vide special education or related services to exceptional children.

8 ~~(b)~~ (c) Each school district which has paid amounts for the provision  
 9 of special education and related services under an interlocal agreement  
 10 shall be entitled to receive reimbursement under subsection ~~(a)(1)(D)~~  
 11 ~~(b)(4)~~. The amount of such reimbursement for the district shall be the  
 12 amount which bears the same relation to the aggregate amount available  
 13 for reimbursement for the provision of special education and related serv-  
 14 ices under the interlocal agreement, as the amount paid by such district  
 15 in the current school year for provision of such special education and  
 16 related services bears to the aggregate of all amounts paid by all school  
 17 districts in the current school year who have entered into such interlocal  
 18 agreement for provision of such special education and related services.

19 ~~(c)~~ (d) Each contracting school district which has paid amounts for  
 20 the provision of special education and related services as a member of a  
 21 cooperative shall be entitled to receive reimbursement under subsection  
 22 ~~(a)(1)(D)~~ ~~(b)(4)~~. The amount of such reimbursement for the district shall  
 23 be the amount which bears the same relation to the aggregate amount  
 24 available for reimbursement for the provision of special education and  
 25 related services by the cooperative, as the amount paid by such district  
 26 in the current school year for provision of such special education and  
 27 related services bears to the aggregate of all amounts paid by all contract-  
 28 ing school districts in the current school year by such cooperative for  
 29 provision of such special education and related services.

30 ~~(d)~~ (e) No time spent by a special teacher in connection with duties  
 31 performed under a contract entered into by the Kansas juvenile correc-  
 32 tional complex, the Atchison juvenile correctional facility, the Beloit ju-  
 33 venile correctional facility, the Larned juvenile correctional facility, or the  
 34 Topeka juvenile correctional facility and a school district for the provision  
 35 of special education services by such state institution shall be counted in  
 36 making computations under this section.

37 Sec. 2. K.S.A. 72-979 is hereby amended to read as follows: 72-979.

38 (a) Payments under this act *of state aid for the provision of special edu-*  
 39 *cation and related services* shall be made in the manner and at such times  
 40 during each school year as are determined by the state board. All amounts  
 41 received by a district under this section shall be deposited in the general  
 42 fund of the district and transferred to its special education fund. If any  
 43 district is paid more than it is entitled to receive under any distribution

1 made under this act, the state board shall notify the district of the amount  
2 of such overpayment, and such district shall remit the same to the state  
3 board. The state board shall remit any moneys so received to the state  
4 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
5 amendments thereto. Upon receipt of each such remittance, the state  
6 treasurer shall deposit the entire amount in the state treasury to the credit  
7 of the state general fund. If any such district fails so to remit, the state  
8 board shall deduct the excess amounts so paid from future payments  
9 becoming due to such district. If any district is paid less than the amount  
10 to which it is entitled under any distribution made under this act, the  
11 state board shall pay the additional amount due at any time within the  
12 school year in which the underpayment was made or within 60 days after  
13 the end of such school year. *If the amount of appropriations for state aid  
14 for the provision of special education and related services is insufficient  
15 to pay in full the amount of state aid each school district is entitled to  
16 receive for the school year, the state board shall prorate the amount ap-  
17 propriated among all school districts.*

18 (b) The state board shall prescribe all forms necessary for reporting  
19 under this act.

20 (c) Every board shall make such periodic and special reports of in-  
21 formation to the state board as it may request in order to carry out its  
22 responsibilities under this act.

23 Sec. 3. K.S.A. 2004 Supp. 72-6407 is hereby amended to read as  
24 follows: 72-6407. (a) (1) "Pupil" means any person who is regularly en-  
25 rolled in a district and attending kindergarten or any of the grades one  
26 through 12 maintained by the district or who is regularly enrolled in a  
27 district and attending kindergarten or any of the grades one through 12  
28 in another district in accordance with an agreement entered into under  
29 authority of K.S.A. 72-8233, and amendments thereto, or who is regularly  
30 enrolled in a district and attending special education services provided  
31 for preschool-aged exceptional children by the district.

32 (2) Except as otherwise provided in paragraph (3) of this subsection,  
33 a pupil in attendance full time shall be counted as one pupil. A pupil in  
34 attendance part time shall be counted as that proportion of one pupil (to  
35 the nearest  $\frac{1}{10}$ ) that the pupil's attendance bears to full-time attendance.  
36 A pupil attending kindergarten shall be counted as  $\frac{1}{2}$  pupil. A pupil en-  
37 rolled in and attending an institution of postsecondary education which  
38 is authorized under the laws of this state to award academic degrees shall  
39 be counted as one pupil if the pupil's postsecondary education enrollment  
40 and attendance together with the pupil's attendance in either of the  
41 grades 11 or 12 is at least  $\frac{5}{6}$  time, otherwise the pupil shall be counted  
42 as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of  
43 the pupil's postsecondary education attendance and attendance in grade

1 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in  
2 and attending an area vocational school, area vocational-technical school  
3 or approved vocational education program shall be counted as one pupil  
4 if the pupil's vocational education enrollment and attendance together  
5 with the pupil's attendance in any of grades nine through 12 is at least  $\frac{5}{6}$   
6 time, otherwise the pupil shall be counted as that proportion of one pupil  
7 (to the nearest  $\frac{1}{10}$ ) that the total time of the pupil's vocational education  
8 attendance and attendance in any of grades nine through 12 bears to full-  
9 time attendance. A pupil enrolled in a district and attending special ed-  
10 ucation and related services, except special education and related services  
11 for preschool-aged exceptional children, provided for by the district shall  
12 be counted as one pupil. A pupil enrolled in a district and attending  
13 special education and related services for preschool-aged exceptional chil-  
14 dren provided for by the district shall be counted as  $\frac{1}{2}$  pupil. A preschool-  
15 aged at-risk pupil enrolled in a district and receiving services under an  
16 approved at-risk pupil assistance plan maintained by the district shall be  
17 counted as  $\frac{1}{2}$  pupil. A pupil in the custody of the secretary of social and  
18 rehabilitation services and enrolled in unified school district No. 259,  
19 Sedgwick county, Kansas, but housed, maintained, and receiving educa-  
20 tional services at the Judge James V. Riddel Boys Ranch, shall be counted  
21 as two pupils.

22 (3) A pupil residing at the Flint Hills job corps center shall not be  
23 counted. A pupil confined in and receiving educational services provided  
24 for by a district at a juvenile detention facility shall not be counted. A  
25 pupil enrolled in a district but housed, maintained, and receiving edu-  
26 cational services at a state institution shall not be counted. A pupil en-  
27 rolled in a virtual school in a district but who is not a resident of the state  
28 of Kansas shall not be counted.

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

32 (c) "At-risk pupils" means: (1) Pupils who are eligible for free meals  
33 under the national school lunch act and who are enrolled in a district  
34 which maintains an approved at-risk pupil assistance plan; and (2) *in*  
35 *school year 2007-2008 and each school year thereafter, pupils who are*  
36 *eligible for reduced-price meals.*

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

- 1 (e) “Enrollment” means: (1) For districts scheduling the school days  
2 or school hours of the school term on a trimestral or quarterly basis, the  
3 number of pupils regularly enrolled in the district on September 20 plus  
4 the number of pupils regularly enrolled in the district on February 20  
5 less the number of pupils regularly enrolled on February 20 who were  
6 counted in the enrollment of the district on September 20; and for dis-  
7 tricts not specified in this clause (1), the number of pupils regularly en-  
8 rolled in the district on September 20; (2) if enrollment in a district in  
9 any school year has decreased from enrollment in the preceding school  
10 year, enrollment of the district in the current school year means which-  
11 ever is the greater of (A) enrollment in the preceding school year minus  
12 enrollment in such school year of preschool-aged at-risk pupils, if any  
13 such pupils were enrolled, plus enrollment in the current school year of  
14 preschool-aged at-risk pupils, if any such pupils are enrolled, or (B) the  
15 sum of enrollment in the current school year of preschool-aged at-risk  
16 pupils, if any such pupils are enrolled and the average (mean) of the sum  
17 of (i) enrollment of the district in the current school year minus enroll-  
18 ment in such school year of preschool-aged at-risk pupils, if any such  
19 pupils are enrolled and (ii) enrollment in the preceding school year minus  
20 enrollment in such school year of preschool-aged at-risk pupils, if any  
21 such pupils were enrolled and (iii) enrollment in the school year next  
22 preceding the preceding school year minus enrollment in such school year  
23 of preschool-aged at-risk pupils, if any such pupils were enrolled; or (3)  
24 the number of pupils as determined under K.S.A. 72-6447, and amend-  
25 ments thereto.
- 26 (f) “Adjusted enrollment” means enrollment adjusted by adding at-  
27 risk pupil weighting, program weighting, low enrollment weighting, if any,  
28 correlation weighting, if any, school facilities weighting, if any, ancillary  
29 school facilities weighting, if any, special education and related services  
30 weighting, and transportation weighting to enrollment.
- 31 (g) “At-risk pupil weighting” means an addend component assigned  
32 to enrollment of districts on the basis of enrollment of at-risk pupils.
- 33 (h) “Program weighting” means an addend component assigned to  
34 enrollment of districts on the basis of pupil attendance in educational  
35 programs which differ in cost from regular educational programs.
- 36 (i) “Low enrollment weighting” means an addend component as-  
37 signed to enrollment of districts having under 1,725 enrollment on the  
38 basis of costs attributable to maintenance of educational programs by such  
39 districts in comparison with costs attributable to maintenance of educa-  
40 tional programs by districts having 1,725 or over enrollment.
- 41 (j) “School facilities weighting” means an addend component as-  
42 signed to enrollment of districts on the basis of costs attributable to com-  
43 mencing operation of new school facilities. School facilities weighting may

1 be assigned to enrollment of a district only if the district has adopted a  
2 local option budget and budgeted therein the total amount authorized for  
3 the school year. School facilities weighting may be assigned to enrollment  
4 of the district only in the school year in which operation of a new school  
5 facility is commenced and in the next succeeding school year.

6 (k) "Transportation weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to the  
7 provision or furnishing of transportation.  
8

9 (l) "Correlation weighting" means an addend component assigned to  
10 enrollment of districts having 1,725 or over enrollment on the basis of  
11 costs attributable to maintenance of educational programs by such dis-  
12 tricts as a correlate to low enrollment weighting assigned to enrollment  
13 of districts having under 1,725 enrollment.

14 (m) "Ancillary school facilities weighting" means an addend compo-  
15 nent assigned to enrollment of districts to which the provisions of K.S.A.  
16 72-6441, and amendments thereto, apply on the basis of costs attributable  
17 to commencing operation of new school facilities. Ancillary school facil-  
18 ities weighting may be assigned to enrollment of a district only if the  
19 district has levied a tax under authority of K.S.A. 72-6441, and amend-  
20 ments thereto, and remitted the proceeds from such tax to the state trea-  
21 surer. Ancillary school facilities weighting is in addition to assignment of  
22 school facilities weighting to enrollment of any district eligible for such  
23 weighting.

24 (n) "Juvenile detention facility" means: (1) Any secure public or pri-  
25 vate facility which is used for the lawful custody of accused or adjudicated  
26 juvenile offenders and which shall not be a jail;

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

33 (3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth  
34 Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clar-  
35 ence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living  
36 Center, Trego County Secure Care Center, St. Francis Academy at At-  
37 chison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina,  
38 St. Francis Center at Salina, King's Achievement Center, and Liberty  
39 Juvenile Services and Treatment.

40 (o) "Special education and related services weighting" means an ad-  
41 dend component assigned to enrollment of districts on the basis of costs  
42 attributable to provision of special education and related services for pu-  
43 pils determined to be exceptional children.

1 (p) “Virtual school” means any kindergarten or grades one through  
2 12 course offered for credit that uses distance-learning technologies  
3 which predominantly use internet-based methods to deliver instruction  
4 and for which the course content is available on an “anytime, anyplace”  
5 basis, but the instruction occurs asynchronously with the teacher and  
6 pupil in separate locations, not necessarily located within a local education  
7 agency.

8 Sec. 4. K.S.A. 72-6410 is hereby amended to read as follows: 72-  
9 6410. (a) “State financial aid” means an amount equal to the product  
10 obtained by multiplying base state aid per pupil by the adjusted enroll-  
11 ment of a district.

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

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

16 (A) *For school year 2006-2007, the amount of base state aid per pupil*  
17 *shall be equal to the amount of base state aid per pupil paid in school*  
18 *year 2005-2006 plus \$120 per pupil.*

19 (B) *For school year 2007-2008 and each school year thereafter, base*  
20 *state aid per pupil shall be equal to the amount of base state aid per pupil*  
21 *paid in school year 2006-2007, plus \$120 per pupil.*

22 (3) The amount of base state aid per pupil is subject to reduction  
23 commensurate with any reduction under K.S.A. 75-6704, and amend-  
24 ments thereto, in the amount of the appropriation from the state general  
25 fund for general state aid. If the amount of appropriations for general  
26 state aid is insufficient to pay in full the amount each district is entitled  
27 to receive for any school year, the amount of base state aid per pupil for  
28 such school year is subject to reduction commensurate with the amount  
29 of the insufficiency.

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

1 provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,  
2 and an amount equal to the amount deposited in the general fund in the  
3 current school year from amounts received in such year by the district  
4 pursuant to contracts made and entered into under authority of K.S.A.  
5 72-6757, and amendments thereto, and an amount equal to the amount  
6 credited to the general fund in the current school year from amounts  
7 distributed in such year to the district under the provisions of articles 17  
8 and 34 of chapter 12 of Kansas Statutes Annotated and under the pro-  
9 visions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated,  
10 and an amount equal to the amount of payments received by the district  
11 under the provisions of K.S.A. 72-979, and amendments thereto, and an  
12 amount equal to the amount of a grant, if any, received by the district  
13 under the provisions of K.S.A. 72-983, and amendments thereto, and an  
14 amount equal to 75% of the federal impact aid of the district.

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

26 Sec. 5. K.S.A. 72-6413 is hereby amended to read as follows: 72-  
27 6413. The program weighting of each district shall be determined by the  
28 state board as follows:

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

31 (1) *for school year 2006-2007, multiply the computed enrollment by*  
32 *0.4; and*

33 (2) *for school year 2007-2008 and each school year thereafter, mul-*  
34 *tiple the computed enrollment by 0.5;*

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

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

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

41 Sec. 6. K.S.A. 72-6414 is hereby amended to read as follows: 72-  
42 6414. (a) The at-risk pupil weighting of each district shall be determined  
43 by the state board ~~by multiplying the number of at-risk pupils included~~

1 ~~in enrollment of the district by .10. The product is the at-risk pupil weight-~~  
2 ~~ing of the district. as follows:~~

3 (1) Determine the number of at-risk pupils included in enrollment of  
4 the district; and

5 (2) for school year 2006-2007 and each school year thereafter, mul-  
6 tiple the number determined under (1) by 0.25. The product is the at-risk  
7 pupil weighting of the district.

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

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

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

26 Sec. 7. K.S.A. 72-8801 is hereby amended to read as follows: 72-  
27 8801. (a) The board of education of any school district may make an  
28 annual tax levy at a mill rate not to exceed the statutorily prescribed mill  
29 rate for a period of not to exceed five years upon the taxable tangible  
30 property in the school district for the purposes specified in this act and  
31 for the purpose of paying a portion of the principal and interest on bonds  
32 issued by cities under the authority of K.S.A. 12-1774, and amendments  
33 thereto, for the financing of redevelopment projects upon property lo-  
34 cated within the school district. No levy shall be made under this act until  
35 a resolution is adopted by the board of education in the following form:

36 Unified School District No. \_\_\_\_\_,  
37 \_\_\_\_\_ County, Kansas.

38 RESOLUTION

39 Be It Resolved that:

40 The above-named school board shall be authorized to make an annual tax levy for a period  
41 not to exceed \_\_\_\_\_ years in an amount not to exceed \_\_\_\_\_ mills upon the taxable  
42 tangible property in the school district for the purpose of acquisition, construction, recon-  
43 struction, repair, remodeling, additions to, furnishing and equipping of buildings necessary

1 for school district purposes, including housing and boarding pupils enrolled in an area vo-  
 2 cational school operated under the board, architectural expenses incidental thereto, the  
 3 acquisition of building sites, the undertaking and maintenance of asbestos control projects,  
 4 the acquisition of school buses and the acquisition of other equipment and for the purpose  
 5 of paying a portion of the principal and interest on bonds issued by cities under the authority  
 6 of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects  
 7 upon property located within the school district. The tax levy authorized by this resolution  
 8 may be made, unless a petition in opposition to the same, signed by not less than 10% of  
 9 the qualified electors of the school district, is filed with the county election officer of the  
 10 home county of the school district within 40 days after the last publication of this resolution.  
 11 In the event a petition is filed the county election officer shall submit the question of whether  
 12 the tax levy shall be authorized to the electors in the school district at an election called for  
 13 the purpose or at the next general election, as is specified by the board of education of the  
 14 above school district.

CERTIFICATE

15  
 16 This is to certify that the above resolution was duly adopted by the board of education  
 17 of Unified School District No. \_\_\_\_\_, \_\_\_\_\_ County, Kansas, on the  
 18 \_\_\_\_\_ day of \_\_\_\_\_, ~~19~~ \_\_\_\_\_.

19 \_\_\_\_\_  
 20 Clerk of the above board of education.

21 All of the blanks in the above resolution shall be appropriately filled.  
 22 The blank preceding the word “years” shall be filled with a specific num-  
 23 ber, and the blank preceding the word “mills” shall be filled with a specific  
 24 number, and no word shall be inserted in either of the blanks. The reso-  
 25 lution shall be published once a week for two consecutive weeks in a  
 26 newspaper having general circulation in the school district. If no petition  
 27 as specified above is filed in accordance with the provisions of the reso-  
 28 lution, the board of education may make the tax levy specified in the  
 29 resolution. If a petition is filed as provided in the resolution, the board  
 30 of education may notify the county election officer of the date of an  
 31 election to be held to submit the question of whether the tax levy shall  
 32 be authorized. If the board of education fails to notify the county election  
 33 officer within 60 days after a petition is filed, the resolution shall be  
 34 deemed abandoned and no like resolution shall be adopted by the board  
 35 of education within the nine months following the first publication of the  
 36 resolution.

- 37 (b) As used in this act:  
 38 (1) “Unconditionally authorized to make a capital outlay tax levy”  
 39 means that the school district has adopted a resolution under this section,  
 40 has published the same, and either that the resolution was not protested  
 41 or that it was protested and an election has been held by which the tax  
 42 levy specified in the resolution was approved;  
 43 (2) “statutorily prescribed mill rate” means ~~four mills or the mill rate~~

1 ~~necessary to produce the same amount of money that would have been~~  
 2 ~~produced by a levy of four mills in the 1988-89 school year. (A) Four~~  
 3 ~~mills; (B) the mill levy rate in excess of four mills if the resolution fixing~~  
 4 ~~such rate was approved at an election prior to the effective date of this~~  
 5 ~~act; or (C) the mill levy rate in excess of four mills if no petition or no~~  
 6 ~~sufficient petition was filed in protest to a resolution fixing such rate in~~  
 7 ~~excess of four mills and the protest period for filing such petition has~~  
 8 ~~expired;~~

9 (3) “asbestos control project” means any activity which is necessary  
 10 or incidental to the control of asbestos-containing material in buildings  
 11 of school districts and includes, but not by way of limitation, any activity  
 12 undertaken for the removal or encapsulation of asbestos-containing ma-  
 13 terial, for any remodeling, renovation, replacement, rehabilitation or  
 14 other restoration necessitated by such removal or encapsulation, for con-  
 15 ducting inspections, reinspections and periodic surveillance of buildings,  
 16 performing response actions, and developing, implementing and updating  
 17 operations and maintenance programs and management plans;

18 (4) “asbestos” means the asbestiform varieties of chrysotile (serpen-  
 19 tine), crocidolite (riebeckite), amosite (cummingtonitegrunerite), antho-  
 20 phyllite, tremolite, and actinolite; and

21 (5) “asbestos-containing material” means any material or product  
 22 which contains more than 1% asbestos.

23 New Sec. 8. From and after July 1, 2005, no school district may adopt  
 24 or renew a resolution imposing a tax levy in excess of the statutorily pre-  
 25 scribed mill rate fixed by subsection (b)(2)(A) of K.S.A. 72-8801, and  
 26 amendments thereto. Any school district making a levy in excess of such  
 27 amount may continue to make such levy until the expiration of the res-  
 28 olution under which such levy is made.

29 New Sec. 9. The provisions of subsection (a) of K.S.A. 2004 Supp.  
 30 79-5040, and amendments thereto, shall not apply to the fund mill levy  
 31 rate and aggregate levy rate limitations imposed by K.S.A. 72-8801 et  
 32 seq., and amendments thereto.

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

36 (b) In each school year, each school district which is obligated to  
 37 make payments from its capital outlay fund established pursuant to K.S.A.  
 38 72-8803, and amendments thereto, shall be entitled to receive payment  
 39 from the school district capital outlay supplemental fund in an amount  
 40 determined by the state board of education as provided in this subsection.  
 41 The state board of education shall:

42 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
 43 of each school district in the state and round such amount to the nearest

- 1 \$1,000. The rounded amount is the AVPP of a school district for the  
2 purposes of this section;
- 3 (2) determine the median AVPP of all school districts;
- 4 (3) prepare a schedule of dollar amounts using the amount of the  
5 median AVPP of all school districts as the point of beginning. The sched-  
6 ule of dollar amounts shall range upward in equal \$1,000 intervals from  
7 the point of beginning to and including an amount that is equal to the  
8 amount of the AVPP of the school district with the highest AVPP of all  
9 school districts and shall range downward in equal \$1,000 intervals from  
10 the point of beginning to and including an amount that is equal to the  
11 amount of the AVPP of the school district with the lowest AVPP of all  
12 school districts;
- 13 (4) determine a state aid percentage factor for each school district by  
14 assigning a state aid computation percentage to the amount of the median  
15 AVPP shown on the schedule, decreasing the state aid computation per-  
16 centage assigned to the amount of the median AVPP by one percentage  
17 point for each \$1,000 interval above the amount of the median AVPP,  
18 and increasing the state aid computation percentage assigned to the  
19 amount of the median AVPP by one percentage point for each \$1,000  
20 interval below the amount of the median AVPP. The state aid percentage  
21 factor of a school district is the percentage assigned to the schedule  
22 amount that is equal to the amount of the AVPP of the school district,  
23 except that the state aid percentage factor of a school district shall not  
24 exceed 100%. The state aid computation percentage is 25% for capital  
25 outlay obligations incurred by a school district on or after the effective  
26 date of this act under K.S.A. 72-8801 et seq., and amendments thereto;
- 27 (5) determine the amount that a school district levied pursuant to  
28 K.S.A. 72-8801 et seq., and amendments thereto, but not to exceed four  
29 mills; and
- 30 (6) multiply the amount determined under paragraph (5) by the ap-  
31 plicable state aid percentage factor. The product is the amount of pay-  
32 ment the school district is entitled to receive from the school district  
33 capital outlay supplemental fund in the school year.
- 34 (c) The state board of education shall certify to the director of ac-  
35 counts and reports the entitlements of school districts determined under  
36 the provisions of subsection (b), and an amount equal thereto shall be  
37 transferred by the director from the state general fund to the school  
38 district capital outlay supplemental fund for distribution to school dis-  
39 tricts. All transfers made in accordance with the provisions of this sub-  
40 section shall be considered to be demand transfers from the state general  
41 fund.
- 42 (d) Payments from the school district capital outlay supplemental  
43 fund shall be distributed to school districts at times determined by the

1 state board of education to be necessary to assist school districts in making  
 2 scheduled payments pursuant to capital outlay obligations. The state  
 3 board of education shall certify to the director of accounts and reports  
 4 the amount due each school district entitled to payment from the fund,  
 5 and the director of accounts and reports shall draw a warrant on the state  
 6 treasurer payable to the treasurer of the school district. Upon receipt of  
 7 the warrant, the treasurer of the school district shall credit the amount  
 8 thereof to the capital outlay fund of the school district to be used for the  
 9 purposes of such fund.

10 Sec. 11. K.S.A. 2004 Supp. 79-32,110 is hereby amended to read as  
 11 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
 12 by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is  
 13 hereby imposed upon the Kansas taxable income of every resident indi-  
 14 vidual, which tax shall be computed in accordance with the following tax  
 15 schedules:

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

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

21 (2) *All other individuals.*

22 (A) For tax year 1997:

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

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

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

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

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

- 41 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
 42 taxable income of such corporation; and  
 43 (2) the surtax shall be in an amount equal to 3.35% of the Kansas

1 taxable income of such corporation in excess of \$50,000.

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

5 (e) *In addition to the tax imposed pursuant to subsections (a), (b) and*  
6 *(c), for tax years commencing after December 31, 2005, a surtax shall be*  
7 *imposed on resident individuals, nonresident individuals and corpora-*  
8 *tions in the amount of 2.0% of the tax due pursuant to subsections (a),*  
9 *(b) and (c), computed without regard to any applicable income tax credits.*

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

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

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

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

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

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

41 (e) the gross receipts from the sale of admissions to any place pro-  
42 viding amusement, entertainment or recreation services including admis-  
43 sions to state, county, district and local fairs, but such tax shall not be

- 1 levied and collected upon the gross receipts received from sales of ad-  
2 missions to any cultural and historical event which occurs triennially;
- 3 (f) the gross receipts from the operation of any coin-operated device  
4 dispensing or providing tangible personal property, amusement or other  
5 services except laundry services, whether automatic or manually operated;
- 6 (g) the gross receipts from the service of renting of rooms by hotels,  
7 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-  
8 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto  
9 but such tax shall not be levied and collected upon the gross receipts  
10 received from sales of such service to the federal government and any  
11 agency, officer or employee thereof in association with the performance  
12 of official government duties;
- 13 (h) the gross receipts from the service of renting or leasing of tangible  
14 personal property except such tax shall not apply to the renting or leasing  
15 of machinery, equipment or other personal property owned by a city and  
16 purchased from the proceeds of industrial revenue bonds issued prior to  
17 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
18 12-1749, and amendments thereto, and any city or lessee renting or leas-  
19 ing such machinery, equipment or other personal property purchased  
20 with the proceeds of such bonds who shall have paid a tax under the  
21 provisions of this section upon sales made prior to July 1, 1973, shall be  
22 entitled to a refund from the sales tax refund fund of all taxes paid  
23 thereon;
- 24 (i) the gross receipts from the rendering of dry cleaning, pressing,  
25 dyeing and laundry services except laundry services rendered through a  
26 coin-operated device whether automatic or manually operated;
- 27 (j) the gross receipts from the rendering of the services of washing  
28 and washing and waxing of vehicles;
- 29 (k) the gross receipts from cable, community antennae and other sub-  
30 scriber radio and television services;
- 31 (l) (1) except as otherwise provided by paragraph (2), the gross re-  
32 cepts received from the sales of tangible personal property to all con-  
33 tractors, subcontractors or repairmen for use by them in erecting struc-  
34 tures, or building on, or otherwise improving, altering, or repairing real  
35 or personal property.
- 36 (2) Any such contractor, subcontractor or repairman who maintains  
37 an inventory of such property both for sale at retail and for use by them  
38 for the purposes described by paragraph (1) shall be deemed a retailer  
39 with respect to purchases for and sales from such inventory, except that  
40 the gross receipts received from any such sale, other than a sale at retail,  
41 shall be equal to the total purchase price paid for such property and the  
42 tax imposed thereon shall be paid by the deemed retailer;
- 43 (m) the gross receipts received from fees and charges by public and

1 private clubs, drinking establishments, organizations and businesses for  
2 participation in sports, games and other recreational activities, but such  
3 tax shall not be levied and collected upon the gross receipts received from:  
4 (1) Fees and charges by any political subdivision, by any organization  
5 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-  
6 201, and amendments thereto, or by any youth recreation organization  
7 exclusively providing services to persons 18 years of age or younger which  
8 is exempt from federal income taxation pursuant to section 501(c)(3) of  
9 the federal internal revenue code of 1986, for participation in sports,  
10 games and other recreational activities; and (2) entry fees and charges for  
11 participation in a special event or tournament sanctioned by a national  
12 sporting association to which spectators are charged an admission which  
13 is taxable pursuant to subsection (e);

14 (n) the gross receipts received from dues charged by public and pri-  
15 vate clubs, drinking establishments, organizations and businesses, pay-  
16 ment of which entitles a member to the use of facilities for recreation or  
17 entertainment, but such tax shall not be levied and collected upon the  
18 gross receipts received from: (1) Dues charged by any organization ex-  
19 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of  
20 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships  
21 in a nonprofit organization which is exempt from federal income taxation  
22 pursuant to section 501 (c)(3) of the federal internal revenue code of  
23 1986, and whose purpose is to support the operation of a nonprofit zoo;

24 (o) the gross receipts received from the isolated or occasional sale of  
25 motor vehicles or trailers but not including: (1) The transfer of motor  
26 vehicles or trailers by a person to a corporation or limited liability com-  
27 pany solely in exchange for stock securities or membership interest in  
28 such corporation or limited liability company; or (2) the transfer of motor  
29 vehicles or trailers by one corporation or limited liability company to  
30 another when all of the assets of such corporation or limited liability  
31 company are transferred to such other corporation or limited liability  
32 company; or (3) the sale of motor vehicles or trailers which are subject  
33 to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and  
34 amendments thereto, by an immediate family member to another im-  
35 mediate family member. For the purposes of clause (3), immediate family  
36 member means lineal ascendants or descendants, and their spouses. The  
37 base for computing the tax shall be the stated selling price of the motor  
38 vehicle or trailer or the value pursuant to subsections (a), (b)(1) and (b)(2)  
39 of K.S.A. 79-5105, and amendments thereto, whichever amount is higher.  
40 The actual selling price shall be the base for computing the tax on the  
41 isolated or occasional sale of wrecked or damaged vehicles. In determin-  
42 ing the base for computing the tax on such isolated or occasional sale, the  
43 fair market value of any motor vehicle or trailer traded in by the purchaser

1 to the seller may be deducted from the selling price;

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

12 For the purposes of this subsection:

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

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

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

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

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

42 (r) the gross receipts from fees or charges made under service or  
43 maintenance agreement contracts for services, charges for the providing

1 of which are taxable under the provisions of subsection (p) or (q);  
2 (s) on and after January 1, 2005, the gross receipts received from the  
3 sale of prewritten computer software and the sale of the services of mod-  
4 ifying, altering, updating or maintaining prewritten computer software,  
5 whether the prewritten computer software is installed or delivered elec-  
6 tronically by tangible storage media physically transferred to the pur-  
7 chaser or by load and leave;  
8 (t) the gross receipts received for telephone answering services, mo-  
9 bile telecommunication services, beeper services and other similar serv-  
10 ices. On and after August 1, 2002, the provisions of the federal mobile  
11 telecommunications sourcing act as in effect on January 1, 2002, shall be  
12 applicable to all sales of mobile telecommunication services taxable pur-  
13 suant to this subsection. The secretary of revenue is hereby authorized  
14 and directed to perform any act deemed necessary to properly implement  
15 such provisions;  
16 (u) the gross receipts received from the sale of prepaid calling service  
17 as defined in K.S.A. 2004 Supp. 79-3673, and amendments thereto; and  
18 (v) the gross receipts received from the sales of bingo cards, bingo  
19 faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*,  
20 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,  
21 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before  
22 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo  
23 faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*,  
24 and amendments thereto, shall be exempt from taxes imposed pursuant  
25 to this section.  
26 Sec. 13. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as  
27 follows: 79-3620. (a) All revenue collected or received by the director of  
28 taxation from the taxes imposed by this act shall be remitted to the state  
29 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
30 amendments thereto. Upon receipt of each such remittance, the state  
31 treasurer shall deposit the entire amount in the state treasury, less  
32 amounts withheld as provided in subsection (b) and amounts credited as  
33 provided in subsection (c) and (d), to the credit of the state general fund.  
34 (b) A refund fund, designated as "sales tax refund fund" not to exceed  
35 \$100,000 shall be set apart and maintained by the director from sales tax  
36 collections and estimated tax collections and held by the state treasurer  
37 for prompt payment of all sales tax refunds including refunds authorized  
38 under the provisions of K.S.A. 79-3635, and amendments thereto. Such  
39 fund shall be in such amount, within the limit set by this section, as the  
40 director shall determine is necessary to meet current refunding require-  
41 ments under this act. In the event such fund as established by this section  
42 is, at any time, insufficient to provide for the payment of refunds due  
43 claimants thereof, the director shall certify the amount of additional funds

1 required to the director of accounts and reports who shall promptly trans-  
2 fer the required amount from the state general fund to the sales tax refund  
3 fund, and notify the state treasurer, who shall make proper entry in the  
4 records.

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

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

15 (3) *Commencing on July 1, 2006, and ending on June 30, 2007*, the  
16 state treasurer shall credit  ~~$\frac{19}{265}$~~   $\frac{19}{275}$  of the revenue collected and re-  
17 ceived from the tax imposed by K.S.A. 79-3603, and amendments thereto,  
18 at the rate of ~~5.3%~~ 5.5%, and deposited as provided by subsection (a),  
19 exclusive of amounts credited pursuant to subsection (d), in the state  
20 highway fund.

21 (4) *On and after July 1, 2007*, the state treasurer shall credit  ~~$\frac{13}{406}$~~   
22  $\frac{13}{110}$  of the revenue collected and received from the tax imposed by  
23 K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.3%~~ 5.5%, and  
24 deposited as provided by subsection (a), exclusive of amounts credited  
25 pursuant to subsection (d), in the state highway fund.

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

41 Sec. 14. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as  
42 follows: 79-3703. There is hereby levied and there shall be collected from  
43 every person in this state a tax or excise for the privilege of using, storing,

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

15 Sec. 15. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as  
16 follows: 79-3710. (a) All revenue collected or received by the director  
17 under the provisions of this act shall be remitted to the state treasurer in  
18 accordance with the provisions of K.S.A. 75-4215, and amendments  
19 thereto. Upon receipt of each such remittance, the state treasurer shall  
20 deposit the entire amount in the state treasury, less amounts set apart as  
21 provided in subsection (b) and amounts credited as provided in subsection  
22 (c) and (d), to the credit of the state general fund.

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

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

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

40 (3) *Commencing on July 1, 2006, and ending on June 30, 2007,* the  
41 state treasurer shall credit  ~~$\frac{19}{265}$~~   $\frac{19}{275}$  of the revenue collected or received  
42 from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the  
43 rate of ~~5.3%~~ 5.5%, and deposited as provided by subsection (a), exclusive

1 of amounts credited pursuant to subsection (d), in the state highway fund.  
 2 (4) On *and after* July 1, 2007, the state treasurer shall credit ~~13/100~~  
 3 <sup>13/110</sup> of the revenue collected or received from the tax imposed by K.S.A.  
 4 79-3703, and amendments thereto, at the rate of ~~5.3%~~ 5.5%, and depos-  
 5 ited as provided by subsection (a), exclusive of amounts credited pursuant  
 6 to subsection (d), in the state highway fund.

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

20 This subsection shall not apply to a project designated as a special bond  
 21 project as defined in subsection (z) of K.S.A. 12-1770a, and amendments  
 22 thereto.

23 Sec. 16. K.S.A. 72-6405 is hereby amended to read as follows: 72-  
 24 6405. (a) K.S.A. 72-6405 through 72-6440, and amendments thereto, shall  
 25 be known and may be cited as the school district finance and quality  
 26 performance act.

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

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

33 New Sec. 17. The legislature shall make appropriations necessary for  
 34 the implementation of the school district finance and quality performance  
 35 act. Appropriations of revenues derived from gaming revenues shall not  
 36 be less than \$80,000,000 in fiscal year 2006-2007 and not less than  
 37 \$120,000,000 in fiscal year 2007-2008.

38 Sec. 18. K.S.A. 72-979, 72-6405, 72-6410, 72-6413, 72-6414, 72-  
 39 6433b and 72-8801 and K.S.A. 2004 Supp. 72-978, 72-6407, 79-32,110,  
 40 79-3603, 79-3620, 79-3703 and 79-3710 are hereby repealed.

41 Sec. 19. This act shall take effect and be in force from and after July  
 42 1, 2006, and its publication in the statute book.