

HOUSE BILL No. 2011

By Select Committee on School Finance

6-22

9 AN ACT concerning schools and school districts; relating to property tax;
10 increase in sales and use tax rate; relating to the boundaries of certain
11 school districts; relating to the implementation of the Augenblick and
12 Meyers study; amending K.S.A. 2004 Supp. 72-6431, as amended by
13 section 22 of 2005 House Bill No. 2247, 79-3603, as amended by sec-
14 tion 2 of 2005 Senate Bill No. 23, 79-3620, 79-3703, 79-3710 and
15 section 8 of 2005 House Bill No. 2247 and repealing the existing
16 sections.

17

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

19 Section 1. K.S.A. 2004 Supp. 72-6431, as amended by section 22 of
20 2005 House Bill No. 2247, is hereby amended to read as follows: 72-6431.

21 (a) The board of each district shall levy an ad valorem tax upon the taxable
22 tangible property of the district in the school years specified in subsection
23 (b) for the purpose of:

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

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

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

34 (b) The tax required under subsection (a) shall be levied at a rate of
35 ~~20~~ 44 mills in the school year 2005-2006 and school year 2006-2007.

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

42 (d) On June 6 of each year, the amount, if any, by which a district's
43 local effort exceeds the amount of the district's state financial aid, as

1 determined by the state board, shall be remitted to the state treasurer.
2 Upon receipt of any such remittance, the state treasurer shall deposit the
3 same in the state treasury to the credit of the state school district finance
4 fund.

5 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-
6 1964b, and amendments thereto.

7 Sec. 2. K.S.A. 2004 Supp. 79-3603, as amended by section 2 of 2005
8 Senate Bill No. 23, is hereby amended to read as follows: 79-3603. For
9 the privilege of engaging in the business of selling tangible personal prop-
10 erty at retail in this state or rendering or furnishing any of the services
11 taxable under this act, there is hereby levied and there shall be collected
12 and paid a tax at the rate of 5.3% *before August 1, 2005, and 7.3% on*
13 *and after August 1, 2005.* Within a redevelopment district established
14 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
15 levied and there shall be collected and paid an additional tax at the rate
16 of 2% until the earlier of the date the bonds issued to finance or refinance
17 the redevelopment project have been paid in full or the final scheduled
18 maturity of the first series of bonds issued to finance any part of the
19 project upon:

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

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

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

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

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

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

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

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

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

22 (o) the gross receipts received from the isolated or occasional sale of
23 motor vehicles or trailers but not including: (1) The transfer of motor
24 vehicles or trailers by a person to a corporation or limited liability com-
25 pany solely in exchange for stock securities or membership interest in
26 such corporation or limited liability company; or (2) the transfer of motor
27 vehicles or trailers by one corporation or limited liability company to
28 another when all of the assets of such corporation or limited liability
29 company are transferred to such other corporation or limited liability
30 company; or (3) the sale of motor vehicles or trailers which are subject
31 to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
32 amendments thereto, by an immediate family member to another im-
33 mediate family member. For the purposes of clause (3), immediate family
34 member means lineal ascendants or descendants, and their spouses. Any
35 amount of sales tax paid pursuant to the Kansas retailers sales tax act on
36 the isolated or occasional sale of motor vehicles or trailers on and after
37 July 1, 2004, which the base for computing the tax was the value pursuant
38 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
39 thereto, when such amount was higher than the amount of sales tax which
40 would have been paid under the law as it existed on June 30, 2004, shall
41 be refunded to the taxpayer pursuant to the procedure prescribed by this
42 section. Such refund shall be in an amount equal to the difference be-
43 tween the amount of sales tax paid by the taxpayer and the amount of

1 sales tax which would have been paid by the taxpayer under the law as it
2 existed on June 30, 2004. Each claim for a sales tax refund shall be verified
3 and submitted not later than six months from the effective date of this
4 act to the director of taxation upon forms furnished by the director and
5 shall be accompanied by any additional documentation required by the
6 director. The director shall review each claim and shall refund that
7 amount of tax paid as provided by this act. All such refunds shall be paid
8 from the sales tax refund fund, upon warrants of the director of accounts
9 and reports pursuant to vouchers approved by the director of taxation or
10 the director's designee. No refund for an amount less than \$10 shall be
11 paid pursuant to this act. In determining the base for computing the tax
12 on such isolated or occasional sale, the fair market value of any motor
13 vehicle or trailer traded in by the purchaser to the seller may be deducted
14 from the selling price;

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

25 For the purposes of this subsection:

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

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

39 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
40 well, feedlot or any conveyance, transmission or distribution line of any
41 cooperative, nonprofit, membership corporation organized under or sub-
42 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
43 or of any municipal or quasi-municipal corporation, including the land

1 improvements immediately surrounding such facility; and

2 (4) “residence” shall mean only those enclosures within which indi-
3 viduals customarily live;

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

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

15 (s) on and after January 1, 2005, the gross receipts received from the
16 sale of prewritten computer software and the sale of the services of mod-
17 ifying, altering, updating or maintaining prewritten computer software,
18 whether the prewritten computer software is installed or delivered elec-
19 tronically by tangible storage media physically transferred to the pur-
20 chaser or by load and leave;

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

29 (u) the gross receipts received from the sale of prepaid calling service
30 as defined in K.S.A. 2004 Supp. 79-3673, and amendments thereto; and

31 (v) the gross receipts received from the sales of bingo cards, bingo
32 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
33 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
34 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
35 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
36 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
37 and amendments thereto, shall be exempt from taxes imposed pursuant
38 to this section.

39 Sec. 3. K.S.A. 2004 Supp. 79-3620 is hereby amended to read as
40 follows: 79-3620. (a) All revenue collected or received by the director of
41 taxation from the taxes imposed by this act shall be remitted to the state
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and
43 amendments thereto. Upon receipt of each such remittance, the state

1 treasurer shall deposit the entire amount in the state treasury, less
2 amounts withheld as provided in subsection (b) and amounts credited as
3 provided in subsection (c) and (d), to the credit of the state general fund.

4 (b) A refund fund, designated as “sales tax refund fund” not to exceed
5 \$100,000 shall be set apart and maintained by the director from sales tax
6 collections and estimated tax collections and held by the state treasurer
7 for prompt payment of all sales tax refunds including refunds authorized
8 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
9 fund shall be in such amount, within the limit set by this section, as the
10 director shall determine is necessary to meet current refunding require-
11 ments under this act. In the event such fund as established by this section
12 is, at any time, insufficient to provide for the payment of refunds due
13 claimants thereof, the director shall certify the amount of additional funds
14 required to the director of accounts and reports who shall promptly trans-
15 fer the required amount from the state general fund to the sales tax refund
16 fund, and notify the state treasurer, who shall make proper entry in the
17 records.

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

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

28 (3) *Commencing on July 1, 2006, August 1, 2005, and ending on June*
29 *30, 2006,* the state treasurer shall credit $\frac{19}{265}$ $\frac{5}{146}$ of the revenue collected
30 and received from the tax imposed by K.S.A. 79-3603, and amendments
31 thereto, at the rate of ~~5.3%~~ 7.3%, and deposited as provided by subsection
32 (a), exclusive of amounts credited pursuant to subsection (d), in the state
33 highway fund.

34 (4) *Commencing on July 1, 2007 2006, and ending on June 30, 2007,*
35 the state treasurer shall credit $\frac{13}{106}$ $\frac{19}{365}$ of the revenue collected and
36 received from the tax imposed by K.S.A. 79-3603, and amendments
37 thereto, at the rate of ~~5.3%~~ 7.3%, and deposited as provided by subsection
38 (a), exclusive of amounts credited pursuant to subsection (d), in the state
39 highway fund.

40 (5) *On and after July 1, 2007, the state treasurer shall credit $\frac{13}{146}$ of*
41 *the revenue collected or received from the tax imposed by K.S.A. 79-3603,*
42 *and amendments thereto, at the rate of 7.3%, and deposited as provided*
43 *by subsection (a) exclusive of amounts credited pursuant to subsection*

1 (d), in the state highway fund.

2 (d) The state treasurer shall credit all revenue collected or received
3 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
4 certified by the director, from taxpayers doing business within that por-
5 tion of a redevelopment district occupied by a redevelopment project or
6 taxpayers doing business with such entity financed by a special bond pro-
7 ject as defined in K.S.A. 12-1770a, and amendments thereto, that was
8 determined by the secretary of commerce to be of statewide as well as
9 local importance or will create a major tourism area for the state or the
10 project was designated as a special bond project as defined in K.S.A. 12-
11 1770a, and amendments thereto, to the city bond finance fund, which
12 fund is hereby created. The provisions of this subsection shall expire when
13 the total of all amounts credited hereunder and under subsection (d) of
14 K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special
15 obligation bonds issued for the purpose of financing all or a portion of
16 the costs of such redevelopment or special bond project.

17 Sec. 4. K.S.A. 2004 Supp. 79-3703 is hereby amended to read as
18 follows: 79-3703. There is hereby levied and there shall be collected from
19 every person in this state a tax or excise for the privilege of using, storing,
20 or consuming within this state any article of tangible personal property.
21 Such tax shall be levied and collected in an amount equal to the consid-
22 eration paid by the taxpayer multiplied by the rate of 5.3% before August
23 1, 2005, and 7.3% on and after August 1, 2005. Within a redevelopment
24 district established pursuant to K.S.A. 74-8921, and amendments thereto,
25 there is hereby levied and there shall be collected and paid an additional
26 tax of 2% until the earlier of: (1) The date the bonds issued to finance or
27 refinance the redevelopment project undertaken in the district have been
28 paid in full; or (2) the final scheduled maturity of the first series of bonds
29 issued to finance the redevelopment project. All property purchased or
30 leased within or without this state and subsequently used, stored or con-
31 sumed in this state shall be subject to the compensating tax if the same
32 property or transaction would have been subject to the Kansas retailers'
33 sales tax had the transaction been wholly within this state.

34 Sec. 5. K.S.A. 2004 Supp. 79-3710 is hereby amended to read as
35 follows: 79-3710. (a) All revenue collected or received by the director
36 under the provisions of this act shall be remitted to the state treasurer in
37 accordance with the provisions of K.S.A. 75-4215, and amendments
38 thereto. Upon receipt of each such remittance, the state treasurer shall
39 deposit the entire amount in the state treasury, less amounts set apart as
40 provided in subsection (b) and amounts credited as provided in subsection
41 (c) and (d), to the credit of the state general fund.

42 (b) A revolving fund, designated as "compensating tax refund fund"
43 not to exceed \$10,000 shall be set apart and maintained by the director

1 from compensating tax collections and estimated tax collections and held
2 by the state treasurer for prompt payment of all compensating tax refunds.
3 Such fund shall be in such amount, within the limit set by this section,
4 as the director shall determine is necessary to meet current refunding
5 requirements under this act.

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

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

16 (3) *Commencing on July 1, 2006, August 1, 2005, and ending on June*
17 *30, 2006,* the state treasurer shall credit ~~$\frac{19}{265}$~~ $\frac{5}{146}$ of the revenue collected
18 or received from the tax imposed by K.S.A. 79-3703, and amendments
19 thereto, at the rate of ~~5.3%~~ 7.3%, and deposited as provided by subsection
20 (a), exclusive of amounts credited pursuant to subsection (d), in the state
21 highway fund.

22 (4) *Commencing on July 1, 2007 2006, and ending on June 30, 2007,*
23 the state treasurer shall credit ~~$\frac{13}{406}$~~ $\frac{19}{365}$ of the revenue collected or
24 received from the tax imposed by K.S.A. 79-3703, and amendments
25 thereto, at the rate of ~~5.3%~~ 7.3%, and deposited as provided by subsection
26 (a), exclusive of amounts credited pursuant to subsection (d), in the state
27 highway fund.

28 (5) *On and after July 1, 2007, the state treasurer shall credit $\frac{13}{146}$ of*
29 *the revenue received or collected from the tax imposed by K.S.A. 79-3703,*
30 *and amendments thereto, at the rate of 7.3%, and deposited as provided*
31 *by subsection (a), exclusive of amounts credited pursuant to subsection*
32 *(d), in the state highway fund.*

33 (d) The state treasurer shall credit all revenue collected or received
34 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
35 certified by the director, from taxpayers doing business within that por-
36 tion of a redevelopment district occupied by a redevelopment project that
37 was determined by the secretary of commerce to be of statewide as well
38 as local importance or will create a major tourism area for the state as
39 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond
40 finance fund created by subsection (d) of K.S.A. 79-3620, and amend-
41 ments thereto. The provisions of this subsection shall expire when the
42 total of all amounts credited hereunder and under subsection (d) of K.S.A.
43 79-3620, and amendments thereto, is sufficient to retire the special ob-

1 ligation bonds issued for the purpose of financing all or a portion of the
2 costs of such redevelopment project.

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

6 Sec. 6. Section 8 of 2005 House Bill No. 2247 is hereby amended to
7 read as follows: (a) The commission shall:

8 ~~(a)~~ (1) Conduct continuous and on-going monitoring of the imple-
9 mentation and operation of the school district finance and quality per-
10 formance act and other provisions of law relating to school finance and
11 the quality performance accreditation system;

12 ~~(b)~~ (2) evaluate the school district finance and quality performance
13 act and determine if there is a fair and equitable relationship between
14 the costs of the weighted components and assigned weightings;

15 ~~(c)~~ (3) determine if existing weightings should be adjusted;

16 ~~(d)~~ (4) determine if additional school district operations should be
17 weighted;

18 ~~(e)~~ (5) review the amount of base state aid per pupil and determine
19 if the amount should be adjusted;

20 ~~(f)~~ (6) evaluate the reform and restructuring components of the act
21 and assess the impact thereof;

22 ~~(g)~~ (7) evaluate the system of financial support, reform and restruc-
23 turing of public education in Kansas and in other states to ensure that
24 the Kansas system is efficient and effective;

25 ~~(h)~~ (8) conduct other studies, as directed by the legislative coordi-
26 nating council, relating to the improving, reforming or restructuring of
27 the educational system and the financing thereof;

28 ~~(i)~~ (9) conduct hearings and receive and consider suggestions from
29 teachers, parents, the department of education, the state board of edu-
30 cation, other governmental officers and agencies and the general public
31 concerning suggested improvements in the educational system and the
32 financing thereof;

33 ~~(j)~~ (10) appoint advisory committees when deemed necessary. Such
34 advisory committees shall conduct hearings and seek a wide variety of
35 input from individuals and groups affected by and concerned with the
36 quality, efficiency and cost of public elementary and secondary education
37 in Kansas. Such individuals and groups shall include, but not be limited
38 to, teachers, parents, students, the department of education, the state
39 board of education, other governmental officers and agencies, profes-
40 sional educational organizations and associations, the business commu-
41 nity, institutions of higher education, other persons who have an interest
42 in the quality and efficiency of elementary and secondary education in
43 Kansas and members of the general public interested in the improvement

1 in the state's educational system and the financing thereof. The chair-
2 person of any such advisory committee shall be a member of the 2010
3 commission;

4 ~~(11)~~ (11) make any recommendation it deems is necessary to guide the
5 legislature to fulfill goals established by the legislature in meeting its con-
6 stitutional duties of the legislature to: (A) Provide for intellectual, edu-
7 cational, vocational and scientific improvement in public schools estab-
8 lished and maintained by the state; and (B) make suitable provision for
9 the finance of the educational interests of the state;

10 ~~(12)~~ (12) examine the availability of revenues to ensure adequate fund-
11 ing of elementary and secondary education in the state;

12 ~~(13)~~ (13) examine school district efficiencies and whether districts are
13 using best practices to deliver a high quality level of services and
14 programs;

15 ~~(14)~~ (14) examine school district consolidation and impediments
16 thereto;

17 ~~(15)~~ (15) examine voluntary activities, including extracurricular activi-
18 ties, which affect educational costs;

19 ~~(16)~~ (16) monitor and evaluate associations and organizations that pro-
20 mote or regulate voluntary or extracurricular activities including, but not
21 limited to, the Kansas state high school activities association;

22 ~~(17)~~ (17) conduct other studies, as directed by the legislature, relating
23 to the improving, reforming or restructuring of the educational system
24 and the financing thereof; *and*

25 ~~(18)~~ (18) make and submit annual reports to the legislature on the work
26 of the commission concerning recommendations of the commission re-
27 lating to the improving, reforming or restructuring of the educational
28 system and the financing thereof and other topics of study directed to
29 the commission by the legislative coordinating council. Such report also
30 shall include recommendations for legislative changes and shall be sub-
31 mitted to the legislature on or before December 31 of each year.

32 *(b) In addition to the duties set forth in subsection (a), the commission*
33 *shall meet on August 1, 2005, and as necessary thereafter, to make and*
34 *prepare recommendations for legislative changes necessary to implement*
35 *the changes in the boundaries of school districts in this state based upon*
36 *the size of such school districts contained in the Comprehensive Study on*
37 *the Organization of Kansas School Districts by Augenblick & Meyers,*
38 *Inc., dated January 10, 2001, and report such recommendations to the*
39 *legislature on or before December 31, 2005. The legislative changes shall*
40 *include:*

41 *(1) Proposed boundaries for the consolidation of the following school*
42 *districts with a contiguous neighboring school district: U.S.D. No. 103,*
43 *104, 209, 212, 213, 217, 220, 221, 223, 225, 228, 238, 242, 245, 269, 275,*

1 279, 280, 283, 285, 291, 292, 295, 299, 301, 302, 304, 314, 326, 334, 369,
2 371, 390, 399, 401, 424, 433, 455, 468, 471, 474, 481, 488, 496, 502 and
3 511;

4 (2) *proposed for the reduction in size of, and creation of new addi-*
5 *tional contiguous school districts when necessary, the following school*
6 *districts: U.S.D. No. 202, 229, 233, 253, 259, 260, 261, 265, 266, 305,*
7 *308, 345, 373, 383, 428, 437, 443, 453, 457, 475, 480, 489, 497, 500 and*
8 *512;*

9 (3) *provisions for the transfer of territory from one school district to*
10 *another;*

11 (4) *provisions for the transfer of teaching personnel from one school*
12 *district to another;*

13 (5) *provisions for the transfer of equipment from one school district*
14 *to another;*

15 (6) *provisions for the transfer of funds from one school district to*
16 *another; and*

17 (7) *such other proposed legislation necessary to implement the pro-*
18 *visions of this subsection.*

19 Sec. 7. K.S.A. 2004 Supp. 72-6431, as amended by section 22 of 2005
20 House Bill No. 2247, 79-3603, as amended by section 2 of 2005 Senate
21 Bill No. 23, 79-3620, 79-3703, 79-3710 and section 8 of 2005 House Bill
22 No. 2247 are hereby repealed.

23 Sec. 8. This act shall take effect and be in force from and after its
24 publication in the Kansas register.