

Journal of the Senate

SIXTY-FIFTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Friday, May 7, 2004—10:00 a.m.

The Senate was called to order by President Dave Kerr.
The roll was called with forty senators present.
Invocation by Chaplain Fred S. Hollomon:

Heavenly Father,

Toward the end of each session bodies and minds are tired, patience is worn, and tempers can be getting short. The discussion yesterday about the buffalo and the Kansas Quarter seemed to provide some needed comic relief. So today, O God, I hope You will give Your permission to let me make my contribution to easing the fatigue with a preacher story. I know You have heard it before, but I ask for Your patience and Your mercy.

A bunch of terrorists captured
A preacher, singer, and their guide.
They were told they had one wish
Before each one died.

The preacher had a sermon,
“It’s an hour long,” he said.
“But I would really like to preach it
Before I wind up dead.”

The singer had a solo
Also an hour long,
And before he died he really would
Like to sing his song.

They asked the guide about his wish
Before they put him in the hearse.
His request was simple:
“Please, please kill me first!”

Trusting in Your sense of Humor, Lord,
I pray in Your Son’s Name,

AMEN

MESSAGE FROM THE HOUSE

Announcing the House accedes to the request of the Senate for a conference on **HB 2027** and has appointed Representatives Decker, O’Neal and Reardon as third conferees on the part of the House.

On motion of Senator Oleen, the Senate recessed until 12:00 Noon.

AFTERNOON SESSION

The Senate met pursuant to recess with President Kerr in the chair.

ORIGINAL MOTION

Senator Oleen moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bill: **SB 480**.

ORIGINAL MOTION

Senator Oleen moved joint rule 3(f) be suspended and the Senate dispense with distribution of copies of the Conference Committee report on **S Sub for HB 2937**.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2937**, submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill, as printed with Senate Committee of the Whole amendments, as follows:

On page 1, by striking all in lines 19 through 43;

By striking all on pages 2 through 30;

On page 31, by striking all in lines 1 through 12 and inserting the following:

“Section 1. K.S.A. 72-6405 is hereby amended to read as follows: 72-6405. (a) K.S.A. 72-6405 ~~through 72-6440~~ *et seq.*, and amendments thereto, shall be known and may be cited as the school district finance and quality performance act.

(b) ~~The provisions of this section shall take effect and be in force from and after July 1, 1992. The provisions of this act are severable. If any provision of this act is held to be invalid or unconstitutional, it shall be presumed conclusively that the legislature would have enacted the remainder of this act without such invalid or unconstitutional provision.~~

Sec. 2. K.S.A. 2003 Supp. 72-6407 is hereby amended to read as follows: 72-6407. As used in this act:

(a) (1) “Pupil” means any person (A) who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district ~~or~~; (B) who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto; ~~or~~; or (C) who is regularly enrolled in a district and attending special education *and related* services provided for preschool-aged exceptional children by the district.

(2) Except as otherwise provided in *paragraph (3)* of this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the pupil’s attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil’s postsecondary education enrollment and attendance together with the pupil’s attendance in either of the grades 11 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil’s postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil’s vocational education enrollment and attendance together with the pupil’s attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil’s vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education and related services, except special education and related services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education and related services for preschool-aged exceptional

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

(3) A pupil residing at the Flint Hills job corps center shall not be counted. A pupil confined in and receiving educational services provided for by a district at a juvenile detention facility shall not be counted. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted. *A pupil enrolled in a virtual school in a district but who is not a resident of the state of Kansas shall not be counted.*

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

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

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

(e) "Enrollment" means:

(1) (A) *Subject to the provisions of paragraph (1)(B), for districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not specified in this ~~clause~~ paragraph (1), the number of pupils regularly enrolled in the district on September 20;*

(B) *a pupil who is a foreign exchange student shall not be counted unless such student is regularly enrolled in the district on September 20 and attending kindergarten or any of the grades one through 12 maintained by the district for at least one trimester or two quarters, or the equivalent thereof;*

(2) If enrollment in a district in any school year has decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of (A) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled, or (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of (i) enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled and (iii) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; ~~or.~~

(3) *For districts affected by a disaster, as defined by K.S.A. 72-6447, and amendments thereto, the number of pupils as determined under K.S.A. 72-6447, and amendments thereto.*

(f) "Adjusted enrollment" means enrollment adjusted by adding at-risk pupil weighting, program weighting, low enrollment weighting, if any, correlation weighting, if any, school facilities weighting, if any, ancillary school facilities weighting, if any, special education and related services weighting, and transportation weighting to enrollment.

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

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

(i) "Low enrollment weighting" means: (1) *For all school years except school year 2004-2005*, an addend component assigned to enrollment of districts having under 1,725 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,725 or over enrollment.

(2) *For school year 2004-2005*, an addend component assigned to enrollment of districts having under 1,700 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,700 or over enrollment.

(j) "School facilities weighting" means: (1) *For all school years except school year 2004-2005*, an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget and budgeted therein the total amount authorized for the school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

(2) *For school year 2004-2005*, an addend component assigned to enrollment of districts having 1,700 or over enrollment on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under 1,700 enrollment.

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

(l) "Correlation weighting" means: (1) *For all school years except school year 2004-2005*, an addend component assigned to enrollment of districts having 1,725 or over enrollment on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under 1,725 enrollment.

(2) *For school year 2004-2005*, an addend component assigned to enrollment of districts having 1,700 or over enrollment on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under 1,700 enrollment.

(m) "Ancillary school facilities weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 72-6441, and amendments thereto, apply on the basis of costs attributable to commencing operation of new school facilities. Ancillary school facilities weighting may be assigned to enrollment of a district only if the district has levied a tax under authority of K.S.A. 72-6441, and amendments thereto, and remitted the proceeds from such tax to the state treasurer. Ancillary school facilities weighting is in addition to assignment of school facilities weighting to enrollment of any district eligible for such weighting.

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

(2) any level VI treatment facility licensed by the Kansas department of health and environment which is a psychiatric residential treatment facility for individuals under the age of 21 which conforms with the regulations of the centers for medicare/medicaid services and the joint commission on accreditation of health care organizations governing such facilities; and

(3) the Forbes Juvenile Attention Facility, the Sappa Valley Youth Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clarence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, St. Francis Center at Salina, King's Achievement Center, and Liberty Juvenile Services and Treatment.

(o) "Special education and related services weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to provision of special education and related services for pupils determined to be exceptional children.

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

Sec. 3. K.S.A. 72-6410 is hereby amended to read as follows: 72-6410. (a) "State financial aid" means an amount equal to the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(b) "Base state aid per pupil" means an amount of state financial aid per pupil. Subject to the other provisions of this subsection, the amount of base state aid per pupil is ~~\$3,890~~ \$3,938. The amount of base state aid per pupil is subject to reduction commensurate with any reduction under K.S.A. 75-6704, and amendments thereto, in the amount of the appropriation from the state general fund for general state aid. If the amount of appropriations for general state aid is insufficient to pay in full the amount each district is entitled to receive for any school year, the amount of base state aid per pupil for such school year is subject to reduction commensurate with the amount of the insufficiency.

(c) "Local effort" means the sum of an amount equal to the proceeds from the tax levied under authority of K.S.A. 72-6431, and amendments thereto, and an amount equal to any unexpended and unencumbered balance remaining in the general fund of the district, except amounts received by the district and authorized to be expended for the purposes specified in K.S.A. 72-6430, and amendments thereto, and an amount equal to any unexpended and unencumbered balances remaining in the program weighted funds of the district, except any amount in the vocational education fund of the district if the district is operating an area vocational school, and an amount equal to any remaining proceeds from taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto, prior to the repeal of such statutory sections, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district under the provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto, and an amount equal to the amount deposited in the general fund in the current school year from amounts received in such year by the district pursuant to contracts made and entered into under authority of K.S.A. 72-6757, and amendments thereto, and an amount equal to the amount credited to the general fund in the current school year from amounts distributed in such year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated and under the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated, and an amount equal to the amount of payments received by the district under the provisions of K.S.A. 72-979, and amendments thereto, and an amount equal to the amount of a grant, if any, received by the district under the provisions of K.S.A. 72-983, and amendments thereto, and an amount equal to 75% of the federal impact aid of the district.

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

Sec. 4. K.S.A. 72-6412 is hereby amended to read as follows: 72-6412. *Except as provided by subsection (h)*, the low enrollment weighting of each district with under 1,725 enrollment shall be determined by the state board as follows:

(a) Determine the amount of the median budget per pupil for the 1991-92 school year of districts with 75-125 enrollment in such school year;

- (b) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 200-399 enrollment in such school year;
- (c) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 1,900 or over enrollment;
- (d) prescribe a schedule amount for each of the districts by preparing a schedule based upon an accepted mathematical formula and derived from a linear transition between (1) the median budgets per pupil determined under (a) and (b), and (2) the median budgets per pupil determined under (b) and (c). The schedule amount for districts with 0-99 enrollment is an amount equal to the amount of the median budget per pupil determined under (a). The schedule amount for districts with 100-299 enrollment is the amount derived from the linear transition under (1). The schedule amount for districts with 300-1,899 enrollment is the amount derived from the linear transition under (2);
 - (e) for districts with 0-99 enrollment:
 - (1) Subtract the amount determined under (c) from the amount determined under (a);
 - (2) divide the remainder obtained under (1) by the amount determined under (c);
 - (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
 - (f) for districts with 100-299 enrollment:
 - (1) Subtract the amount determined under (c) from the schedule amount of the district;
 - (2) divide the remainder obtained under (1) by the amount determined under (c);
 - (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
 - (g) for districts with 300-1,724 enrollment:
 - (1) Subtract the amount determined under (c) from the schedule amount of the district;
 - (2) divide the remainder obtained under (1) by the amount determined under (c);
 - (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district.
- (h) *The provisions of this section shall not be effective in school year 2004-2005.*

New Sec. 5. The provisions of this section shall apply in school year 2004-2005. The low enrollment weighting of each district with under 1,700 enrollment shall be determined by the state board as follows:

- (a) Determine the amount of the median budget per pupil for the 1991-92 school year of districts with 75-125 enrollment in such school year;
- (b) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 200-399 enrollment in such school year;
- (c) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 1,900 or over enrollment;
- (d) prescribe a schedule amount for each of the districts by preparing a schedule based upon an accepted mathematical formula and derived from a linear transition between (1) the median budgets per pupil determined under (a) and (b), and (2) the median budgets per pupil determined under (b) and (c). The schedule amount for districts with 0-99 enrollment is an amount equal to the amount of the median budget per pupil determined under (a). The schedule amount for districts with 100-299 enrollment is the amount derived from the linear transition under (1). The schedule amount for districts with 300-1,899 enrollment is the amount derived from the linear transition under (2);
 - (e) for districts with 0-99 enrollment:
 - (1) Subtract the amount determined under (c) from the amount determined under (a);
 - (2) divide the remainder obtained under (1) by the amount determined under (c);
 - (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
 - (f) for districts with 100-299 enrollment:
 - (1) Subtract the amount determined under (c) from the schedule amount of the district;
 - (2) divide the remainder obtained under (1) by the amount determined under (c);
 - (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
 - (g) for districts with 300-1,699 enrollment:
 - (1) Subtract the amount determined under (c) from the schedule amount of the district;

(2) divide the remainder obtained under (1) by the amount determined under (c);
 (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district.

(h) The provisions of this section shall expire on June 30, 2005.

Sec. 6. K.S.A. 72-6413 is hereby amended to read as follows: 72-6413. The program weighting of each district shall be determined by the state board as follows:

(a) Compute full time equivalent enrollment in programs of bilingual education and multiply the computed enrollment by ~~0.2~~ .22 for school year 2004-2005 and, by 0.2 for all other school years;

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

(c) add the products obtained under ~~(a) and (b)~~ subsections (a) and (b). The sum is the program weighting of the district.

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

Sec. 7. K.S.A. 72-6414 is hereby amended to read as follows: 72-6414. (a) The at-risk pupil weighting of each district shall be determined by the state board ~~by multiplying as follows:~~

(1) multiply the number of at-risk pupils included in enrollment of the district by ~~10~~ .149 for school year 2004-2005 and by .10 for all other school years.

(b) The product obtained under subsection (a) is the at-risk pupil weighting of the district.

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

~~(d)~~ (d) A district shall include such information in its at-risk pupil assistance plan as the state board may require regarding the district's remediation strategies and the results thereof in achieving the third grade reading standards and outcomes of mastery identified by the state board. The reporting requirements shall include information documenting remediation strategies and improvement made by pupils who performed below the expected standard on the second grade diagnostic reading test prescribed by the state board.

~~(e)~~ (e) A district whose pupils substantially achieve the state board standards and outcomes of mastery of reading skills upon completion of third grade may be released, upon request, by the state board from the requirements of subsection ~~(b)~~ (c).

Sec. 8. K.S.A. 72-6442 is hereby amended to read as follows: 72-6442. *Except as provided by this section*, the correlation weighting of each district with 1,725 or over enrollment shall be determined by the state board as follows:

(a) Determine the schedule amount for a district with 1,725 enrollment as derived from the linear transition under (d) of K.S.A. 72-6412, and amendments thereto, and subtract the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, from the schedule amount so determined;

(b) divide the remainder obtained under (a) by the amount determined under (c) of K.S.A. 72-6412, and amendments thereto, and multiply the quotient by the enrollment of the district in the current school year. The product is the correlation weighting of the district.

(c) *The provisions of this section shall not be effective for school year 2004-2005.*

New Sec. 9. The provisions of this section shall apply to school year 2004-2005. The correlation weighting of each district with 1,700 or over enrollment shall be determined by the state board as follows:

(a) Determine the schedule amount for a district with 1,700 enrollment as derived from the linear transition under (d) of section 4 and subtract the amount determined under (c) section 4 from the schedule amount so determined;

(b) divide the remainder obtained under (a) by the amount determined under (c) of section 4 and multiply the quotient by the enrollment of the district in the current school year. The product is the correlation weighting of the district.

(c) The provisions of this section shall expire on June 30, 2005.

New Sec. 10. (a) As used in this section:

(1) "School district" or "district" means a school district with a full-time equivalent enrollment of less than 1,000 pupils and which, as of January 1, 2004, paid less than \$100 each month in employer contributions for health insurance for each employee of the district.

(2) "State board" means the state board of education.

(b) In order to assist a school district in providing health insurance benefits to the employees of the district and to pay a portion of the costs thereof, the district may apply for a grant pursuant to this section. Applications for such grants shall be submitted to the state board. The application shall include:

(1) A written statement identifying the benefits provided by the health insurance plan.

(2) The cost of providing the health insurance plan.

(3) The sources of revenue the district proposes to use to fund its share of the costs of the health insurance plan.

(4) Any other information required by the state board.

(c) Any moneys received by a school district pursuant to this section shall be used solely for the purpose of funding the district's share of the cost of providing health insurance for employees of the district. A district receiving moneys pursuant to this section may provide health insurance coverage to dependents of employees under the district's health insurance plan, but the cost of such coverage shall be paid by the employee.

(d) A school district which accepts money pursuant to this section shall acquire health insurance from an insurer which is authorized to transact the business of accident and health insurance in the state of Kansas. The district shall enter directly into a contract with the insurer. The school district shall comply with the participation requirements of the insurer.

(e) Any health insurance plan provided by a school district shall include a provision which establishes a minimum deductible of \$1,000 per year. The health insurance plan shall meet the requirements of a high-deductible plan under federal law governing health savings accounts.

(f) The state board may adopt any rules and regulations necessary to implement the provisions of this section.

(g) On or before December 31, 2006, the state board shall prepare and submit to the legislature a report on the impact of any high-deductible plans and use of health savings accounts which may have been established under health insurance plans of school districts accepting grants pursuant to this section.

(h) (1) From August 1, 2004, through July 31, 2005 and subject to appropriations therefore, a school district which contributes, or agrees to contribute, 30% of 90% of the cost of all participating employees' health insurance shall receive a matching state grant of 70% of 90% of the cost of such insurance.

(2) From August 1, 2005, through July 31, 2006 and subject to appropriations therefore, a school district which contributes, or agrees to contribute, 40% of 90% of the cost of all participating employees' health insurance shall receive a matching state grant of 60% of 90% of the cost of such insurance.

(3) From August 1, 2006, through July 31, 2007 and subject to appropriations therefore, a school district which contributes, or agrees to contribute, 50% of 90% of the cost of all participating employees' health insurance shall receive a matching state grant of 50% of 90% of the cost of such insurance.

(4) From August 1, 2007, through July 31, 2008 and subject to appropriations therefore, a school district which contributes, or agrees to contribute, 60% of 90% of the cost of all participating employees' health insurance shall receive a matching state grant of 40% of 90% of the cost of such insurance.

(5) From August 1, 2008, through July 31, 2009 and subject to appropriations therefore, a school district which contributes, or agrees to contribute, 70% of 90% of the cost of all participating employees' health insurance shall receive a matching state grant of 30% of 90% of the cost of such insurance.

(i) The provisions of this section shall expire on July 31, 2009.

Sec. 11. K.S.A. 72-6433 is hereby amended to read as follows: 72-6433. (a) (1) The board of any district may adopt a local option budget in each school year in an amount not to exceed an amount equal to the district prescribed percentage of the amount of state

financial aid determined for the district in the school year. As used in this section, "district prescribed percentage" means:

(A) For any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, do not apply in the current school year, ~~in the 2001-02 school year and in each school year thereafter~~, a percentage that is equal to 80% of the percentage specified in the resolution under which the district was authorized to adopt a local option budget in the 1996-97 school year;

(B) for any district that was authorized to adopt and that adopted a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, apply in the current school year, a percentage ~~in the 2001-02 school year and each school year thereafter~~ that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 72-6444, and amendments thereto;

(C) for any district that was not authorized to adopt a local option budget in the 1996-97 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, apply in the current school year, a percentage ~~in the 2001-02 school year and each school year thereafter~~ that is equal to the sum of the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year and the percentage computed for the district by the state board under the provisions of K.S.A. 72-6444, and amendments thereto;

(D) for any district to which the provisions of K.S.A. 72-6444, and amendments thereto, applied in the 1997-98 school year and to which the provisions of K.S.A. 72-6444, and amendments thereto, do not apply in the current school year because an increase in the amount budgeted by the district in its local option budget as authorized by a resolution adopted under the provisions of subsection (b) causes the actual amount per pupil budgeted by the district in the preceding school year as determined for the district under provision (1) of subsection (a) of K.S.A. 72-6444, and amendments thereto, to equal or exceed the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable to the district's enrollment group, a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year if the resolution authorized the district to increase its local option budget on a continuous and permanent basis. If the resolution that authorized the district to increase its local option budget specified a definite period of time for which the district would retain its authority to increase the local option budget and such authority lapses at the conclusion of such period and is not renewed, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution unless the loss of the percentage of increase that was authorized by the resolution would cause the actual amount per pupil budgeted by the district to be less than the average amount per pupil of general fund budgets and local option budgets computed by the state board under whichever of the provisions (7) through (10) of subsection (a) of K.S.A. 72-6444, and amendments thereto, is applicable to the district's enrollment group, in which case, the term district prescribed percentage means a percentage that is equal to the percentage of the amount of state financial aid the district was authorized to budget in the preceding school year less the percentage of increase that was authorized by the resolution plus a percentage which shall be computed for the district by the state board in accordance with the provisions of K.S.A. 72-6444, and amendments thereto, except that, in making the determination of the actual amount per pupil budgeted by the district in the preceding school year, the state board shall exclude the percentage of increase that was authorized by the resolution.

(2) (A) Subject to the provisions of subpart (B), the adoption of a local option budget under authority of this subsection shall require a majority vote of the members of the board and shall require no other procedure, authorization or approval.

(B) In lieu of utilizing the authority granted by subpart (A) for adoption of a local option budget, the board of a district may pass a resolution authorizing adoption of such a budget and publish such resolution once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. _____, _____ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in each school year for a period of time not to exceed _____ years in an amount not to exceed _____% of the amount of state financial aid determined for the current school year. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. In the event a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of Unified School District No. _____, _____ County, Kansas, on the _____ day of _____, _____.

Clerk of the board of education.

All of the blanks in the resolution shall be appropriately filled. The blank preceding the word "years" shall be filled with a specific number, and the blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in either of the blanks. The percentage specified in the resolution shall not exceed the district prescribed percentage. The resolution shall be published once in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board may adopt a local option budget. If a petition is filed as provided in the resolution, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution. If any district is authorized to adopt a local option budget under this subpart, but the board of such district chooses, in any school year, not to adopt such a budget or chooses, in any school year, to adopt such budget in an amount less than the amount of the district prescribed percentage of the amount of state financial aid in any school year, such board of education may so choose. If the board of any district refrains from adopting a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the authority of such district to adopt a local option budget shall not be extended by such refrainment beyond the period specified in the resolution authorizing adoption of such budget, nor shall the amount authorized to be budgeted in any succeeding school year be increased by such refrainment. Whenever an initial resolution has been adopted under this subpart, and such resolution specified a lesser percentage than the district prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and subject to the same conditions, and shall be authorized to increase the percentage as specified in any such subsequent resolution for the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent reso-

lutions is not in excess of the district prescribed percentage in any school year. The board of any district that has been authorized to adopt a local option budget under this subpart and levied a tax under authority of K.S.A. 72-6435, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew its authority to adopt a local option budget in the manner specified in this subpart or may utilize the authority granted by subpart (A). As used in this subpart, the term "authorized to adopt a local option budget" means that a district has adopted a resolution under this subpart, has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the adoption of a local option budget was approved.

(3) The provisions of this subsection are subject to the provisions of subsections (b) and (c).

(b) The provisions of this subsection (b) shall be subject to the provisions of K.S.A. 72-6433a, and amendments thereto.

(1) The board of any district that adopts a local option budget under subsection (a) may increase the amount of such budget in each school year in an amount which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage of the amount of state financial aid determined for the district in the school year if the board of the district determines that an increase in such budget would be in the best interests of the district.

(2) No district may increase a local option budget under authority of this subsection until: (A) A resolution authorizing such an increase is passed by the board and published once in a newspaper having general circulation in the district; or (B) the question of whether the board shall be authorized to increase the local option budget has been submitted to and approved by the qualified electors of the district at a special election called for the purpose. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto, for the noticing, calling and holding of elections upon the question of issuing bonds under the general bond law. The notice of such election shall state the purpose for and time of the election, and the ballot shall be designed with the question of whether the board of education of the district shall be continuously and permanently authorized to increase the local option budget of the district in each school year by a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year. If a majority of the qualified electors voting at the election approve authorization of the board to increase the local option budget, the board shall have such authority. If a majority of the qualified electors voting at the election are opposed to authorization of the board to increase the local option budget, the board shall not have such authority and no like question shall be submitted to the qualified electors of the district within the nine months following the election.

(3) (A) Subject to the provisions of subpart (B), a resolution authorizing an increase in the local option budget of a district shall state that the board of education of the district shall be authorized to increase the local option budget of the district in each school year in an amount not to exceed _____% of the amount of state financial aid determined for the current school year and that the percentage of increase may be reduced so that the sum of the percentage of the amount of state financial aid budgeted under subsection (a) and the percentage of increase specified in the resolution does not exceed the state prescribed percentage in any school year. The blank preceding the percentage symbol shall be filled with a specific number. No word shall be inserted in the blank. The resolution shall specify a definite period of time for which the board shall be authorized to increase the local option budget and such period of time shall be expressed by the specific number of school years for which the board shall retain its authority to increase the local option budget. No word shall be used to express the number of years for which the board shall be authorized to increase the local option budget.

(B) In lieu of the requirements of subpart (A) and at the discretion of the board, a resolution authorizing an increase in the local option budget of a district may state that the board of education of the district shall be continuously and permanently authorized to increase the local option budget of the district in each school year by a percentage which

together with the percentage of the amount of state financial aid budgeted under subsection (a) does not exceed the state prescribed percentage in any school year.

(4) A resolution authorizing an increase in the local option budget of a district shall state that the amount of the local option budget may be increased as authorized by the resolution unless a petition in opposition to such increase, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication. If no petition is filed in accordance with the provisions of the resolution, the board is authorized to increase the local option budget of the district. If a petition is filed as provided in the resolution, the board may notify the county election officer of the date of an election to be held to submit the question of whether the board shall be authorized to increase the local option budget of the district. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(5) The requirements of provision (2) do not apply to any district that is continuously and permanently authorized to increase the local option budget of the district. An increase in the amount of a local option budget by such a district shall require a majority vote of the members of the board and shall require no other procedure, authorization or approval.

(6) If any district is authorized to increase a local option budget, but the board of such district chooses, in any school year, not to adopt or increase such budget or chooses, in any school year, to adopt or increase such budget in an amount less than the amount authorized, such board of education may so choose. If the board of any district refrains from adopting or increasing a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the amount authorized to be budgeted in any succeeding school year shall not be increased by such refrainment, nor shall the authority of the district to increase its local option budget be extended by such refrainment beyond the period of time specified in the resolution authorizing an increase in the local option budget if the resolution specified such a period of time.

(7) Whenever an initial resolution has been adopted under this subsection, and such resolution specified a percentage which together with the percentage of the amount of state financial aid budgeted under subsection (a) is less than the state prescribed percentage, the board of the district may adopt one or more subsequent resolutions under the same procedure as provided for the initial resolution and shall be authorized to increase the percentage as specified in any such subsequent resolution. If the initial resolution specified a definite period of time for which the district is authorized to increase its local option budget, the authority to increase such budget by the percentage specified in any subsequent resolution shall be limited to the remainder of the period of time specified in the initial resolution. Any percentage specified in a subsequent resolution or in subsequent resolutions shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the subsequent resolution or in subsequent resolutions together with the percentage of the amount of state financial aid budgeted under subsection (a) is not in excess of the state prescribed percentage in any school year.

(8) (A) Subject to the provisions of subpart (B), the board of any district that has adopted a local option budget under subsection (a), has been authorized to increase such budget under a resolution which specified a definite period of time for retention of such authorization, and has levied a tax under authority of K.S.A. 72-6435, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew the authority to increase the local option budget subject to the conditions and in the manner specified in provisions (2) and (3) of this subsection.

(B) The provisions of subpart (A) do not apply to the board of any district that is continuously and permanently authorized to increase the local option budget of the district.

(9) As used in this subsection:

(A) "Authorized to increase a local option budget" means either that a district has held a special election under provision (2)(B) by which authority of the board to increase a local option budget was approved, or that a district has adopted a resolution under provision (2)(A), has published the same, and either that the resolution was not protested or that it was

protested and an election was held by which the authority of the board to increase a local option budget was approved.

(B) "State prescribed percentage" means 25% for all school years except school year 2004-2005, and 27.5% for school year 2004-2005.

(c) To the extent the provisions of the foregoing subsections conflict with this subsection, this subsection shall control. Any district that is authorized to adopt a local option budget in the 1997-98 school year under a resolution which authorized the adoption of such budget in accordance with the provisions of this section prior to its amendment by this act may continue to operate under such resolution for the period of time specified in the resolution or may abandon the resolution and operate under the provisions of this section as amended by this act. Any such district shall operate under the provisions of this section as amended by this act after the period of time specified in the resolution has expired.

(d) (1) There is hereby established in every district that adopts a local option budget a fund which shall be called the supplemental general fund. The fund shall consist of all amounts deposited therein or credited thereto according to law.

(2) Subject to the limitation imposed under provision (3), amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to the general fund of the district or to any program weighted fund or categorical fund of the district.

(3) Amounts in the supplemental general fund may not be expended nor transferred to the general fund of the district for the purpose of making payments under any lease-purchase agreement involving the acquisition of land or buildings which is entered into pursuant to the provisions of K.S.A. 72-8225, and amendments thereto.

(4) Any unexpended and unencumbered cash balance remaining in the supplemental general fund of a district at the conclusion of any school year in which a local option budget is adopted shall be disposed of as provided in this subsection. If the district did not receive supplemental general state aid in the school year and the board of the district determines that it will be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be maintained in such fund or transferred to the general fund of the district. If the board of such a district determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, transferred or expended the entire amount budgeted in the local option budget for the school year, and determines that it will be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be maintained in such fund or transferred to the general fund of the district. If the district received supplemental general state aid in the school year, did not transfer or expend the entire amount budgeted in the local option budget for the school year, and determines that it will not be necessary to adopt a local option budget in the ensuing school year, the total amount of the cash balance remaining in the supplemental general fund shall be transferred to the general fund of the district. If the district received supplemental general state aid in the school year, did not transfer or expend the entire amount budgeted in the local option budget for the school year, and determines that it will be necessary to adopt a local option budget in the ensuing school year, the state board shall determine the ratio of the amount of supplemental general state aid received to the amount of the local option budget of the district for the school year and multiply the total amount of the cash balance remaining in the supplemental general fund by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the district. The amount remaining in the supplemental general fund may be maintained in such fund or transferred to the general fund of the district.

(e) A resolution adopting a local option budget in an amount in excess of the amount of the state prescribed percentage in effect prior to the effective date of this act shall be published once in a newspaper having general circulation in the district. The resolution shall be

in the same form and subject to the same requirements of subsection (a)(2)(B) of this section, except that such resolution shall not be subject to protest and election. The provisions of this subsection shall expire June 30, 2005.

Sec. 12. K.S.A. 2003 Supp. 76-729 is hereby amended to read as follows: 76-729. (a) Persons enrolling at the state educational institutions under the control and supervision of the state board of regents who, if such persons are adults, have been domiciliary residents of the state of Kansas or, if such persons are minors, whose parents have been domiciliary residents of the state of Kansas for at least 12 months prior to enrollment for any term or session at a state educational institution are residents for fee purposes. A person who has been a resident of the state of Kansas for fee purposes and who leaves the state of Kansas to become a resident of another state or country shall retain status as a resident of the state of Kansas for fee purposes if the person returns to domiciliary residency in the state of Kansas within 12 months of departure. All other persons are nonresidents of the state of Kansas for fee purposes.

(b) The state board of regents may authorize *by rules and regulations* the following persons, or any class or classes thereof, and their spouses and dependents to pay an amount equal to resident fees:

- (1) Persons who are employees of a state educational institution;
- (2) persons who are in military service;
- (3) persons who are domiciliary residents of the state, who were in active military service prior to becoming domiciliary residents of the state, who were present in the state for a period of not less than two years during their tenure in active military service, whose domiciliary residence was established in the state within 30 days of discharge or retirement from active military service under honorable conditions, but whose domiciliary residence was not timely enough established to meet the residence duration requirement of subsection (a);
- (4) persons having special domestic relations circumstances;
- (5) persons who have lost their resident status within six months of enrollment;
- (6) persons who are not domiciliary residents of the state, who have graduated from a high school accredited by the state board of education within six months of enrollment, who were domiciliary residents of the state at the time of graduation from high school or within 12 months prior to graduation from high school, and who are entitled to admission at a state educational institution pursuant to K.S.A. 72-116, and amendments thereto; *and*
- (7) persons who are domiciliary residents of the state, whose domiciliary residence was established in the state for the purpose of accepting, upon recruitment by an employer, or retaining, upon transfer required by an employer, a position of full-time employment at a place of employment in Kansas, but the domiciliary residence of whom was not timely enough established to meet the residence duration requirement of subsection (a), and who are not otherwise eligible for authorization to pay an amount equal to resident fees under this subsection; *and*

~~(8) persons who have graduated from a high school accredited by the state board of education within six months of enrollment and who, at the time of graduation from such a high school or while enrolled and in attendance at such a high school prior to graduation therefrom, were dependents of a person in military service within the state, if the person, whose dependent is eligible for authorization to pay an amount equal to resident fees under this provision, does not establish domiciliary residence in the state upon retirement from military service, eligibility of the dependent for authorization to pay an amount equal to resident fees shall lapse;~~

- (c) As used in this section:
 - (1) "Parents" means and includes natural parents, adoptive parents, stepparents, guardians and custodians.
 - (2) "Guardian" has the meaning ascribed thereto by K.S.A. 2003 Supp. 59-3051, and amendments thereto.
 - (3) "Custodian" means a person, agency or association granted legal custody of a minor under the Kansas code for care of children.
 - (4) "Domiciliary resident" means a person who has present and fixed residence in Kansas where the person intends to remain for an indefinite period and to which the person intends to return following absence.

(5) "Full-time employment" means employment requiring at least 1,500 hours of work per year.

New Sec. 13. (a) Whenever a state educational institution, as defined by K.S.A. 76-711, and amendments thereto, has determined that an individual qualifies as a resident for the purposes of fees and tuition pursuant to K.S.A. 76-719 or 76-729, and amendments thereto, such individual shall be considered a resident for the purposes of fees and tuition at any state educational institution.

(b) If the facts pertaining to an individual have changed regarding a necessary element relating to the determination that an individual qualified as a resident for the purposes of fees and tuition as provided in subsection (a), the original determination no longer shall be binding on any state educational institution.

(c) The provisions of this section shall apply to any determination of residency made from and after January 1, 2003, and shall expire on July 1, 2005. The difference between out-of-state tuition paid and the established resident fee shall be refunded to any individual to whom subsection (a) applies.

New Sec. 14. (a) Whenever a state educational institution, as defined by K.S.A. 76-711, and amendments thereto, has determined that an individual qualified as a resident for the purposes of fees and tuition pursuant to K.S.A. 76-719 or 76-729, and amendments thereto, and a subsequent determination by another state educational institution differs, an applicant may appeal the second determination to the chief executive officer of the state board of regents, or such officer's designee, if such determination is within 12 months of the prior determination.

(b) Any such appeal shall be submitted in writing to the chief executive officer no later than 15 days following receipt of notification of the determination to be appealed.

(c) The state educational institution shall cooperate in any appeal and provide full copies of the applicant's documentation for residency determination.

(d) The chief executive officer of the state board of regents may request additional information pertinent to the appeal from the applicant or from the state educational institution.

(e) A final determination shall be made no later than 30 days following the receipt of written appeal.

(f) The provisions of this section shall control conflicting determinations of residency when at least one determination was made subsequent to July 1, 2004.

(g) The state board of regents may adopt any rules and regulations necessary to implement the provisions of this section.

Sec. 15. K.S.A. 2003 Supp. 75-4364 is hereby amended to read as follows: 75-4364. (a) As used in this section:

(1) "Kansas educational institution" means and includes area vocational schools, area vocational-technical schools, community colleges, the municipal university, state educational institutions, and technical colleges.

(2) "Public safety officer" means a law enforcement officer or a firefighter or an emergency medical services attendant.

(3) "Law enforcement officer" means a person who by virtue of office or public employment is vested by law with a duty to maintain public order or to make arrests for violation of the laws of the state of Kansas or ordinances of any municipality thereof or with a duty to maintain or assert custody or supervision over persons accused or convicted of crime, and includes wardens, superintendents, directors, security personnel, officers and employees of adult and juvenile correctional institutions, jails or other institutions or facilities for the detention of persons accused or convicted of crime, while acting within the scope of their authority.

(4) "Firefighter" means a person who is: (1) Employed by any city, county, township or other political subdivision of the state and who is assigned to the fire department thereof and engaged in the fighting and extinguishment of fires and the protection of life and property therefrom; or (2) a volunteer member of a fire district, fire department or fire company.

(5) "Emergency medical services attendant" means a first responder, emergency medical technician, emergency medical technician-intermediate, emergency medical technician-

defibrillator or a mobile intensive care technician certified by the emergency medical services board pursuant to the statutory provisions contained in article 61 of chapter 65 of Kansas Statutes Annotated.

(6) "Dependent" means (A) a birth child, adopted child or stepchild ~~of a public safety officer~~ or (B) any child other than the foregoing who is actually dependent in whole or in part on ~~a public safety officer~~ *an individual* and who is related to the ~~public safety officer individual~~ by marriage or consanguinity.

(7) "State board" means the state board of regents.

(8) "Military service" means *any active service in any armed service of the United States and any active state or federal service in the Kansas army or air national guard.*

(9) "Prisoner of war" means *a person who was a prisoner of war under article 4 of the third Geneva convention and any individual who was in military service in an armed conflict and who was taken prisoner of war by opposing forces, whether or not under an official declaration of war.*

(10) "Resident of Kansas" means *a person who is a domiciliary resident as defined by K.S.A. 76-729, and amendments thereto.*

(11) "Spouse" means *the unmarried spouse of a deceased public safety officer or deceased military service person.*

(b) Every Kansas educational institution shall provide for enrollment without charge of tuition or fees for: (1) Any dependent or spouse of a public safety officer who died as the result of injury sustained while performing duties as a public safety officer so long as such dependent or spouse is eligible; (2) *any dependent or spouse of any legal resident of Kansas who is killed on or after March 1, 2003, while, and as a result of, serving in the United States military; and (3) any prisoner of war.* Any such dependent or spouse and any prisoner of war shall be eligible for enrollment at a Kansas educational institution without charge of tuition or fees for not to exceed eight semesters of undergraduate instruction, or the equivalent thereof, at all such institutions, ~~in the aggregate, for any such dependent.~~

(c) Subject to appropriations therefor, any Kansas educational institution, at which enrollment, without charge of tuition or fees, ~~of the a prisoner of war or a dependent of a deceased public safety officer or spouse~~ is provided for under subsection (b), may file a claim with the state board for reimbursement of the amount of such tuition and fees. The state board shall be responsible for payment of reimbursements to Kansas educational institutions upon certification by each such institution of the amount of reimbursement to which entitled. Payments to Kansas educational institutions shall be made upon vouchers approved by the state board and upon warrants of the director of accounts and reports. Payments may be made by issuance of a single warrant to each Kansas educational institution at which one or more eligible dependents or spouses or prisoners of war are enrolled for the total amount of tuition and fees not charged ~~eligible dependents~~ for enrollment at that institution. The director of accounts and reports shall cause such warrant to be delivered to the Kansas educational institution at which *any* such eligible ~~dependent or dependents or spouses or prisoners of war~~ are enrolled. If an eligible dependent or spouse or prisoner of war discontinues attendance before the end of any semester, after the Kansas educational institution has received payment under this subsection, the institution shall pay to the state the entire amount which such eligible dependent or spouse or prisoner of war would otherwise qualify to have refunded, not to exceed the amount of the payment made by the state in behalf of such dependent or spouse or prisoner of war for the semester. All amounts paid to the state by Kansas educational institutions under this subsection shall be deposited in the state treasury and credited to the state general fund.

(d) The state board shall adopt rules and regulations for administration of the provisions of this section and shall determine the qualification of persons as dependents *and spouses* of public safety officers or *United States military personnel* and the eligibility of such persons for the benefits provided for under this section.

New Sec. 16. Sections 17 through 22, and amendments thereto, shall be known and may be cited as the emergency medical services training and educational assistance act.

New Sec. 17. As used in the emergency medical services training and educational assistance act:

(a) Words and phrases have the meanings provided by K.S.A. 65-6112, and amendments thereto.

(b) “Medically-related field of study” includes, but is not limited to, medicine, pre-medicine, nursing, pre-nursing, respiratory therapy, physical therapy, sports medicine, radiologic technology and any other field of study approved pursuant to rules and regulations adopted by the board.

(c) “Postsecondary educational institution” has the meaning provided by K.S.A. 74-3201b, and amendments thereto.

(d) “Underserved area” means a geographic area of the state in which there is a shortage of attendants as determined and specified by the board.

(e) “Eligible ambulance service” means an ambulance service which provides emergency medical services in an underserved area of the state.

(f) “Eligible attendant” means a person who is a resident of the state and who is a volunteer member of an eligible ambulance service or who intends to become a volunteer member of an eligible ambulance service upon completion of training required for certification or renewal of certification under K.S.A. 65-6101 et seq., and amendments thereto.

(g) “Volunteer member” means a person who performs emergency medical services for an ambulance service, but does not receive compensation, either directly or indirectly, for those services.

(h) “Compensation” does not mean:

(1) Actual and necessary expenses incurred by a volunteer member and that are reimbursed or otherwise paid; or

(2) nominal amounts paid to members, if the amount does not exceed the limit prescribed by rules and regulations of the board.

(i) “Training” means: (1) Initial courses of study and continuing education for attendants, instructor-coordinators or training officers; and (2) courses in a medically-related field of study at a postsecondary educational institution.

New Sec. 18. (a) The board shall administer the emergency medical services training and educational assistance act, shall be responsible for the allocation and distribution of grants to eligible ambulance services in accordance with appropriations therefor and, in addition, shall:

(1) Review and evaluate applications for grants;

(2) establish standards and criteria for assigning priorities, on the basis of a needs assessment, among eligible ambulance services for the allocation and distribution of grants;

(3) establish a mechanism to ensure distribution of grants;

(4) develop and effectuate a system of accountability for all grants; and

(5) establish a procedure to ensure initial and on-going eligibility of all ambulance services and attendants who apply for and receive grants.

(b) Grants shall be awarded only to ambulance services in underserved areas of the state. When awarding such grants:

(1) First priority shall be given to ambulance services submitting applications seeking grants to pay the cost of the initial courses of training for attendants, instructor-coordinators and training officers; and

(2) second priority shall be given to ambulance services submitting applications seeking grants to pay the cost of continuing education for attendants, instructor-coordinators and training officers.

(c) If the amount of money appropriated in any year for grants is insufficient to pay the full amount of grants approved by the board, then the amount appropriated shall be allocated on the basis of priorities established by this section and by the board.

New Sec. 19. An ambulance service may establish a program under which the ambulance service pays the costs of training for the volunteer members of such service. In order to pay the costs, or any part of the costs, of a program established pursuant to this section, an ambulance service may submit an application to the board for a grant under the emergency medical services training and educational assistance act. The application shall be submitted in a form and manner prescribed by the board, shall contain such information as required by the board. Applications shall be submitted at a time determined and specified by the board.

New Sec. 20. (a) In order to qualify for financial assistance for training relating to initial certification or continuing education as an attendant, instructor-coordinator or training officer a person must agree in writing to continue service as a volunteer attendant for at least one year following completion of training.

(b) In order to qualify for financial assistance for training in a medically-related field of study, an eligible attendant must agree in writing to continue service as a volunteer attendant, plus six months of service for each semester, or part thereof, of assistance received. In order to remain eligible for participation in the program, an eligible attendant must remain in good standing at the postsecondary educational institution where enrolled, make satisfactory progress toward completion of the requirements of the educational program in which enrolled, and maintain certification as an attendant pursuant to K.S.A. 65-6101, et seq., and amendments thereto.

(c) Upon failure of any person, who received payments under the emergency medical services training and educational assistance act, to satisfy the agreement to continue service as a volunteer attendant, such person shall pay to the board an amount equal to the total amount received. All amounts paid to the state under this subsection shall be deposited in the state treasury and credited to the emergency medical services training and educational assistance repayment fund created by section 21, and amendments thereto.

New Sec. 21. There is hereby created in the state treasury the emergency medical services training and educational assistance repayment fund. The board shall remit all moneys received under section 20, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the emergency medical services training and educational assistance repayment fund. All expenditures from the emergency medical services training and educational assistance repayment fund shall be for payments of assistance under the emergency medical services training and educational assistance act and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the administrator or a person designated by the administrator.

New Sec. 22. The board may suspend or revoke the certificate of any person who fails or refuses to comply with or fulfill the provisions of any agreement entered into pursuant to the emergency medical services training and educational assistance act.

Sec. 23. K.S.A. 65-6111 is hereby amended to read as follows: 65-6111. The emergency medical services board shall:

(a) Adopt any rules and regulations necessary to carry out the provisions of ~~this act~~ *K.S.A. 65-6101 through 65-6152 and sections 16 through 22, and amendments thereto;*

(b) review and approve the allocation and expenditure of moneys appropriated for emergency medical services;

(c) conduct hearings for all regulatory matters concerning ambulance services, attendants, instructor-coordinators, training officers and providers of training;

(d) submit a budget to the legislature for the operation of the board;

(e) develop a state plan for the delivery of emergency medical services;

(f) enter into contracts as may be necessary to carry out the duties and functions of the board under this act;

(g) review and approve all requests for state and federal funding involving emergency medical services projects in the state or delegate such duties to the administrator;

(h) approve all training programs for attendants, instructor-coordinators and training officers and prescribe application fees by rules and regulations;

(i) approve methods of examination for certification of attendants, training officers and instructor-coordinators and prescribe examination fees by rules and regulations;

(j) appoint a medical consultant for the board. Such person shall be a person licensed to practice medicine and surgery and shall be active in the field of emergency medical services; and

(k) approve providers of training by prescribing standards and requirements by rules and regulations and withdraw or modify such approval in accordance with the Kansas administrative procedures act and the rules and regulations of the board.

Sec. 24. K.S.A. 2003 Supp. 75-1508, as amended by section 1 of 2004 Senate Bill No. 312, is hereby amended to read as follows: 75-1508. (a) For the purpose of maintaining the department of the state fire marshal and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the state fire marshal. The levy shall not be more than .50% for calendar year 2004, and each calendar year thereafter, of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(b) For the purposes of maintaining the emergency medical services board and the payment of the expenses incident thereto *and to pay for grants awarded pursuant to the emergency medical services training and educational assistance act, and amendments thereto*, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, ~~beginning with calendar year 2002 and each calendar year thereafter~~, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the emergency medical services board. The levy shall not be more than .25% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(c) For the purposes of maintaining the fire service training program of the university of Kansas and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, beginning with calendar year 2004, and each calendar year thereafter, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the Kansas fire service training commission. The levy shall not be more than .20% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(d) The director of the fire service training program of the university of Kansas shall submit a report concerning expenditures and activities of the fire service training program of the university of Kansas to the house committee on appropriations on or before February 1, 2005, and each ensuing year thereafter.

Sec. 25. K.S.A. 2003 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

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

If the taxable income is:	The tax is:
Not over \$30,000	3.5% of Kansas taxable income
Over \$30,000 but not over \$60,000	\$1,050 plus 6.25% of excess over \$30,000
Over \$60,000	\$2,925 plus 6.45% of excess over \$60,000
 - (2) *All other individuals*.
 - (A) For tax year 1997:

If the taxable income is:	The tax is:
Not over \$20,000	4.1% of Kansas taxable income
Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000
Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000
 - (B) For tax year 1998, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$15,000	3.5% of Kansas taxable income
Over \$15,000 but not over \$30,000	\$525 plus 6.25% of excess over \$15,000
Over \$30,000	\$1,462.50 plus 6.45% of excess over \$30,000
- (b) *Nonresident Individuals*. A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed

under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

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

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

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

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

(e) *In addition to the tax imposed pursuant to subsections (a) and (b), for tax year 2004, a surcharge shall be imposed on resident individuals and nonresident individuals in the amount of 2.5% of the tax due pursuant to subsections (a) and (b), computed without regard to any applicable income tax credits.*

Sec. 26. K.S.A. 2003 Supp. 79-3603, as amended by section 2 of 2004 Senate Bill No. 384, is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 5.3% on and after July 1, 2002, and before July 1, 2004, and 5.45% on and after July 1, 2004, and before July 1, 2005, and 5.3% on and after July 1, 2005. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

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

(b) (1) the gross receipts from intrastate telephone or telegraph services; (2) the gross receipts received from the sale of interstate telephone or telegraph services, which (A) originate within this state and terminate outside the state and are billed to a customer's telephone number or account in this state; or (B) originate outside this state and terminate within this state and are billed to a customer's telephone number or account in this state except that the sale of interstate telephone or telegraph service does not include: (A) Any interstate incoming or outgoing wide area telephone service or wide area transmission type service which entitles the subscriber to make or receive an unlimited number of communications to or from persons having telephone service in a specified area which is outside the state in which the station provided this service is located; (B) any interstate private communications service to the persons contracting for the receipt of that service that entitles the purchaser to exclusive or priority use of a communications channel or group of channels between exchanges; (C) any value-added nonvoice service in which computer processing applications are used to act on the form, content, code or protocol of the information to be transmitted; (D) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (E) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001; and (3) the gross receipts from the provision of services taxable under this subsection which are billed on a combined basis with nontaxable services, shall be accounted for and the tax remitted as follows: The taxable portion of the selling price of those combined services shall include only those charges for taxable services if the selling price for the taxable services can be readily distinguishable in the retailer's books and records from the selling price for the nontaxable services. Otherwise, the gross receipts from the sale of both taxable and nontaxable services billed on a combined basis shall be deemed attributable to the taxable services included therein. Within 90 days of billing taxable services on a combined basis with nontaxable services, the retailer shall enter into a written agreement with the secretary identifying the methodology to be used in determining the taxable portion of the selling price of those combined services. The burden of proving that

any receipt or charge is not taxable shall be upon the retailer. Upon request from the customer, the retailer shall disclose to the customer the selling price for the taxable services included in the selling price for the taxable and nontaxable services billed on a combined basis;

(c) the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities, except that, on and after January 1, 2006, for sales of gas, electricity and heat delivered through mains, lines or pipes to residential premises for noncommercial use by the occupant of such premises, and for agricultural use and also, for such use, all sales of propane gas, the state rate shall be 0%; and for all sales of propane gas, LP gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises, the state rate shall be 0%, but such tax shall not be levied and collected upon the gross receipts from: (1) The sale of a rural water district benefit unit; (2) a water system impact fee, system enhancement fee or similar fee collected by a water supplier as a condition for establishing service; or (3) connection or reconnection fees collected by a water supplier;

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

(e) the gross receipts from the sale of admissions to any place providing amusement, entertainment or recreation services including admissions to state, county, district and local fairs, but such tax shall not be levied and collected upon the gross receipts received from sales of admissions to any cultural and historical event which occurs triennially;

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

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

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

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

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

(k) the gross receipts from cable, community antennae and other subscriber radio and television services;

(l) (1) except as otherwise provided by paragraph (2), the gross receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen for use by them in erecting structures, or building on, or otherwise improving, altering, or repairing real or personal property.

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

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

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

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; or (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company; or (3) the sale of motor vehicles or trailers which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and amendments thereto, by an immediate family member to another immediate family member. For the purposes of clause (3), immediate family member means lineal ascendants or descendants, and their spouses. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

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

For the purposes of this subsection:

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

(2) "building" shall mean only those enclosures within which individuals customarily are employed, or which are customarily used to house machinery, equipment or other property, and including the land improvements immediately surrounding such building;

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

(4) "residence" shall mean only those enclosures within which individuals customarily live;

(q) the gross receipts received for the service of repairing, servicing, altering or maintaining tangible personal property which when such services are rendered is not being held for sale in the regular course of business, and whether or not any tangible personal property is transferred in connection therewith. The tax imposed by this subsection shall be applicable to the services of repairing, servicing, altering or maintaining an item of tangible personal property which has been and is fastened to, connected with or built into real property;

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

(s) the gross receipts received from the sale of computer software, the sale of the service of providing computer software other than prewritten computer software and the sale of the services of modifying, altering, updating or maintaining computer software, whether the computer software is installed or delivered electronically by tangible storage media physically transferred to the purchaser or by load and leave;

(t) the gross receipts received for telephone answering services, mobile telecommunication services, beeper services and other similar services. On and after August 1, 2002, the provisions of the federal mobile telecommunications sourcing act as in effect on January 1, 2002, shall be applicable to all sales of mobile telecommunication services taxable pursuant to this subsection. The secretary of revenue is hereby authorized and directed to perform any act deemed necessary to properly implement such provisions;

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

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

Sec. 27. K.S.A. 2003 Supp. 79-3620, as amended by section 3 of 2004 Senate Bill No. 384, is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

(b) A refund fund, designated as "sales tax refund fund" not to exceed \$100,000 shall be set apart and maintained by the director from sales tax collections and estimated tax collections and held by the state treasurer for prompt payment of all sales tax refunds including refunds authorized under the provisions of K.S.A. 79-3635, and amendments thereto. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act. In the event such fund as established by this section is, at any time, insufficient to provide for the payment of refunds due claimants thereof, the director shall certify the amount of additional funds required to the director of accounts and reports who shall promptly transfer the required amount from the state general fund to the sales tax refund fund, and notify the state treasurer, who shall make proper entry in the records.

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

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

(3) *The state treasurer shall credit $\frac{5}{109}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.45%, and deposited as provided by subsection (a), exclusive of the amounts credited pursuant to subsection (d), in the state highway fund.*

(4) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

~~(5)~~ (5) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

Sec. 28. K.S.A. 2003 Supp. 79-3703, as amended by section 4 of 2004 Senate Bill No. 384, is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 5.3% on and after July 1, 2002, and before July 1, 2004, and 5.45% on and after July 1, 2004, and before July 1, 2005, and 5.3% on and after July 1, 2005. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 29. K.S.A. 2003 Supp. 79-3710, as amended by section 5 of 2004 Senate Bill No. 384, is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

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

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

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

(3) *The state treasurer shall credit $\frac{5}{109}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.45%, and deposited as provided by subsection (a), exclusive of the amounts credited pursuant to subsection (d), in the state highway fund.*

(4) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

~~(5)~~ (5) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

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

Sec. 30. K.S.A. 65-6111, 72-6405, 72-6410, 72-6412, 72-6413, 72-6414, 72-6433, 72-6440, 72-6442 and K.S.A. 2003 Supp. 72-6407, 72-6407, as amended by section 4 of 2004 Senate Bill No. 304, 75-1508, as amended by section 1 of 2004 Senate Bill No. 312, 75-4364, 76-729, 79-32,110, 79-3603, as amended by section 2 of 2004 Senate Bill No. 384, 79-3620, as amended by section 3 of 2004 Senate Bill No. 384, 79-3703, as amended by section 4 of 2004 Senate Bill No. 384, and 79-3710, as amended by section 5 of 2004 Senate Bill No. 384, are hereby repealed.”;

By renumbering the remaining section accordingly;

Also on page 31, in line 20, by striking “Kansas register” and inserting “statute book”;

In the title, by striking all in lines 10 through 16; following line 16, by inserting:

“AN ACT concerning primary, secondary and postsecondary education; relating to school districts and school finance; relating to postsecondary educational institutions and fees, tuition and certain financial assistance; amending K.S.A. 65-6111, 72-6405, 72-6410, 72-6412, 72-6413, 72-6414, 72-6433 and 72-6442 and K.S.A. 2003 Supp. 72-6407, 75-1508, as amended by section 1 of 2004 Senate Bill No. 312, 75-4364, 76-729 and 79-32,110, 79-3603, as amended by section 2 of 2004 Senate Bill No. 384, 79-3620, as amended by section 3 of 2004 Senate Bill No. 384, 79-3703, as amended by section 4 of 2004 Senate Bill No. 384, and 79-3710, as amended by section 5 of 2004 Senate Bill No. 384, and repealing the existing sections; also repealing K.S.A. 72-6440 and K.S.A. 2003 Supp. 72-6407, as amended by section 4 of 2004 Senate Bill No. 304.”;

And your committee on conference recommends the adoption of this report.

DWAYNE UMBARGER

JOHN VRATIL

ANTHONY HENSLEY

Conferees on part of Senate

KATHE DECKER

MICHAEL O'NEAL

BILL REARDON

Conferees on part of House

Senator Umbarger moved the Senate adopt the Conference Committee Report on **S Sub for HB 2937**.

On roll call, a call of the Senate was requested by five senators.

The vote was: Yeas 18, Nays 21, Present and Passing 0, Absent or Not Voting 1.

Yeas: Adkins, Allen, Barone, Betts, Brungardt, Buhler, Downey, Emler, Goodwin, Haley, Hensley, Lee, Oleen, Schodorf, Steineger, Teichman, Umbarger, Vratil.

Nays: Barnett, Brownlee, Bunten, Clark, Donovan, Gilstrap, Helgerson, Huelskamp, Jackson, Jordan, Journey, Kerr, Lyon, Morris, O'Connor, Pugh, Salmans, Schmidt, Taddiken, Tyson, Wagle.

Absent or Not Voting: Corbin.

The Conference Committee report was not adopted.

On motion of Senator Donovan, the call of the Senate was lifted.

EXPLANATION OF VOTE

MR. PRESIDENT: There are those who argue that this bill is an insult to the poor. That is shortsighted. In fact this bill is designed to enhance and expand educational opportunity for all Kansans. This investment in education is the single most powerful economic development tool our state possesses. If we wish to break the cycles of poverty that many Kansas families confront, we must make certain that all Kansas children have access to the skills and knowledge that will prepare them for a self-sufficient and productive future in a state where public education is valued. This bill represents opportunity and empowerment for our state's poorest children.—DAVID ADKINS

Senators Barnett, Barone, Betts, Goodwin, Hensley, Umbarger and Vratil request the record to show they concur with the "Explanation of Vote" offered by Senator Adkins on **S Sub for HB 2937**.

MR. PRESIDENT, I support increased funding for schools, but cannot support **S Sub for HB 2937**. At a time in our state's history when many of our citizens are out of work and struggling to buy even basic needs for their families, such as food, this legislation is cold-hearted for the poor, uncaring for the downtrodden and insensitive to the unemployed.

In the Senate, we offered over \$72,000,000 to our schools from existing revenues. During the waning hours of this legislative session, those who came to the legislature with the pledge to raise taxes for schools and those that lobby for schools still have the opportunity to increase funding and educational opportunities for the children of Kansas.—JIM BARNETT

Senators Barone, Jackson, Journey, Kerr, O'Connor, Salmans, Taddiken and Tyson request the record to show they concur with the "Explanation of Vote" offered by Senator Barnett on **S Sub for HB 2937**.

MR. PRESIDENT: I vote no on **S Sub for HB 2937**. The true question at this time is whether or not we are willing to send additional existing funds to our schools. There is real money to make available to our schools if our commitment is to our schools and not just to tax increases. My commitment is to our schools—KARIN BROWNLEE

Senators Clark, Donovan, Lyon and O'Connor request the record to show they concur with the "Explanation of Vote" offered by Senator Brownlee on **S Sub for HB 2937**.

MR. PRESIDENT: We have debated and voted on a number of school finance plans this session. Unfortunately we have not found consensus. I have voted for a number of the plans that included tax increases.

Over the past few days I have been contacted by community leaders concerned about the income tax surcharge. They were "ok" with sales tax. Why start a "new tax" such as an income tax surcharge, when next year we will be here discussing a court decision. The challenge next year will be significant.

Mr. President, I support schools and have tried to work towards an agreement. I have tried to be a Senator finding a solution. I will continue to do so. Education is important to the future of our state and children.—NICK JORDAN

MESSAGE FROM THE HOUSE

Announcing the House adopts the conference committee report on **SB 480**.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 480**, submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill, as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 19 through 43;

By striking all on pages 2 through 6;

On page 7, by striking all in lines 1 through 34 and inserting the following:

“Section 1. K.S.A. 2003 Supp. 74-8902 is hereby amended to read as follows: 74-8902.

The following words or terms used in this act shall have the following meanings unless a different meaning clearly appears from the context:

(a) “Act” means the Kansas development finance authority act.

(b) “Authority” means the Kansas development finance authority created by K.S.A. 74-8903, and amendments thereto.

(c) “Agricultural business enterprises” means facilities supporting or utilized in the operation of farms, ranches and other agricultural, aquacultural or silvicultural commodity producers and services provided in conjunction with the foregoing. “Agricultural business enterprise” shall not include a swine production facility on agricultural land which is owned, acquired, obtained or leased by a corporation, limited liability company, limited partnership, corporate partnership or trust.

(d) “Agricultural land,” “corporation,” “corporate partnership,” “limited liability company,” “limited partnership,” “swine production facility” and “trust” have the meanings ascribed pursuant to K.S.A. 17-5903, and amendments thereto.

(e) “Board of directors” means the board of directors of the authority created by K.S.A. 74-8903, and amendments thereto.

(f) “Bonds” means any bonds, notes, debentures, interim certificates, grant and revenue anticipation notes, interest in a lease, lease certificate of participation or other evidences of indebtedness, whether or not the interest on which is subject to federal income taxation, issued by the authority pursuant to this act.

(g) “Capital improvements” means any physical public betterment or improvement or any preliminary plans, studies or surveys relative thereto; land or rights in land, including, without limitations, leases, air rights, easements, rights-of-way or licenses; and any furnishings, machinery, vehicles, apparatus or equipment for any public betterment or improvement.

(h) “Construct” means to acquire or build, in whole or in part, in such manner and by such method as the authority shall determine to be in the public interest and necessary to accomplish the purposes of and authority set forth in this act.

(i) “Loans” means loans made for the purposes of financing any of the activities authorized within this act, including loans made to financial institutions for funding or as security for loans made for accomplishing any of the purposes of this act and reserves and expenses appropriate or incidental thereto.

(j) “Educational facilities” means real, personal and mixed property of any and every kind intended by an educational institution in furtherance of its educational program.

(k) “Facilities” means any real property, personal property or mixed property of any and every kind.

(l) “Health care facilities” means facilities for furnishing physical or mental health care.

(m) “Housing development” means any work or undertaking, whether new construction or rehabilitation, which is designed and financed pursuant to the provisions of this act for the primary purpose of providing dwelling accommodations for elderly persons and families of low income in need of housing.

(n) “Industrial enterprise” means facilities for manufacturing, producing, processing, assembling, repairing, extracting, warehousing, distributing, communications, computer services, transportation, corporate and management offices and services provided in connection with any of the foregoing, in isolation or in any combination, that involve the creation of new or additional employment or the retention of existing employment.

(o) "Political subdivision" means political or taxing subdivisions of the state, including municipal and quasi-municipal corporations, boards, commissions, authorities, councils, committees, subcommittees and other subordinate groups or administrative units thereof, receiving or expending and supported, in whole or in part, by public funds.

(p) "Pooled bonds" means bonds of the authority, the interest on which is subject to federal income taxation, which are issued for the purpose of acquiring bonds issued by two or more political subdivisions.

(q) "*Research facilities*" means facilities for use in research and development activities, whether conducted for profit or not for profit, of an agricultural business enterprise, industrial enterprise or any other commercial enterprise or educational institution or health care institution.

(r) "State" means the state of Kansas.

~~(r)~~ (s) "State agency" means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

Sec. 2. K.S.A. 2003 Supp. 74-8904 is hereby amended to read as follows: 74-8904. Except as otherwise limited by this act, the authority shall have the following powers to:

- (a) Sue and be sued;
- (b) have a seal and alter such seal;
- (c) make and alter bylaws for its organization and internal management;
- (d) adopt such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to K.S.A. 74-8905, and amendments thereto, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;
- (i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act or to low and moderate income multifamily rental housing projects participating in programs established in section 42 of the federal internal revenue code, and provide financing for housing projects and programs in participation with programs established by the United States department of housing and urban development or the division of housing in the Kansas development finance authority; except as otherwise provided in this subsection, nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments;
- (j) sell mortgages and security interests at public or private sale, to negotiate modifications or alterations in mortgage and security interests, to foreclose on any mortgage or security interest in default or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such mortgage or security interest at any foreclosure or at any other sale, to acquire or take possession of any such property, and to exercise any and all rights as provided by law for the benefit or protection of the authority or mortgage holders;
- (k) collect fees and charges in connection with its loans, bond guarantees, commitments and servicing, including, but not limited to, reimbursement of costs of financing as the authority shall determine to be reasonable and as shall be approved by the authority;
- (l) make and execute contracts for the servicing of mortgages acquired by the authority pursuant to this act, and to pay the reasonable value of services rendered to the authority pursuant to those contracts;
- (m) enter into agreements with and accept gifts, grants, loans and other aid from the federal government, the state, any state agency, any political subdivision of the state, or any person or corporation, foundation or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with the provisions of this act;

(n) invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such manner as the board shall determine, subject to any agreement with bondholders stated in the authorizing resolution providing for the issuance of bonds;

(o) procure insurance against any loss in connection with its programs, property and other assets;

(p) provide technical assistance and advice to the state or political subdivisions of the state and to enter into contracts with the state or political subdivisions of the state to provide such services. The state or political subdivisions of the state are hereby authorized to enter into contracts with the authority for such services and to pay for such services as may be provided them;

(q) establish accounts in one or more depositories;

(r) lease, acquire, construct, sell and otherwise deal in and contract concerning any facilities;

(s) have and exercise all of the powers granted to the public housing authorities by the state, except that the authority shall not have the power of eminent domain;

(t) do any and all things necessary or convenient to carry out purposes of the authority and exercise the powers given and granted in this act;

(u) assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be consistent with the provisions of this act. In order to comply with this requirement, efforts must be made to solicit for review and analysis proposed minority business ventures. Basic loan underwriting standards will not be waived to inconsistently favor minority persons or businesses from the intent of the authority's lending practices; ~~and~~

(v) form one or more subsidiary corporations under K.S.A. 17-6001 *et seq.*, and amendments thereto, in accordance with the procedures therein contained. Each subsidiary corporation shall be subject to the same restrictions and limitations as to the powers and purposes to which the authority is subject. The authority may delegate any of its powers, obligations and duties to any subsidiary corporation by inclusion of such powers, obligations and duties in the articles of incorporation of the subsidiary corporation. Subsidiary corporations so formed shall constitute legal entities separate and distinct from each other, the authority and the state. The authority shall not be liable for the debts or obligations or for any actions or inactions of its subsidiary corporations unless the authority expressly agrees otherwise in writing. The authority may make loans or grants to a subsidiary corporation from time to time to enable the subsidiary corporation to carry out its purposes. The members of the authority shall constitute all of the directors of each subsidiary corporation.

The state, any municipality or any state commission, public authority, agency, officer, department, board or division authorized and empowered to enter into agreements with, to grant, convey, lease or otherwise transfer any property to, or to otherwise transact business with the authority, shall have the same authorization and power to engage in these activities with each subsidiary corporation of the authority.

One or more such subsidiary corporation may be formed for purposes of establishing state tax credit equity funds to assist in the development of low-income and middle-income housing and obtain financing through participation in the program established in section 42 of the federal internal revenue code.

Actions of the authority or any subsidiary corporation relating to housing pursuant to this subsection (v) shall be carried out in accordance with any terms, conditions and limitations relating to policy issues regarding housing, as established by the director of housing in the Kansas development finance authority.

One or more such subsidiary corporations may be formed for purposes of acquiring or conveying on behalf of the state and pursuant to this act a project of statewide as well as local importance, issuing bonds on behalf of the state pursuant to this act to finance a project of statewide as well as local importance or otherwise financing on behalf of the state pursuant to this act a project of statewide as well as local importance. The Kansas statewide projects development corporation is hereby created in accordance with this section; *and*

(w) assist, coordinate, administer and participate with out-of-state: Governmental authorities, bodies, issuers and other public and private entities; in connection with the issuance of bonds, notes or other evidence of indebtedness for the purpose of financing any facilities whether such facility is located within or outside of Kansas. In connection with such financings which include out-of-state issuers, the authority is designated as the only entity in Kansas which may conduct the public hearing of the applicable governmental unit required by section 147 (f) of the federal internal revenue code of 1986, as amended, and the governor of Kansas is designated as the only entity in Kansas who may be the applicable governmental unit pursuant to section 147 (f) of the federal internal revenue code of 1986, as amended. Following such hearing the authority shall determine whether such financing should proceed with respect to facilities located within Kansas by an out-of-state issuer. If the authority determines that the financing should not proceed, the financing shall not proceed relative to the Kansas facilities.

Sec. 3. K.S.A. 2003 Supp. 74-8905 is hereby amended to read as follows: 74-8905. (a) The authority may issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in amounts determined by the authority for the purpose of financing projects of statewide as well as local importance as defined pursuant to K.S.A. 12-1744, and amendments thereto, capital improvement facilities, educational facilities, health care facilities and housing developments. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to:

(1) Purchase, condemn or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility;

(2) finance any capital improvement facilities; ~~or educational facilities or health care facilities which may be~~ *are being* financed by the issuance of general obligation or utility revenue bonds of a political subdivision, except that the acquisition by the authority of general obligation or utility revenue bonds issued by political subdivisions with the proceeds of pooled bonds shall not violate the provisions of the foregoing; or

(3) purchase, acquire, construct, reconstruct, improve, equip, furnish, repair, enlarge or remodel property for any swine production facility on agricultural land which is owned, acquired, obtained or leased by a corporation, limited liability company, limited partnership, corporate partnership or trust.

Nothing in this subsection (a) shall prohibit the issuance of bonds by the authority when any statute specifically authorizes the issuance of bonds by the authority or approves any activity or project of a state agency for purposes of authorizing any such issuance of bonds in accordance with this section and provides an exemption from the provisions of this subsection (a).

(b) The authority may issue bonds for activities and projects of state agencies as requested by the secretary of administration. *Research facilities of state educational institutions shall be subject to the provisions of this subsection (b).* No bonds may be issued pursuant to this act for any activity or project of a state agency unless the activity or project either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and amendments thereto. When requested to do so by the secretary of administration, the authority may issue bonds for the purpose of refunding, whether at maturity or in advance of maturity, any outstanding bonded indebtedness of any state agency. The revenues of any state agency which are pledged as security for any bonds of such state agency which are refunded by refunding bonds of the authority may be pledged to the authority as security for the refunding bonds.

(c) The authority may issue bonds for the purpose of financing industrial enterprises, *transportation facilities*, agricultural business enterprises, educational facilities, health care facilities ~~and~~, housing developments, or any combination of such facilities *and research facilities*, or any interest in facilities, including without limitation leasehold interests in and mortgages on such facilities, *whether located within or outside of Kansas*. No less than 30 days prior to the issuance of any bonds authorized under this act with respect to any project or activity *within Kansas* which is to be undertaken for the direct benefit of any person or

entity which is not a state agency or a political subdivision, written notice of the intention of the authority to provide financing and issue bonds therefor shall be given by the president of the authority to the governing body of the city in which the project or activity is to be located. If the project or activity is not proposed to be located within a city, such notice shall be given to the governing body of the county. No bonds for the financing of the project or activity shall be issued by the authority for a one-year period if, within 15 days after the giving of such notice, the governing body of the political subdivision in which the project or activity *within Kansas* is proposed to be located shall have adopted an ordinance or resolution stating express disapproval of the project or activity and shall have notified the president of the authority of such disapproval. *The authority shall not issue bonds for the purpose of financing a project or activity outside Kansas unless the authority has determined that the issuance of such bonds provides a benefit to Kansas or its people and that the owner or operator thereof or an affiliate has a presence or impact in Kansas.*

(d) The authority may issue bonds for the purpose of establishing and funding one or more series of venture capital funds in such principal amounts, at such interest rates, in such maturities, with such security, and upon such other terms and in such manner as is approved by resolution of the authority. The proceeds of such bonds not placed in a venture capital fund or used to pay or reimburse organizational, offering and administrative expenses and fees necessary to the issuance and sale of such bonds shall be invested and reinvested in such securities and other instruments as shall be provided in the resolution under which such bonds are issued. Moneys in a venture capital fund shall be used to make venture capital investments in new, expanding or developing businesses, including, but not limited to, equity and debt securities, warrants, options and other rights to acquire such securities, subject to the provisions of the resolution of the authority. The authority shall establish an investment policy with respect to the investment of the funds in a venture capital fund not inconsistent with the purposes of this act. The authority shall enter into an agreement with a management company experienced in venture capital investments to manage and administer each venture capital fund upon terms not inconsistent with the purposes of this act and such investment policy. The authority may establish an advisory board to provide advice and consulting assistance to the authority and the management company with respect to the management and administration of each venture capital fund and the establishment of its investment policy. All fees and expenses incurred in the management and administration of a venture capital fund not paid or reimbursed out of the proceeds of the bonds issued by the authority shall be paid or reimbursed out of such venture capital fund.

(e) The authority may issue bonds in one or more series for the purpose of financing a redevelopment plan project that is approved by the authority in accordance with K.S.A. 74-8921 and 74-8922, and amendments thereto, or by Johnson or Labette county in accordance with the provisions of this act.

(f) After receiving and approving the feasibility study required pursuant to K.S.A. 74-8936, and amendments thereto, the authority may issue bonds in one or more series for the purpose of financing a multi-sport athletic project in accordance with K.S.A. 74-8936 through 74-8938, and amendments thereto. If the project is to be constructed in phases, a similar feasibility study shall be performed prior to issuing bonds for the purpose of financing each subsequent phase.

(g) The authority may issue bonds for the purpose of financing resort facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments thereto, in an amount or amounts not to exceed \$30,000,000 for any one resort. The bonds and the interest thereon shall be payable solely from revenues of the resort and shall not be deemed to be an obligation or indebtedness of the state within the meaning of section 6 of article 11 of the constitution of the state of Kansas. The authority may contract with a subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-8904, and amendments thereto, or others to lease or operate such resort. The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-874a through 32-874d, and amendments thereto, shall apply to resorts and bonds issued pursuant to this subsection.

(h) The authority may use the proceeds of any bond issues herein authorized, together with any other available funds, for venture capital investments or for purchasing, leasing, constructing, restoring, renovating, altering or repairing facilities as herein authorized, for

making loans, purchasing mortgages or security interests in loan participations and paying all incidental expenses therewith, paying expenses of authorizing and issuing the bonds, paying interest on the bonds until revenues thereof are available in sufficient amounts, purchasing bond insurance or other credit enhancements on the bonds, and funding such reserves as the authority deems necessary and desirable. All moneys received by the authority, other than moneys received by virtue of an appropriation, are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. No moneys of the authority other than moneys received by appropriation shall be deposited with the state treasurer.

(i) Any time the authority is required to publish a notification pursuant to the tax equity and fiscal responsibility act of 1982, the authority shall further publish such notification in the Kansas register *and on the Kansas development finance authority website*.

(j) Any time the authority issues *private activity* bonds, as defined in K.S.A. 74-5059, and amendments thereto, pursuant to this section, the authority shall publish notification of such issuance at least 14 days prior to any bond hearing in the official county newspaper of the county in which the project or activity financed by such bonds are located and in the Kansas register.

Sec. 4. K.S.A. 2003 Supp. 74-8902, 74-8904 and 74-8905 are hereby repealed.”;

And by renumbering the remaining section accordingly;

Also on page 1, in the title, in line 12, by striking all after “ACT”; by striking all of lines 13 through 16 and inserting “relating to the Kansas development finance authority; concerning bonds for research facilities; funding of out-of-state projects; amending K.S.A. 2003 Supp. 74-8902, 74-8904 and 74-8905 and repealing the existing sections.”;

And your committee on conference recommends the adoption of this report.

KENNY A. WILK
LANA GORDON
TOM BURROUGHS
Conferees on part of House

KARIN S. BROWNLEE
NICK JORDAN
JIM BARONE
Conferees on part of Senate

Senator Brownlee moved the Senate adopt the Conference Committee Report on **SB 480**.

On roll call, a call of the Senate was requested by five senators.

The vote was: Yeas 21, Nays 18, Present and Passing 0, Absent or Not Voting 1.

Yeas: Adkins, Allen, Barone, Betts, Brownlee, Brungardt, Buhler, Bunten, Downey, Em-ler, Gilstrap, Haley, Jackson, Jordan, Kerr, Morris, O'Connor, Salmans, Schodorf, Steineger, Teichman.

Nays: Barnett, Clark, Donovan, Goodwin, Helgerson, Hensley, Huelskamp, Journey, Lee, Lyon, Oleen, Pugh, Schmidt, Taddiken, Tyson, Umbarger, Vratil, Wagle.

Absent or Not Voting: Corbin.

The Conference Committee report was adopted.

On motion of Senator Donovan, the call of the Senate was lifted.

ORIGINAL MOTION

Having voted on the prevailing side in Final Action, Senator Morris moved the Senate reconsider its adverse action on **S Sub for HB 2937**, and that a new conference committee be appointed. The motion carried and the President appointed Senators Umbarger, Vratil and Hensley as second conferees on the part of the Senate.

REPORT ON ENGROSSED BILLS

H Sub for SB 376, H Sub for SB 395 reported correctly engrossed May 7, 2004.

REPORT ON ENROLLED BILLS

SB 29, SB 67, SB 141; Sub SB 272, Sub SB 296; SB 387, SB 432, SB 511, SB 552 reported correctly enrolled, properly signed and presented to the Governor on May 7, 2004.

SR 1866, SR 1867, SR 1868 reported correctly enrolled, properly signed and presented to the Secretary of the Senate May 7, 2004.

MESSAGE FROM THE HOUSE

Announcing the House accedes to the request of the Senate for a conference on **Senate Substitute for HB 2937** and has appointed Representatives Decker, O'Neal and Reardon as second conferees on the part of the House.

Announcing the House not adopts the conference committee report on **SB 393**.

ORIGINAL MOTION

Senator Oleen moved joint rule 3(f) be suspended and the Senate dispense with distribution of copies of the Conference Committee report on **HB 2027**.

Senator Umbarger was in the process of explaining the Conference Committee Report on **HB 2027**. Senator Vratil moved to suspend the debate on **HB 2027** and the Senate adjourn until 9:00 a.m., Saturday, May 8, 2004.

HELEN MORELAND, CAROL PARRETT, BRENDA KLING, *Journal Clerks*.

PAT SAVILLE, *Secretary of the Senate*.

