

HOUSE BILL No. 2347

By Committee on K-12 Education Budget

2-10

1 AN ACT concerning education; relating to the financing and instruction
2 thereof; creating the school district finance and student success act;
3 amending K.S.A. 46-1701, 72-8208a and 75-6510 and K.S.A. 2016
4 Supp. 10-1116a, 12-1770a, 12-1775a, 12-1776a, 60-2102, 72-978, 72-
5 1046b, 72-1398, 72-1414, 72-1923, 72-5333b, 72-5413, 72-64b01, 72-
6 64b03, 72-64c03, 72-64c05, 72-6624, 72-6625, 72-6757, 72-6760, 72-
7 67,115, 72-7535, 72-8187, 72-8230, 72-8233, 72-8236, 72-8251, 72-
8 8254, 72-8316, 72-8415b, 72-8801, 72-8804, 72-8908, 72-99a02, 72-
9 99a03, 72-99a04, 72-99a07, 74-4939a, 74-8925, 74-99b43, 75-2319,
10 75-6506, 75-6508, 75-6509, 79-201x, 79-213, 79-2001, 79-2925b and
11 79-32,117 and repealing the existing sections; also repealing K.S.A.
12 2016 Supp. 72-3715 and 72-6482.

13

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

15 New Section 1. The provisions of sections 1 through 26, and
16 amendments thereto, shall be known and may be cited as the school
17 district finance and student success act.

18 New Sec. 2. (a) The legislature hereby declares that it is the purpose
19 and intent of this act to provide for the financing of instruction through the
20 public education system for grades kindergarten through 12 in this state.
21 Such provisions are reasonably calculated to provide for all students
22 enrolled in a school district to meet or exceed the educational goal
23 established by the legislature in K.S.A. 2016 Supp. 72-1127(c), and
24 amendments thereto.

25 (b) For purposes of this act, the term "instruction" means those school
26 district functions that directly impact the provision of educational services.
27 The term "instruction" does not include the following school district
28 functions: Central office administration; capital improvement construction,
29 reconstruction or remodeling; facility maintenance and repair; food service
30 procurement and preparation; or the provision of extracurricular activities,
31 as defined in section 19, and amendments thereto.

32 New Sec. 3. As used in sections 1 through 25, and amendments
33 thereto:

34 (a) "Act" means the school district finance and student success act,
35 section 1 et seq., and amendments thereto.

36 (b) (1) "At-risk students" means students who are eligible for free

1 meals under the national school lunch act and who are enrolled in a district
2 which maintains an approved at-risk student assistance plan.

3 (2) The term "at-risk students" shall not include any student: (A)
4 Enrolled in any of the grades one through 12 who is in attendance less than
5 full time; or (B) who is over 19 years of age. The provisions of this
6 subparagraph shall not apply to any student who has an individualized
7 education program.

8 (c) "Board" means the board of education of a school district.

9 (d) "Current school year" means the school year during which general
10 state aid is determined by the state board under section 4, and amendments
11 thereto.

12 (e) "Enrollment" means: (1) The average daily regular full-time
13 equivalent enrollment of students in the school district from September 20
14 to March 20 during the preceding school year; or

15 (2) if enrollment in a school district in any school year has decreased
16 from enrollment in the immediately preceding school year, enrollment of
17 the school district in the current school year means whichever is the
18 greater of:

19 (A) Enrollment in the second preceding school year minus enrollment
20 in such school year of preschool-aged at-risk students, if any such students
21 were enrolled, plus enrollment in the immediately preceding school year of
22 preschool-aged at-risk students, if any such students are enrolled; or

23 (B) the sum of enrollment in the immediately preceding school year
24 of preschool-aged at-risk students, if any such students are enrolled and
25 the average of the sum of:

26 (i) Enrollment of the school district in the immediately preceding
27 school year minus enrollment in such school year of preschool-aged at-risk
28 students, if any such students are enrolled;

29 (ii) enrollment in the second preceding school year minus enrollment
30 in such school year of preschool-aged at-risk students, if any such students
31 were enrolled; and

32 (iii) enrollment in the third preceding school year minus enrollment in
33 such school year of preschool-aged at-risk students, if any such students
34 were enrolled.

35 (f) "March 20" has its usual meaning, except that in any year in which
36 March 20 is not a day on which school is maintained, it shall mean the first
37 day after March 20 on which school is maintained.

38 (g) "Preceding school year" means the school year immediately
39 before the current school year.

40 (h) "Preschool-aged at-risk student" means an at-risk student who has
41 attained the age of four years, is under the age of eligibility for attendance
42 at kindergarten, and has been selected by the state board in accordance
43 with guidelines consonant with guidelines governing the selection of

1 students for participation in head start programs.

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

5 (j) "Student" means any person who is regularly enrolled in a school
6 district and attending kindergarten or any of the grades one through 12
7 maintained by the school district, or who is regularly enrolled in a school
8 district and attending kindergarten or any of the grades one through 12 in
9 another school district in accordance with an agreement entered into under
10 authority of K.S.A. 72-8233, and amendments thereto, or who is regularly
11 enrolled in a school district and attending special education services
12 provided for preschool-aged exceptional children by the school district.

13 (k) "School district" means a unified school district organized and
14 operated under the laws of this state.

15 (l) "School year" means the 12-month period ending June 30.

16 (m) "September 20" has its usual meaning, except that in any year in
17 which September 20 is not a day on which school is maintained, it shall
18 mean the first day after September 20 on which school is maintained.

19 (n) "State board" means the state board of education.

20 New Sec. 4. (a) For school year 2017-2018, and each school year
21 thereafter, the state board shall determine the general state aid each school
22 district is to receive in such school year in an amount equal to:

23 (1) The amount of enrollment state aid such school district is to
24 receive pursuant to section 5, and amendments thereto, plus;

25 (2) the amount of transportation state aid such school district is to
26 receive pursuant to section 6, and amendments thereto, plus;

27 (3) the amount of low income state aid such school district is to
28 receive pursuant to section 7, and amendments thereto, plus;

29 (4) the amount of bilingual state aid such school district is to receive
30 pursuant to section 8, and amendments thereto, plus;

31 (5) the amount certified by the board of trustees of the Kansas public
32 employees retirement system that is equal to the participating employer's
33 obligation of such school district to the system, plus;

34 (6) an amount determined under section 9, and amendments thereto,
35 if any.

36 (b) The provisions of this section shall be subject to the provisions of
37 section 38, and amendments thereto.

38 New Sec. 5. (a) For school year 2017-2018, and each school year
39 thereafter, the state board shall determine the enrollment state aid each
40 school district is to receive in such school year in accordance with the
41 provisions of this section.

42 (b) Subject to the provisions of subsection (d), the enrollment state
43 aid shall be determined by multiplying the enrollment of the school district

1 by the enrollment state aid per student amount that corresponds to the
2 enrollment of the school district as follows:

3 (1) For school districts with fewer than 400 students, the enrollment
4 state aid per student is \$8,490;

5 (2) for school districts with at least 400 students but fewer than 1,000
6 students, the enrollment state aid per student is \$7,269;

7 (3) for school districts with at least 1,000 students but fewer than
8 2,000 students, the enrollment state aid per student is \$6,137; and

9 (4) for school districts with 2,000 students or more, the enrollment
10 state aid per student is \$5,763.

11 (c) The amounts of enrollment state aid per student are based on the
12 following components as determined for a typical school district where
13 more than 70% of the students enrolled in such school district who are not
14 low income students have met achievement levels 2, 3 or 4 for college and
15 career readiness on the statewide assessments in math and reading for
16 school year 2014-2015:

17 (1) Expenditures per student for instruction, including certain
18 expenses categorized under function 1000, instruction;

19 (2) expenditures per student for student support, including certain
20 expenses categorized under function 2100, student support;

21 (3) expenditures per student for instructional staff support, including
22 certain expenses categorized under function 2200, instructional staff
23 support;

24 (4) expenditures per student for administrative expenses, including
25 certain expenses categorized under functions 2300 through 2500,
26 administration; and

27 (5) median expenditures per district for expenses related to operation
28 and maintenance of facilities, including certain expenses categorized under
29 function 2600, operation and maintenance.

30 (d) Commencing in school year 2018-2019, and each school year
31 thereafter, each amount of enrollment state aid per student established
32 under subsection (b) shall increase by an amount equal to the percentage
33 increase in the consumer price index for all urban consumers in the
34 midwest region as published by the bureau of labor statistics of the United
35 States department of labor during the immediately preceding school year.

36 (e) All function categories described in this section shall refer to
37 those same categories as established and required for financial accounting
38 purposes by the state board as published in the Kansas state department of
39 education's Kansas accounting handbook for unified school districts, as
40 published in September 2015.

41 New Sec. 6. (a) For school year 2017-2018, and each school year
42 thereafter, the state board shall determine the transportation state aid each
43 school district is to receive in such school year in accordance with the

1 provisions of this section.

2 (b) The transportation state aid shall be determined as follows:

3 (1) Determine the total expenditures of the school district during the
4 immediately preceding school year from all funds for transporting students
5 of public and nonpublic schools on regular school routes;

6 (2) determine the sum of: (A) The number of students who were
7 included in the enrollment of the school district in the immediately
8 preceding school year who resided less than 2.5 miles by the usually
9 traveled road from the school building such students attended and for
10 whom transportation was made available by the school district; and (B) the
11 number of nonresident students who were included in the enrollment of the
12 school district for the immediately preceding school year and for whom
13 transportation was made available by the school district;

14 (3) determine the number of students who were included in the
15 enrollment of the school district in the immediately preceding school year
16 who resided 2.5 miles or more by the usually traveled road from the school
17 building such students attended and for whom transportation was made
18 available by the school district;

19 (4) multiply the number of students determined under subsection (b)
20 (3) by two;

21 (5) divide the amount determined under subsection (b)(2) by the
22 product obtained under subsection (b)(4);

23 (6) add one to the quotient obtained under subsection (b)(5);

24 (7) multiply the sum obtained under subsection (b)(6) by the amount
25 determined under subsection (b)(3);

26 (8) divide the amount determined under subsection (b)(1) by the
27 product obtained under subsection (b)(7). The resulting quotient is the per
28 student cost of transportation;

29 (9) on a density-cost graph, plot the per student cost of transportation
30 for each school district;

31 (10) construct a curve of best fit for the points so plotted;

32 (11) locate the index of density for the school district on the base line
33 of the density-cost graph and from the point on the curve of best fit
34 directly above this point of index of density follow a line parallel to the
35 base line to the point of intersection with the vertical line, which point is
36 the formula per student cost of transportation of the school district;

37 (12) divide the formula per student cost of transportation of the
38 school district by \$3,852;

39 (13) multiply the quotient obtained under subsection (b)(12) by the
40 number of students who are included in the enrollment of the school
41 district, residing 2.5 miles or more by the usually traveled road to the
42 school building attended by such students, and for whom transportation is
43 being made available by, and at the expense of, the school district. The

1 product is the transportation state aid factor of the school district;

2 (14) multiply the transportation state aid factor of the school district
3 by the enrollment of the school district; and

4 (15) multiply the product obtained by subsection (b)(14) by \$3,852.
5 The resulting product is the transportation state aid for the school district.

6 (b) For the purpose of providing accurate and reliable data on student
7 transportation, the state board is authorized to adopt rules and regulations
8 prescribing procedures for reporting pertinent information relative thereto,
9 including uniform reporting of expenditures for transportation.

10 (c) As used in this section:

11 (1) "Curve of best fit" means the curve on a density-cost graph drawn
12 so the sum of the distances squared from such line to each of the points
13 plotted on the graph is the least possible.

14 (2) "Density-cost graph" means a drawing having: (A) A horizontal or
15 base line divided into equal intervals of density, beginning with zero on the
16 left; and (B) a scale for per student cost of transportation to be shown on a
17 line perpendicular to the base line at the left end thereof, such scale to
18 begin with zero dollars at the base line ascending by equal per-student cost
19 intervals.

20 (3) "Index of density" means the number of students who are
21 included in the enrollment of a school district in the current school year,
22 are residing 2.5 miles or more by the usually traveled road from the school
23 building attended by such students, and for whom transportation is being
24 made available on regular school routes by the school district, divided by
25 the number of square miles of territory in the school district.

26 New Sec. 7. (a) For school year 2017-2018, and each school year
27 thereafter, the state board shall determine the low income state aid each
28 school district is to receive in such school year in accordance with the
29 provisions of this section.

30 (b) The low income state aid shall be determined as follows:

31 (1) Determine the poverty rate of individuals aged five through 17 for
32 the school district for the immediately preceding calendar year as
33 published by the United States census bureau;

34 (2) multiply the amount determined under subsection (b)(1) by the
35 enrollment of the school district; and

36 (3) multiply the product obtained under subsection (b)(2) by \$3,099.
37 The resulting product is the low income state aid for the school district.

38 New Sec. 8. (a) For school year 2017-2018, and each school year
39 thereafter, the state board shall determine the bilingual state aid each
40 school district is to receive in such school year in accordance with the
41 provisions of this section.

42 (b) The bilingual state aid shall be determined as follows:

43 (1) Determine the number of students enrolled in the school district

1 who are receiving services under a program of bilingual education; and

2 (2) multiply the number determined under subsection (b)(1) by \$425.
3 The resulting product is the bilingual state aid for the school district.

4 New Sec. 9. (a) For school years 2017-2018 and 2018-2019, the state
5 board shall determine whether each school district is to receive additional
6 state aid in such school year in accordance with the provisions of this
7 section.

8 (b) The state board shall determine each school district's eligibility
9 for additional state aid as follows:

10 (1) Determine the aggregate state aid such school district received for
11 school year 2014-2015, which amount shall be calculated by adding
12 together all moneys received by the school district from the state treasury,
13 excluding any moneys that were provided pursuant to federal law and for
14 which the state acted solely as a pass-through entity;

15 (2) add to the amount determined under subsection (b)(1) the
16 proceeds of any tax levied by such school district in school year 2014-
17 2015 that were deposited directly into a fund of the school district and that
18 were not levied for the purpose of satisfying any general bond obligations
19 of such school district;

20 (3) deduct from the sum determined under subsection (b)(2) the
21 aggregate state aid such school district is to receive for the current school
22 year, which amount shall be calculated by adding together all moneys
23 received by the school district from the state treasury, excluding any
24 moneys that were provided pursuant to federal law and for which the state
25 acted solely as a pass-through entity and also excluding any additional
26 state aid determined pursuant to this section;

27 (4) deduct from the sum determined under subsection (b)(2) the
28 amount of savings obtained by such school district that is directly
29 attributable to the implementation of a statewide school district employee
30 health plan under section 27, and amendments thereto, as determined by
31 the division of the budget, which amount shall be certified by the director
32 of the budget to the state board;

33 (5) deduct from the sum determined under subsection (b)(2) the
34 amount of savings obtained by such school district that is directly
35 attributable to the implementation of efficiencies in food service
36 operations and extracurricular activities as determined by the division of
37 the budget, which amount shall be certified by the director of the budget to
38 the state board; and

39 (6) deduct from the sum determined under subsection (b)(2) an
40 amount equal to $\frac{1}{3}$ of the unencumbered cash balance reconciliation
41 amount. If the resulting amount is a positive number, then the school
42 district shall be eligible to receive additional state aid in an amount equal
43 to such resulting amount.

1 (c) For each school district, the state board shall determine that
2 portion of the aggregate amount of unencumbered cash balances held by
3 such school district on July 1, 2014, that is in excess of 15% of the general
4 operating expenditures for such school district for school year 2014-2015,
5 and such amount shall be the unencumbered cash balance reconciliation
6 amount for such school district.

7 (d) For purposes of this section:

8 (1) "General operating expenditures" means all expenditures by the
9 school district categorized under function 1000, 2100, 2200, 2300, 2400,
10 2500, 2600, 2700, 2900, 3100 or 3300 as those functions are established
11 and required for financial accounting purposes by the state board as
12 published in the Kansas state department of education's Kansas accounting
13 handbook for unified school districts, as published in September 2015.

14 (2) "Unencumbered cash balance" means the aggregate of all cash
15 balances held in any fund of the school district, except cash balances held
16 in any bond and interest fund, gift or grant fund, capital outlay fund and
17 any cash balances that are directly attributable to receipt of federal
18 moneys.

19 New Sec. 10. (a) The state school district finance fund, established by
20 K.S.A. 1991 Supp. 72-7081, prior to its repeal, is hereby continued in
21 existence and shall consist of: (1) All moneys credited to such fund under
22 K.S.A. 2016 Supp. 72-6463 through 72-6481, prior to their expiration; and
23 (2) all amounts transferred to such fund under this act.

24 (b) The state school district finance fund shall be used for the purpose
25 of school district finance and for no other governmental purpose. It is the
26 intent of the legislature that the fund shall remain intact and inviolate for
27 such purpose, and moneys in the fund shall not be subject to the provisions
28 of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

29 (c) Amounts in the state school district finance fund shall be allocated
30 and distributed to school districts as a portion of general state aid provided
31 for under this act.

32 New Sec. 11. (a) The distribution of general state aid determined
33 pursuant to section 4, and amendments thereto, shall be made in
34 accordance with appropriation acts each year as provided in this section.

35 (b) (1) In the months of July through May of each school year, the
36 state board shall determine the amount of general state aid that will be
37 required by each school district to maintain operations in each such month.
38 In making such determination, the state board shall take into consideration
39 the school district's access to other school financing sources and the
40 obligations of the general fund that must be satisfied during the month.
41 The amount determined by the state board under this provision is the
42 amount of general state aid that will be distributed to the school district in
43 the months of July through May; and

1 (2) in the month of June of each school year, subject to the provisions
2 of subsection (d), payment shall be made of the full amount of the general
3 state aid determined for the school year, less the sum of the monthly
4 payments made in the months of July through May.

5 (c) The state board shall prescribe the dates upon which the
6 distribution of payments of general state aid to school districts shall be
7 due. Payments of general state aid shall be distributed to school districts
8 once each month on the dates prescribed by the state board. The state
9 board shall certify to the director of accounts and reports the amount due
10 as general state aid to each school district in each of the months of July
11 through June. Such certification, and the amount of general state aid
12 payable from the state general fund, shall be approved by the director of
13 the budget. The director of accounts and reports shall draw warrants on the
14 state treasurer payable to the school district treasurer of each school
15 district entitled to payment of general state aid, pursuant to vouchers
16 approved by the state board. Upon receipt of such warrant, each school
17 district treasurer shall deposit the amount of general state aid in the general
18 fund.

19 (d) If any amount of general state aid that is due to be paid during the
20 month of June of a school year pursuant to the other provisions of this
21 section is not paid on or before June 30 of such school year, then such
22 payment shall be paid on or after the ensuing July 1, as soon as moneys are
23 available therefor. Any payment of general state aid that is due to be paid
24 during the month of June of a school year and that is paid to school
25 districts on or after the ensuing July 1 shall be recorded and accounted for
26 by school districts as a receipt for the school year ending on the preceding
27 June 30.

28 New Sec. 12. In the event any school district is paid more than it is
29 entitled to receive under any distribution made under the provisions of this
30 act, the state board shall notify the school district of the amount of such
31 overpayment, and such school district shall remit the same to the state
32 board. The state board shall remit any moneys so received to the state
33 treasurer in accordance with the provisions of K.S.A. 75-4215, and
34 amendments thereto. Upon receipt of each such remittance, the state
35 treasurer shall deposit the entire amount in the state treasury to the credit
36 of the state school district finance fund. If any school district fails so to
37 remit, the state board shall deduct the excess amounts so paid from future
38 payments becoming due to the school district. In the event any school
39 district is paid less than the amount to which it is entitled under any
40 distribution made under the provisions of this act, the state board shall pay
41 the additional amount due at any time within the school year in which the
42 underpayment was made or within 60 days after the end of such school
43 year.

1 New Sec. 13. (a) On or before August 25 of each school year, the
2 clerk or superintendent of each school district shall certify to the state
3 board a copy of the budget adopted by the school district for the current
4 school year.

5 (b) On September 20 and March 20 of each school year, the clerk or
6 superintendent of each school district shall certify under oath to the state
7 board a report showing the total enrollment of the school district by grades
8 maintained in the schools of the school district and such other reports as
9 the state board may require. Upon receipt of such report, the state board
10 shall examine the report, and if the state board finds any errors in any such
11 report, the state board shall consult with the school district officer
12 furnishing the report and make such corrections in the report as are
13 necessary.

14 New Sec. 14. (a) For school year 2018-2019, and each school year
15 thereafter, subject to appropriation acts relating thereto, the state board
16 shall disburse school district success grants to each school district that is
17 eligible for such grant moneys in an amount determined pursuant to this
18 section.

19 (b) The state board shall determine whether a school district is
20 eligible for success grants by utilizing a success metric system based on
21 the following factors:

22 (1) The number of students who graduated from the school district in
23 the immediately preceding school year, including those students who
24 graduated either prior to or subsequent to their intended original
25 graduation date, divided by the number of students in the ninth grade
26 cohort of such students;

27 (2) the number of students who received a nationally recognized
28 certificate in the immediately preceding school year divided by the number
29 of students who graduated from such school district in the second
30 preceding school year;

31 (3) the number of students who graduated from the school district in
32 the second preceding school year and who enrolled in a third consecutive
33 semester at a postsecondary educational institution or private or out-of-
34 state postsecondary educational institution divided by the number of
35 students who graduated from such school district in the second preceding
36 school year; and

37 (4) the number of students who graduated from the school district in
38 the second preceding school year and who were required to enroll in a
39 remedial course after graduation divided by the number of students who
40 graduated from such school district in the second preceding school year.

41 (c) Upon determination that a school district is eligible for success
42 grant moneys, the state board shall award success grant moneys to such
43 school district. Success grant amounts shall be awarded based on an

1 eligible school district's maintenance of or improvement in the factors
2 described in subsection (b) as measured by the success metric system
3 developed by the state board. Upon receipt of any success grant moneys,
4 the board of education of the recipient school district shall disburse such
5 grant moneys to employees in the following classifications equally on a
6 per employee basis: Principal; assistant principal; vocational education
7 teacher; pre-kindergarten teacher; kindergarten teacher; reading teacher;
8 other teacher; library specialist; school counselor; and school psychologist.
9 The school district classifications identified in this subsection refer to
10 those classifications established by the state board for the superintendent's
11 organization report required for school year 2014-2015.

12 (d) There is hereby established in the state treasury the school district
13 success grant fund which shall be administered by the department of
14 education. All expenditures from the school district success grant fund
15 shall be used for the disbursement of success grant moneys to eligible
16 school districts as determined by the state board of education pursuant to
17 this section. All expenditures from the school district success grant fund
18 shall be made in accordance with appropriation acts upon warrants of the
19 director of accounts and reports issued pursuant to vouchers approved by
20 the state board of education, or the designee of the state board of
21 education.

22 (e) For purposes of this section:

23 (1) "Postsecondary educational institution" shall have the same
24 meaning as that term is defined in K.S.A. 74-3201b, and amendments
25 thereto.

26 (2) The terms "private postsecondary educational institution" and
27 "out-of-state postsecondary educational institution" shall have the same
28 meanings as those terms are defined in K.S.A. 74-32,163, and amendments
29 thereto.

30 (3) "Remedial course" means any credit hour course offered by a
31 postsecondary educational institution or private or out-of-state
32 postsecondary educational institution in the area of mathematics or
33 language arts, which is determined by such institution to be remedial.

34 New Sec. 15. (a) The board of education of each school district shall
35 levy an ad valorem tax upon the taxable tangible property of the school
36 district at a rate of 35 mills in school year 2017-2018 and school year
37 2018-2019 for the purpose of:

38 (1) Paying a portion of the costs of operating and maintaining public
39 schools in partial fulfillment of the constitutional obligation of the
40 legislature to finance the educational interests of the state; and

41 (2) with respect to any redevelopment district established prior to July
42 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a
43 portion of the principal and interest on bonds issued by cities under

1 authority of K.S.A. 12-1774, and amendments thereto, for the financing of
2 redevelopment projects upon property located within the district.

3 (b) Except for that portion of the proceeds used for the purpose
4 specified in subsection (a)(2), the proceeds from the tax levied by a school
5 district under authority of this section shall be remitted to the state
6 treasurer in accordance with the provisions of K.S.A. 75-4215, and
7 amendments thereto. Upon receipt of each such remittance, the state
8 treasurer shall deposit the entire amount in the state treasury and shall
9 credit the same to the state school district finance fund.

10 (c) All moneys remitted to the state treasurer pursuant to subsection
11 (b) shall be used for paying a portion of the costs of operating and
12 maintaining public schools in partial fulfillment of the constitutional
13 obligation of the legislature to finance the educational interests of the state.

14 (d) No school district shall proceed under K.S.A. 79-1964, 79-1964a
15 or 79-1964b, and amendments thereto.

16 New Sec. 16. (a) The board of education of any school district may
17 levy an ad valorem tax upon the taxable tangible property of the school
18 district for a period of not more than five years for the purposes specified
19 in this section and with respect to any redevelopment district established
20 prior to July 1, 2017, pursuant to K.S.A. 12-1771, and amendments
21 thereto, for the purpose of paying a portion of the principal and interest on
22 bonds issued by cities under the authority of K.S.A. 12-1774, and
23 amendments thereto, for the financing of redevelopment projects upon
24 property located within the school district.

25 (b) No levy shall be made under this section until a resolution is
26 adopted by the board of education in the following form and such
27 resolution is approved by a majority of the electors of the school district in
28 accordance with this section:

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

31 RESOLUTION

32 Be It Resolved that:

33 The above-named school board shall be authorized to make an annual
34 tax levy for a period not to exceed _____ years in an amount not to exceed
35 _____ mills upon the taxable tangible property in the school district for
36 the purpose of _____, and with respect to
37 any redevelopment district established prior to July 1, 2016, pursuant to
38 K.S.A. 12-1771, and amendments thereto, for the purpose of paying a
39 portion of the principal and interest on bonds issued by cities under the
40 authority of K.S.A. 12-1774, and amendments thereto, for the financing of
41 redevelopment projects upon property located within the school district.
42 The tax levy authorized by this resolution shall be made only upon the
43 approval by a majority of the electors in the school district at an election

1 where the question of whether the tax levy shall be authorized is submitted
2 to the electors in the school district. Such election may be called for that
3 purpose or held at the next general election, as is specified by the board of
4 education of the above school district.

5 CERTIFICATE

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

10 Clerk of the board of education.

11 All of the blanks in the above resolution shall be appropriately filled.
12 The blank preceding the word "years" shall be filled with a specific
13 number, and the blank preceding the word "mills" shall be filled with a
14 specific number, and no word shall be inserted in either of the blanks. The
15 board of education shall notify the county election officer of the date of an
16 election to be held to submit the question of whether the tax levy shall be
17 authorized. If the board of education fails to notify the county election
18 officer within 60 calendar days after the resolution is adopted, the
19 resolution shall be deemed abandoned and no like resolution shall be
20 adopted by the board of education within the nine months following
21 adoption of the resolution.

22 (c) No resolution may be adopted, and no tax may be levied pursuant
23 to this section, unless the board of education specifies how the proceeds of
24 the tax to be levied will be expended by the school district. In specifying
25 the expenditure of the proceeds of any tax levied under the authority of
26 this section, the board of education shall describe the project to be
27 completed, items to be purchased, services to be obtained and any other
28 purposes for which such proceeds are to be expended with similar
29 specificity. Except as provided in subsection (d), no proceeds of any tax
30 levied under the authority of this section shall be expended to pay the
31 costs, either directly or indirectly, for providing instruction, as defined in
32 section 3, and amendments thereto.

33 (d) The tax levied under the authority of this section may be levied
34 for the purpose of financing that portion of the school district's general
35 fund budget which is to be expended for curriculum. If the board of
36 education of any school district levies a tax for such purposes, such school
37 district shall offer the course or courses of study for which the tax is being
38 levied to every other school district in the state through an electronic
39 network or site accessible via the internet, mobile application, computer,
40 mobile device, tablet or other electronic device. The school district
41 offering such course or courses of study shall be responsible for the cost of
42 providing such course or courses to any school district that accepts the
43 offer to receive such course or courses.

1 (e) The proceeds from the tax levied by a school district under
2 authority of this section shall be deposited in the general fund of the school
3 district.

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

6 New Sec. 17. Any fund established in a school district pursuant to
7 K.S.A. 72-6409, 72-6420 through 72-6424 or K.S.A. 2014 Supp. 72-6414a
8 or 72-6414b, prior to their repeal, shall continue in existence in such
9 school district, subject to the provisions of this act.

10 New Sec. 18. (a) Except for the bond and interest fund, the board of
11 education of any school district may transfer moneys from the general
12 fund to any other fund of the school district in any school year. Except for
13 the bond and interest fund, special education fund and special retirement
14 contributions fund, the board of education of any school district may
15 transfer moneys from any fund of the school district to the general fund of
16 the school district.

17 (b) The board of education of any school district may transfer moneys
18 from any other fund to the special education fund or special retirement
19 contributions fund of the school district, but no transfers shall be
20 authorized from the bond and interest fund, special education fund or
21 special retirement contributions fund. Moneys in the bond and interest
22 fund, special education fund and special retirement contributions fund
23 shall only be expended for such purposes as permitted by law.

24 (c) The aggregate amount of money transferred pursuant to this
25 section from the capital outlay fund of a school district to the general fund
26 of the school district, or to any other fund of the school district for any
27 school year shall not exceed the aggregate amount of money held in the
28 capital outlay fund that is not directly attributable to any tax levied under
29 the authority of K.S.A. 72-8801, and amendments thereto.

30 New Sec. 19. (a) No school district shall expend, use or transfer any
31 moneys received by such school district as part of the general state aid
32 disbursement to such school district for any expenditures for
33 extracurricular activities or any expenditures related to such activities.

34 (b) Nothing in this section shall be construed to prohibit the use of
35 any moneys received by a school district pursuant to a tax levied under the
36 authority of section 16, and amendments thereto, or moneys received from
37 any other source other than as part of general state aid, for expenditures for
38 extracurricular activities or any expenditures related to such activities, or
39 to prohibit the use of any moneys received by such school district as part
40 of the general state aid disbursement to such school district for
41 expenditures for co-curricular activities or any expenditures related to such
42 activities.

43 (c) As used in this section:

1 (1) "Extracurricular activities" means those activities provided or
2 supported by a school district, but which are not required by or a
3 substantial part of any curriculum of such school district.

4 (2) "Co-curricular activities" means those activities provided or
5 supported by a school district that are not extracurricular activities.

6 New Sec. 20. (a) No school district shall expend, use or transfer any
7 moneys received by such school district as part of the general state aid
8 disbursement to such school district for any expenditures for food service
9 or any expenditures related to such activities.

10 (b) Nothing in this section shall be construed to prohibit the use of
11 any moneys received by a school district pursuant to a tax levied under the
12 authority of section 16, and amendments thereto, or moneys received from
13 any other source other than as part of general state aid, for expenditures for
14 food service or any expenditures related to such activities.

15 New Sec. 21. (a) In order to accomplish the mission for Kansas
16 education, the state board of education shall design and adopt a school
17 performance accreditation system based upon improvement in
18 performance that reflects high academic standards and is measurable. No
19 school district shall be accredited by the state board of education unless
20 such school district has demonstrated that it has met the educational goal
21 established by K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

22 (b) The state board shall establish curriculum standards which reflect
23 high academic standards for the core academic areas of mathematics,
24 science, reading, writing and social studies. The curriculum standards shall
25 be reviewed at least every seven years. Nothing in this subsection shall be
26 construed in any manner so as to impinge upon any school district's
27 authority to determine its own curriculum.

28 (c) The state board shall provide for statewide assessments in the core
29 academic areas of mathematics, science, reading, writing and social
30 studies. The state board shall ensure compatibility between the statewide
31 assessments and the curriculum standards established pursuant to
32 subsection (b). Such assessments shall be administered at three grade
33 levels, as determined by the state board. The state board shall determine
34 performance levels on the statewide assessments, the achievement of
35 which represents high academic standards in the academic area at the
36 grade level to which the assessment applies. The state board should specify
37 high academic standards both for individual performance and school
38 performance on the assessments.

39 (d) Each school in every school district shall establish a school site
40 council composed of the principal and representatives of teachers and
41 other school personnel, parents of students attending the school, the
42 business community and other community groups. School site councils
43 shall be responsible for providing advice and counsel in evaluating state,

1 school district and school site performance goals and objectives, and in
2 determining the methods that should be employed at the school site to
3 meet these goals and objectives. School site councils may make
4 recommendations and proposals to the board regarding budgetary items
5 and school district matters, including, but not limited to, identifying and
6 implementing the best practices for developing efficient and effective
7 administrative and management functions. School site councils also may
8 help boards analyze the unique environment of schools, enhance the
9 efficiency and maximize limited resources, including outsourcing
10 arrangements and cooperative opportunities as a means to address limited
11 budgets.

12 (e) Whenever the state board of education determines that a school
13 has failed either to meet the accreditation requirements established by
14 rules and regulations or standards adopted by the state board or provide the
15 curriculum required by state law, the state board shall so notify the school
16 district in which the school is located. Such notice shall specify the
17 accreditation requirements that the school has failed to meet and the
18 curriculum that the school has failed to provide. Upon receipt of such
19 notice, the board of education of such school district is encouraged to
20 reallocate the resources of the school district to remedy all deficiencies
21 identified by the state board.

22 New Sec. 22. (a) The legislature hereby finds and declares that:

23 (1) The provision of finance for the educational interests of the state
24 through school districts necessitates the efficient operation of such school
25 districts;

26 (2) an efficient school district is one that maximizes positive student
27 outcomes using the most cost-effective means of instruction;

28 (3) the following are key factors in determining those school districts
29 that are operating most efficiently: (A) Total expenditures per pupil; (B)
30 graduation rate; (C) composite scores on the ACT; and (D) percentage of
31 students scoring at a level deemed college and career ready on the state
32 assessments for math, reading and science; and

33 (4) based on the key factors, school districts achieve the most
34 efficiency with an enrollment of 1,700 to 2,100 students.

35 (b) The state board shall review and consider the findings of the
36 legislature and shall consider how to organize school districts so as to yield
37 the highest number of efficient school districts. The state board shall
38 submit a report to the governor and the legislature on any school district
39 organization plan that is developed either directly or indirectly as a result
40 of the state board's consideration of such findings.

41 New Sec. 23. (a) In school year 2018-2019, and each school year
42 thereafter, the state board shall review the key factors and efficient school
43 district enrollment size as set forth in section 22(a), and amendments

1 thereto. As part of its review, the state board shall determine the extent to
2 which each school district is producing positive student outcomes using
3 cost-effective means of instruction, and whether such school district is
4 operating at an efficient enrollment size.

5 (b) On January 15, 2019, and each January 15 thereafter, the state
6 board shall submit a report to the governor and the legislature on the
7 findings and conclusions from the state board's review of school districts
8 pursuant to subsection (a).

9 New Sec. 24. The state board may adopt rules and regulations for the
10 administration of the provisions of this act.

11 New Sec. 25. The provisions of sections 1 through 24, and
12 amendments thereto, shall not be severable. If any provision of sections 1
13 through 24, and amendments thereto, is held to be invalid or
14 unconstitutional by court order, all provisions of sections 1 through 24, and
15 amendments thereto, shall be null and void.

16 New Sec. 26. The provisions of sections 1 through 24, and
17 amendments thereto, shall expire on June 30, 2022.

18 New Sec. 27. (a) There is hereby established in the state treasury the
19 school district capital outlay state aid fund. Such fund shall consist of all
20 amounts transferred thereto under the provisions of subsection (c).

21 (b) For school year 2017-2018 and each school year thereafter, each
22 school district that levies a tax pursuant to K.S.A. 72-8801 et seq., and
23 amendments thereto, shall be entitled to receive payment from the school
24 district capital outlay state aid fund in an amount determined by the state
25 board of education as provided in this subsection. The state board of
26 education shall:

27 (1) Determine the amount of the assessed valuation per pupil in the
28 preceding school year for each school district;

29 (2) determine the mean federal adjusted gross income per filed
30 individual income tax return for the preceding tax year for each school
31 district;

32 (3) determine the average appraised value of single family residences
33 for the preceding calendar year for each school district;

34 (4) multiply the amounts determined under subsections (b)(1), (b)(2)
35 and (b)(3) for each school district;

36 (5) calculate the cube root of the product calculated under subsection
37 (b)(4) for each school district;

38 (6) round the amount determined under subsection (b)(5) to the
39 nearest \$1,000. The rounded amount is the capital outlay equalization base
40 for such school district;

41 (7) determine the median capital outlay equalization base of all
42 school districts;

43 (8) prepare a schedule of dollar amounts using the amount of the

1 median capital outlay equalization base of all school districts as the point
2 of beginning. The schedule of dollar amounts shall range upward in equal
3 \$1,000 intervals from the point of beginning to and including an amount
4 that is equal to the amount of the capital outlay equalization base of the
5 school district with the highest capital outlay equalization base of all
6 school districts and shall range downward in equal \$1,000 intervals from
7 the point of beginning to and including an amount that is equal to the
8 amount of the capital outlay equalization base of the school district with
9 the lowest capital outlay equalization base of all school districts;

10 (9) determine a state aid percentage factor for each school district by
11 assigning a state aid computation percentage to the amount of the median
12 capital outlay equalization base shown on the schedule, decreasing the
13 state aid computation percentage assigned to the amount of the median
14 capital outlay equalization base by one percentage point for each \$1,000
15 interval above the amount of the median capital outlay equalization base,
16 and increasing the state aid computation percentage assigned to the
17 amount of the median capital outlay equalization base by one percentage
18 point for each \$1,000 interval below the amount of the median capital
19 outlay equalization base. The state aid percentage factor of a school district
20 is the percentage assigned to the schedule amount that is equal to the
21 amount of the capital outlay equalization base of the school district, except
22 that the state aid percentage factor of a school district shall not exceed
23 100%. The state aid computation percentage is 25%;

24 (10) determine the amount levied by each school district pursuant to
25 K.S.A. 2016 Supp. 72-8801 et seq., and amendments thereto; and

26 (11) multiply the amount computed under subsection (b)(10) by the
27 applicable state aid percentage factor. The resulting product is the amount
28 of payment the school district is to receive from the school district capital
29 outlay state aid fund in the school year.

30 (c) The state board shall certify to the director of accounts and reports
31 the aggregate amount of school district capital outlay state aid school
32 districts are to receive under the provisions of subsection (b), and an
33 amount equal thereto shall be transferred by the director from the state
34 general fund to the school district capital outlay state aid fund.

35 (d) Payments from the school district capital outlay state aid fund
36 shall be distributed to school districts at times determined by the state
37 board of education. The state board of education shall certify to the
38 director of accounts and reports the amount due each school district
39 entitled to payment from the fund, and the director of accounts and reports
40 shall draw a warrant on the state treasurer payable to the treasurer of the
41 school district. Upon receipt of the warrant, the treasurer of the school
42 district shall credit the amount thereof to the capital outlay fund of the
43 school district to be used for the purposes of such fund.

1 New Sec. 28. (a) For general obligation bonds that have not been
2 approved for issuance by an election prior to January 1, 2017, no capital
3 improvement state aid shall be paid pursuant to K.S.A. 75-2319, and
4 amendments thereto, unless such payment is approved by the joint
5 committee on state building construction, established by K.S.A. 46-1701,
6 and amendments thereto, in accordance with this section. A school district
7 shall submit an application prior to an election to approve the issuance of
8 general obligation bonds to the joint committee on state building
9 construction for approval of capital improvement state aid. The application
10 shall be submitted in such form and manner as prescribed by the
11 committee, and shall include a description of the project that is the basis
12 for the application.

13 (b) The joint committee on state building construction shall meet at
14 least once each quarter to review all submitted applications and approve or
15 deny the disbursement of capital improvement state aid under K.S.A. 75-
16 2319, and amendments thereto, based on whether the project for which
17 such bonds are to be issued is for instruction. As part of its review of an
18 application, the committee may conduct a hearing and provide the
19 applicant school district an opportunity to present testimony regarding the
20 project. In determining whether a project is for instruction, the committee
21 shall consider the extent to which the facility being constructed or
22 improved is to be utilized by the school district for direct instruction of
23 students of the school district.

24 (c) If the joint committee on state building construction approves an
25 application, the committee shall determine the extent to which the facility
26 being constructed or improved is to be utilized by the school district for
27 direct instruction of students of the school district. In making such
28 determination, the committee shall only consider basic building planning
29 and design to be a part of the facility that is utilized for direct instruction
30 of students. Any architectural enhancements to a facility beyond basic
31 building planning and design shall not be deemed part of the facility that is
32 utilized for direct instruction of students. The committee may authorize:

33 (1) Up to 100% as the percentage of utilization for direct instruction
34 for any school building that is a classroom attendance center;

35 (2) up to 50% as the percentage of utilization for direct instruction for
36 any building that is used for student transportation services, or for any
37 portion of a building that is not a classroom, but is used on a daily basis by
38 students for classes and extracurricular activities, including, but not limited
39 to, auditoriums and gymnasiums; and

40 (3) no percentage of utilization for direct instruction for any athletic
41 facility or for any school administration and support building.

42 The committee shall certify to the state board of education that such
43 application was approved and the percentage of utilization for direct

1 instruction.

2 (d) If the joint committee on state building construction denies an
3 application, then, within 15 days of such denial, the committee shall send
4 written notice of such denial to the superintendent of such school district.
5 The decision of the committee shall be final.

6 (e) (1) A school district may conduct an election to approve the
7 issuance of general obligation bonds without submitting an application to
8 the joint committee on state building construction if the purpose for the
9 issuance of the bonds is necessary to repair, replace, acquire, construct,
10 equip, furnish or remodel solely due to:

11 (A) Damage caused by an act of God; or

12 (B) a mechanical or structural failure that jeopardizes the health and
13 safety of students and staff.

14 (2) Prior to conducting an election for the issuance of bonds pursuant
15 to this subsection, a school district shall submit an exemption certificate to
16 the committee in such form and manner as prescribed by the committee
17 and shall include a description of the project, a description of the damage
18 or mechanical or structural failure, the total estimated cost and any other
19 information requested by the committee.

20 (3) The committee shall have 30 days from the date such application
21 was submitted to approve or deny the exemption certificate. If the
22 committee fails to approve or deny an exemption certificate within 30
23 days, such exemption certificate shall be deemed approved. If the
24 committee denies such exemption certificate, the school district shall
25 submit an application pursuant to subsection (a) prior to holding an
26 election to approve the issuance of general obligation bonds.

27 (f) The provisions of this section shall not apply to any school district
28 that is not entitled to capital improvement state aid under K.S.A. 75-2319,
29 and amendments thereto.

30 New Sec. 29. (a) There is hereby established a special joint
31 committee on school district capital outlay and improvements. The special
32 joint committee shall consist of five members of the senate and six
33 members of the house of representatives. The five members of the senate
34 shall be the chairperson of the committee on ways and means, two
35 members appointed by the president, one member appointed by the
36 majority leader and one member appointed by the minority leader. The six
37 members of the house of representatives shall be the chairperson of the
38 committee on appropriations, the speaker pro tem, two members appointed
39 by the speaker, one member appointed by the majority leader and one
40 member appointed by the minority leader.

41 (b) The president shall appoint the chairperson of the special joint
42 committee on school district capital outlay and improvements, and the
43 speaker shall appoint the vice-chairperson of the special joint committee.

1 The committee may meet at any time and at any place within the state on
2 call of the chairperson. Members of the committee shall receive
3 compensation and travel expenses and subsistence expenses or allowances
4 as provided in K.S.A. 75-3212, and amendments thereto, when attending
5 meetings of the committee authorized by the legislative coordinating
6 council.

7 (c) The special joint committee on school district capital outlay and
8 improvements may introduce such legislation as deemed necessary in
9 performing such committee's functions.

10 (d) The special joint committee on school district capital outlay and
11 improvements shall:

12 (1) Review and make recommendations on proposals to implement a
13 state revolving loan fund as a source of financing for school district capital
14 improvement projects, which would utilize the bonding authority of the
15 Kansas development finance authority;

16 (2) review and make recommendations on proposals to implement a
17 master lease program as a source of financing for school district capital
18 outlay acquisitions, which would utilize the bonding authority of the
19 Kansas development finance authority; and

20 (3) submit a report on or before January 15, 2018, to the governor and
21 the legislature on the special joint committee's findings, conclusions and
22 recommendations.

23 (e) The provisions of this section shall expire on June 30, 2018.

24 New Sec. 30. (a) The state board shall develop and implement a
25 public school grading system. In assigning grades to each public school in
26 the state, such system shall consider the graduation rate, composite scores
27 on the ACT and the percentage of students scoring at a level deemed
28 college and career ready on the state assessments for math, reading and
29 science. Such system may also include any other metrics deemed
30 necessary and appropriate by the state board.

31 (b) The public school grading system shall provide an annual report
32 card on each school operated by a school district. The report card shall
33 provide a grade for each school in the areas of student achievement
34 deemed appropriate by the state board. Each school report card shall be
35 provided to the parents or legal guardians of each student enrolled in the
36 school district, and shall be published on the school district's website.

37 (c) On or before January 15, 2018, the state board shall submit a
38 report to the governor and the legislature on the public school grading
39 system and the schedule for implementation of such system.

40 New Sec. 31. (a) For the purpose of ensuring that each student meets
41 the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and
42 amendments thereto, by improving the quality of instructional,
43 administrative and supervisory services in the public schools of the state,

1 the state board of education shall design, develop and implement a school
2 personnel evaluation system. Such evaluation system shall establish
3 procedures for evaluating the performance of duties and responsibilities of
4 all instructional and administrative personnel employed by a school
5 district. Such evaluation system shall, at a minimum:

6 (1) Support effective instruction and positive student outcomes;

7 (2) provide appropriate instruments, procedures and criteria for
8 continuous quality improvement of the professional skills of instructional
9 and administrative personnel;

10 (3) include a mechanism to examine performance data from multiple
11 sources, including opportunities for parents to provide input into employee
12 performance evaluations when appropriate; and

13 (4) provide that a portion of a performance evaluation must be based
14 upon data and indicators of student achievement assessed annually by
15 statewide assessments or, for subjects and grade levels not measured by
16 statewide assessments, by some other measure deemed appropriate by the
17 state board.

18 (b) In conjunction with the design and development of the school
19 personnel evaluation pursuant to subsection (a), the state board shall
20 develop a school personnel compensation system. The school personnel
21 evaluation system shall be the basis for determining the appropriate
22 compensation for instructional and administrative personnel employed by
23 a school district.

24 (c) On or before January 15, 2018, the state board shall submit a
25 report to the governor and the legislature on the school personnel
26 evaluation system and the school personnel compensation system
27 developed pursuant to this section. Such report shall include the following:

28 (1) The criteria for measuring the performance of various categories
29 of school personnel;

30 (2) a description of the procedures for conducting personnel
31 evaluations;

32 (3) the metrics for measuring student achievement and the import of
33 such student achievement in the performance evaluation;

34 (4) a description of the school personnel compensation system,
35 including how performance evaluations will be utilized to determine
36 compensation of school district personnel; and

37 (5) the schedule for implementation of such systems.

38 New Sec. 32. (a) No board of education of any school district shall
39 provide instruction on human sexuality to a student, unless written consent
40 has been received from the parent or legal guardian of such student, clearly
41 stating that such parent or legal guardian allows such student to participate
42 in the human sexuality education class.

43 (b) The board of education of each school district shall provide all

1 instructional materials on human sexuality, including any teaching plans
2 and syllabi to any parent or legal guardian who requests such materials
3 before such parent or legal guardian makes a decision of whether or not to
4 allow such student to be provided such instruction.

5 (c) The board of education of each school district shall adopt policies
6 and procedures relating to the instruction of human sexuality, including,
7 but not limited to, prohibiting the display or distribution of instructional
8 materials on human sexuality to any student whose parent or legal
9 guardian has not given written consent as required in subsection (a).

10 New Sec. 33. (a) Within the limits of appropriations made or
11 available therefor and subject to the provisions of appropriation acts
12 relating thereto, the Kansas state employees health care commission shall
13 develop and provide for the implementation and administration of a
14 unified school district employee health care benefits program.

15 (b) (1) Subject to the provisions of paragraph (2), the unified school
16 district employee health care benefits program may provide benefits for
17 persons qualified to participate in the program for hospitalization, medical
18 services, surgical services, nonmedical remedial care and treatment
19 rendered in accordance with a religious method of healing and other health
20 services. The program may include such provisions as are established by
21 the Kansas state employees health care commission, including, but not
22 limited to, qualifications for benefits, services covered, schedules and
23 graduation of benefits, conversion privileges, deductible amounts,
24 limitations on eligibility for benefits by reason of termination of
25 employment or other change of status, leaves of absence, military service
26 or other interruptions in service and other reasonable provisions as may be
27 established by the commission.

28 (2) The unified school district employee health care benefits program
29 shall provide the benefits and services required by K.S.A. 2016 Supp. 75-
30 6524, and amendments thereto.

31 (c) The Kansas state employees health care commission shall
32 designate by rules and regulations those persons who are qualified to
33 participate in the unified school district employee health care benefits
34 program, including active and retired school district employees and their
35 dependents as defined by rules and regulations of the commission. In
36 designating persons qualified to participate in the unified school district
37 employee health care benefits program, the commission may establish
38 such conditions, restrictions, limitations and exclusions as the commission
39 deems reasonable.

40 (d) (1) For the health plan coverage year commencing January 1,
41 2019, and each year thereafter, all employees of each school district and
42 dependents of such employees shall be qualified to participate in the
43 unified school district employee health care benefits program. Such

1 employees and dependents shall be eligible to only elect a high-deductible
2 health plan and health savings account under the state health care benefits
3 program.

4 (2) If the employee had not previously participated in the unified
5 school district employee health care benefits program, the employer shall
6 calculate the average savings to the employer of the high deductible plan
7 compared to the previous health benefit plans and contribute that amount
8 monthly to the employee's health savings account up to the maximum
9 annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended.

10 (3) The employer shall allow additional voluntary contributions by
11 the employee to their health savings account by payroll deduction up to the
12 maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as
13 amended.

14 (e) For the health plan coverage year commencing January 1, 2019,
15 and each year thereafter, no school district shall offer or enter into any
16 contract for the provision of any health plan in lieu of a high-deductible
17 health plan and health savings account under the unified school district
18 employee health care benefits program. A school district may offer or enter
19 into a contract for the provision of supplemental health coverage in
20 addition to a plan offered under the unified school district employee health
21 care benefits program. An employee shall be eligible to elect such
22 supplemental health coverage only if the employee also elects a high-
23 deductible health plan and health savings account under the unified school
24 district employee health care benefits program.

25 (f) As used in this section, the term "school district" means a unified
26 school district organized and operated under the laws of this state.

27 New Sec. 34. (a) The same powers, duties and functions granted to
28 the Kansas state employees health care commission for the development
29 and implementation of the state health care benefits program under K.S.A.
30 75-6504 and 75-6510, and amendments thereto, are hereby granted to the
31 commission for the development and implementation of the unified school
32 district employee health care benefits program.

33 (b) The same powers, duties and functions of the technical
34 administrator for the state health care benefits program as provided by
35 K.S.A. 75-6503, and amendments thereto, are hereby granted to the
36 technical administrator for the unified school district employee health care
37 benefits program.

38 New Sec. 35. The Kansas state employees health care commission, in
39 accordance with the provisions of K.S.A. 75-6504, and amendments
40 thereto, may contract to provide health care services of a health
41 maintenance organization for persons qualified to participate in the unified
42 school district employee health care benefits program. The contract shall
43 provide that coverage under the contract is applicable to those persons

1 qualified to participate in the unified school district employee health care
2 benefits program as the commission determines feasible. This coverage
3 may be available to such qualified persons as an alternative to other
4 benefits under the unified school district employee health care benefits
5 program or may be part of the benefits provided to such persons under the
6 program. The contract may include services for spouses and dependents of
7 members at rates established in accordance with such contract. A contract
8 to provide health care services of a health maintenance organization under
9 this section shall be construed to be part of the unified school district
10 employee health care benefits program.

11 New Sec. 36. (a) The participation of a person qualified to participate
12 in the unified school district employee health care benefits program shall
13 be voluntary, and the cost of the unified school district employee health
14 care benefits program for such person shall be established by the Kansas
15 state employees health care commission.

16 (b) Periodic deductions from school district payrolls may be made in
17 accordance with procedures prescribed by the state board of education to
18 cover the costs of the unified school district employee health care benefits
19 program payable by persons who are on the school district payroll when
20 authorized by such persons. All such moneys deducted from payrolls shall
21 be remitted to the Kansas state employees health care commission in
22 accordance with rules and regulations adopted by the commission.

23 New Sec. 37. (a) Each school district that has on its payroll persons
24 participating in the unified school district employee health care benefits
25 program shall pay from any moneys available to the school district for
26 such purpose an amount specified by the Kansas state employees health
27 care commission. All such payments shall continue on the behalf of
28 employees otherwise eligible for participation in the unified school district
29 employee health care benefits program in accordance with the continuation
30 provisions of the federal family and medical leave act of 1993, P.L. 103-
31 03, 107 Stat. 6. The commission may charge each school district a uniform
32 amount per person as the cost to the school district for the school district's
33 contribution for persons participating in the unified school district
34 employee health care benefits program. Such amounts may include the pro
35 rata costs of administering the program.

36 (b) Payments from public funds for coverage under the unified school
37 district employee health care benefits program for persons participating in
38 that program shall not be deemed a payment or supplement of wages of
39 such person, notwithstanding any other provision of law or rules and
40 regulations relating to wages of any such person.

41 New Sec. 38. (a) Except as provided in subsection (b), the director of
42 accounts and reports shall make periodic deductions from state retirement
43 or other benefit payments to retired school district employees and other

1 persons who are qualified to participate in the unified school district
2 employee health care benefits program for the costs of the unified school
3 district employee health care benefits program that are payable by such
4 retired school district employees and other persons.

5 (b) No deductions shall be made under this section in cases: (1)
6 Where the retired school district employee or other person submits a
7 written request in accordance with procedures prescribed by the
8 commission that the deductions not be made; or (2) where the commission
9 has directed that the deductions not be made.

10 (c) No deductions made under this section shall be construed to be an
11 assignment of any annuity, benefits, funds, property or rights of any person
12 under K.S.A. 20-2618, 74-4923 or 74-49,105, and amendments thereto.

13 New Sec. 39. The provisions of sections 39 through 50, and
14 amendments thereto, shall be known and may be cited as the Kansas
15 education freedom act.

16 New Sec. 40. As used in sections 39 through 50, and amendments
17 thereto:

18 (a) "Account" means a Kansas education freedom account.

19 (b) "Accredited private online learning program" means a program
20 that offers educational courses delivered primarily over the internet to a
21 student by a non-governmental entity that has been accredited by a
22 regional, national or governmental body through a peer review process for
23 validating the quality of such program.

24 (c) "Certified tutor" means a person licensed or certified to teach or
25 instruct another person in a course of study.

26 (d) "Parent" includes a guardian, custodian or other person with
27 authority to act on behalf of the student.

28 (e) "Participating entity" means any nonpublic school that provides
29 education to elementary and secondary students located in this state, is
30 accredited by a national accreditation organization, and is registered with
31 the state board pursuant to K.S.A. 72-53,101, and amendments thereto.

32 (f) "Program" means the Kansas education freedom program.

33 (g) "Public school" means a school operated by a unified school
34 district organized under the laws of this state.

35 (h) "Resident school district" means the school district in which a
36 student would be enrolled based on such student's residence.

37 (i) "State board" means the state board of education.

38 (j) "Student" means a resident of Kansas who:

39 (1) Is or has been enrolled in kindergarten or any of the grades one
40 through 12 in a school district organized under the laws of this state;

41 (2) is eligible to be enrolled in any school district in the school year in
42 which an account is first sought for such child and the child is under the
43 age of six; or

1 (3) has established an account under this program and has not
2 graduated from high school.

3 (k) "Treasurer" means the state treasurer or the state treasurer's
4 designee.

5 New Sec. 41. (a) There is hereby established the Kansas education
6 freedom program, which shall be administered by the treasurer.

7 (b) The treasurer shall establish a Kansas education freedom account
8 for each student whose parent satisfies the requirements of this act.

9 (c) The treasurer shall maintain an explanation of the following
10 information on the treasurer's website and provide a hard copy of such
11 information to any person who requests it:

12 (1) The allowable uses of the moneys in a Kansas education freedom
13 account;

14 (2) the responsibilities of a parent of a student participating in the
15 program;

16 (3) the duties of the treasurer; and

17 (4) a list of participating entities.

18 New Sec. 42. (a) To establish an account, the parent of a student shall
19 enter into a written agreement with the treasurer, in a manner and on a
20 form prescribed by the treasurer. Such agreement shall provide:

21 (1) The student shall receive instruction in at least those subjects
22 required by K.S.A. 72-1101, 72-1103 and 72-1117, and amendments
23 thereto, from a participating entity in this state for the school year for
24 which the agreement applies;

25 (2) the student shall not enroll full-time in any public school,
26 including any public charter school during the school year for which the
27 agreement applies;

28 (3) the student shall receive a grant, in the form of money deposited
29 pursuant to section 43, and amendments thereto, in the account established
30 for such student;

31 (4) the parent shall comply with all requirements and rules and
32 regulations of the program; and

33 (5) the money in the student's account shall only be expended as
34 authorized by this act.

35 (b) (1) Only one account may be established for each student. A
36 parent acting on behalf of more than one student shall have a separate
37 written agreement for each such student.

38 (2) The treasurer shall ensure no duplicate payments are made on
39 behalf of a student.

40 (c) (1) For a student enrolling in a participating entity for the fall
41 semester, the written agreement between the parent and the treasurer shall
42 be executed on or before September 1 of the applicable school year.

43 (2) For a student enrolling in a participating entity for the spring

1 semester, the written agreement between the parent and the treasurer shall
2 be executed on or before January 1 of the applicable school year.

3 (d) A written agreement entered into pursuant to this section shall
4 have a term of one year, but may be terminated early pursuant to
5 subsection (e). A written agreement may be renewed annually upon the
6 written consent of the parent and the treasurer in a manner determined by
7 the treasurer. Failure to renew a written agreement does not preclude
8 renewal of such written agreement in a subsequent year. A written
9 agreement that has been terminated pursuant to subsection (e) shall not be
10 renewed.

11 (e) (1) (A) A written agreement may be terminated by the treasurer
12 upon a determination that:

13 (i) Money in an account has been used for purposes other than those
14 allowed by section 45, and amendments thereto;

15 (ii) the student no longer satisfies the definition of a student, as
16 defined in section 40, and amendments thereto; or

17 (iii) the student enrolls in public school full-time.

18 (B) A written agreement may be terminated by a parent at any time.
19 Any parent terminating a written agreement shall notify the treasurer in
20 writing of the termination.

21 (2) When a written agreement is terminated, the account associated
22 with such agreement shall be closed and any money remaining in such
23 account shall be transferred to the state general fund.

24 New Sec. 43. (a) Upon execution of an agreement in accordance with
25 section 42, and amendments thereto, the treasurer shall establish an
26 account in the education freedom fund in the state treasury in the name of
27 the student. Upon establishment of such account, the treasurer shall notify
28 the resident school district of the establishment of such an account for the
29 student.

30 (b) (1) The treasurer shall transfer from the state general fund to the
31 student's account in the education freedom fund an aggregate annual
32 amount equal to 70% of the general state aid of such student's resident
33 school district, excluding any amounts certified by the board of trustees of
34 the Kansas public employees retirement system for the participating
35 employer's obligation of such school district to the system for the
36 immediately preceding school year divided by the enrollment of such
37 school district for the immediately preceding school year. The treasurer
38 shall make such transfers in quarterly installments pursuant to a schedule
39 determined by the treasurer.

40 (2) If a student enrolls in public school on a part-time basis, such
41 student shall notify the treasurer and the treasurer shall prorate the amount
42 to be transferred under subsection (b)(1).

43 (3) The treasurer may deduct up to 2% of the amount to be

1 transferred into an account as reimbursement for the administrative costs
2 of implementing the provisions of this act.

3 (c) (1) Each account shall remain active until:

4 (A) A written agreement is terminated pursuant to section 42, and
5 amendments thereto;

6 (B) the student graduates from high school, or the student reaches the
7 age of 21, whichever occurs first; or

8 (C) there are two consecutive years of nonrenewal of an agreement.

9 (2) When the treasurer determines an account is no longer active, the
10 treasurer shall close the account and certify the amount of funds remaining
11 in the account to the director of accounts and reports. Upon receipt of such
12 certification, the director shall transfer such certified amount from the
13 closed account to the state general fund.

14 (e) The treasurer shall develop a system for payment of services by
15 participating parents by electronic funds transfer. However, such system
16 shall not require parents to be reimbursed for out-of-pocket expenses. All
17 transfers shall be only for expenditures approved by the treasurer.

18 (f) There is hereby established in the state treasury the education
19 freedom expense fund to be administered by the state treasurer.
20 Expenditures from the education freedom expense fund shall be made in
21 accordance with appropriation acts upon warrants of the director of
22 accounts and reports issued pursuant to vouchers approved by the treasurer
23 or the treasurer's designee. All moneys deducted pursuant to subsection (b)
24 (3) or earned pursuant to section 44(e), and amendments thereto, shall be
25 deposited in the state treasury in accordance with K.S.A. 75-4215, and
26 amendments thereto, and shall be credited to the education freedom
27 expense fund.

28 New Sec. 44. (a) The treasurer shall notify the state board of
29 education as to the names of the students participating in the program and
30 the resident school district of each such student.

31 (b) For school year 2017-2018, and each school year thereafter, a
32 student shall be counted in the enrollment of such student's resident school
33 district for the purposes of calculating the amount of general state aid per
34 student for the school district. Excluding any amounts certified by the
35 board of trustees of the Kansas public employees retirement system for the
36 participating employer's obligation of such school district to the system for
37 the immediately preceding school year for each resident school district, an
38 amount equal to 70% of the general state aid per student shall be
39 multiplied by the total number of students residing in such school district
40 who are participating in the program. The state board of education shall
41 certify the resulting product to the director of accounts and reports. Upon
42 receipt of such certification, the director shall transfer such certified
43 amount from the state general fund to the education freedom fund

1 established by this section.

2 (c) For school year 2017-2018, and each school year thereafter, the
3 state board shall deduct from the amount of general state aid for each
4 school district an amount equal to the amount certified under subsection
5 (b).

6 (d) There is hereby established in the state treasury the education
7 freedom fund to be administered by the state treasurer. Money in the
8 education freedom fund shall be expended only for the purposes
9 established in this act. All moneys received pursuant to subsection (b) shall
10 be deposited in the state treasury in accordance with the provisions of
11 K.S.A. 75-4215, and amendments thereto, and shall be credited to the
12 education freedom fund.

13 (e) On or before the 10th of each month, the director of accounts and
14 reports shall transfer from the state general fund to the education freedom
15 fund interest earnings based on:

16 (1) The average daily balance of moneys in the education freedom
17 fund for the preceding month; and

18 (2) the net earnings rate of the pooled money investment portfolio for
19 the preceding month.

20 New Sec. 45. (a) Moneys in the student's account may be accessed by
21 such student's parent, but shall only be expended by the parent for the
22 following purposes:

23 (1) Tuition and fees charged by the participating entity;

24 (2) textbooks and other supplies required by the participating entity;

25 (3) educational therapies or services provided by a licensed or
26 accredited education provider;

27 (4) tutoring services provided by a certified tutor;

28 (5) curriculum materials;

29 (6) tuition or fees charged by an accredited private online learning
30 program;

31 (7) fees for any nationally standardized norm-referenced achievement
32 test, advanced placement examination or other examination related to
33 admission to a postsecondary institution;

34 (8) contracted services from a public school district, including
35 individual classes; and

36 (9) fees for transportation provided by a participating entity required
37 for the child to travel to and from a participating entity, not to exceed \$750
38 per school year.

39 (b) Except as provided in section 43(c), and amendments thereto,
40 funds remaining in an account at the end of a school year shall roll over to
41 the next succeeding school year.

42 (c) A participating entity providing education services purchased with
43 funds from an account shall not share, refund or rebate any portion of such

1 funds to the parent or student. Any such refund or rebate shall be made
2 directly into the student's account.

3 (d) No personal deposits may be made into an account.

4 New Sec. 46. (a) The treasurer shall conduct, or contract for the
5 performance of, annual audits of a random sample of the accounts
6 established. Additional audits of an account may be conducted if deemed
7 necessary by the treasurer.

8 (b) If the treasurer determines money in an account has been used for
9 purposes other than those allowed by section 45, and amendments thereto,
10 the treasurer may:

11 (1) Prohibit expenditures from the account until such time as
12 determined by the treasurer;

13 (2) prorate amounts to be deposited in such account under section 43,
14 and amendments thereto, by an amount equal to the total amount used for
15 purposes other than those allowed by section 45, and amendments thereto;
16 or

17 (3) terminate the account.

18 New Sec. 47. (a) To become a participating entity, an applicant shall
19 submit an application to the treasurer on a form and in a manner prescribed
20 by the treasurer. Such application shall include proof of the following:

21 (1) The applicant is:

22 (A) An accredited nonpublic school registered with the state board of
23 education pursuant to K.S.A. 72-53,101, and amendments thereto;

24 (B) an accredited program of distance education that is not operated
25 by a public school or the department of education; or

26 (C) a tutor or tutoring facility that is accredited by a state, regional or
27 national accrediting organization; and

28 (2) the applicant provides instruction in at least those subjects
29 required by K.S.A. 72-1101, 72-1103 and 72-1117, and amendments
30 thereto.

31 (b) The treasurer shall approve an application or request additional
32 information as necessary to prove an applicant meets the criteria to be
33 deemed a participating entity within 45 days of receiving the application.
34 If the applicant is unable to provide such additional information, the
35 treasurer may deny the application.

36 (c) The treasurer shall conduct, or contract for the performance of, an
37 audit of a participating entity selected at random each year to determine
38 whether the participating entity is compliant with the requirements of
39 subsection (a).

40 (d) (1) The treasurer may revoke a participating entity's approval if
41 the treasurer determines the participating entity:

42 (A) Has routinely failed to comply with the provisions of this act or
43 applicable rules and regulations; or

1 (B) has failed to provide any educational services required by law to a
2 student receiving instruction from the entity if the entity is accepting
3 payments made from such student's account.

4 (2) Prior to revoking a participating entity's approval, the treasurer
5 shall notify such participating entity of impending revocation and the
6 reason for such revocation. The participating entity shall have 30 days
7 from the time it was notified to cure the matter identified in the notice. If
8 the participating entity fails to cure within 30 days, such participating
9 entity's approval shall be revoked. A participating entity whose approval
10 has been revoked shall not be allowed to participate in the program until
11 such time the treasurer determines such participating entity is in
12 compliance with the requirements of this act.

13 (3) If the treasurer revokes a participating entity's approval, the
14 treasurer shall immediately notify each parent of a student participating in
15 the program and receiving instruction from such participating entity.

16 (e) The treasurer may notify the attorney general or the district
17 attorney of the county where the participating entity is located if a
18 participating entity's approval was revoked because of misuse of money
19 paid from an account.

20 New Sec. 48. (a) The treasurer shall administer, or arrange to be
21 administered, an annual survey of parents who have a student participating
22 in the program. The survey shall include, but not be limited to, the
23 following:

24 (1) The number of years the student has been a participant in the
25 program;

26 (2) the relative satisfaction of the parent with the program; and

27 (3) any opinions regarding any topics, items or other issues the
28 treasurer determines may aid in the evaluation of the program or increase
29 effectiveness of the program.

30 (b) The results of the survey shall be compiled into a report. On or
31 before January 31, 2018, and each January 31 thereafter, such report shall
32 be submitted to the committees on education and appropriations of the
33 house of representatives and the committees on education and ways and
34 means of the senate. Such report shall also be published annually on the
35 treasurer's website.

36 New Sec. 49. On or before January 1, 2018, the treasurer shall adopt
37 rules and regulations necessary to carry out the provisions of this act.

38 New Sec. 50. Nothing in this act shall be deemed to limit the
39 independence or autonomy of a participating entity or to make the actions
40 of a participating entity the actions of the state government.

41 New Sec. 51. (a) There is hereby established the USD efficiency
42 incentive program that shall be administered by the state board of
43 education. Any employee of a school district may submit a plan for the

1 efficient operation of school districts that will result in cost savings. Such
2 plan shall be submitted in such manner and form as prescribed by the state
3 board of education. More than one employee may be identified as a
4 submitter on any plan.

5 (b) On or before January 15, 2018, and each January 15 thereafter, the
6 state board of education shall submit a report to the governor and the
7 legislature describing each of the plans submitted pursuant to subsection
8 (a). The report shall include a description of the plan, an analysis by the
9 division of the budget as to the cost savings to be realized from
10 implementation of the plan and recommendations for legislation necessary
11 to implement the plan.

12 (c) Upon implementation of any plan for the efficient operation of
13 school districts, or as soon thereafter as the pertinent information becomes
14 readily available, the director of the division of the budget shall certify the
15 amount of cost savings realized by the state from implementation of such
16 plan to the director of accounts and reports and to the state board of
17 education. Upon receipt of such certification, the director of accounts and
18 reports shall transfer an amount equal to 10% of the certified amount from
19 the state general fund to the USD efficiency incentive fund established by
20 this section.

21 (d) Upon receipt of the certification described in subsection (c), the
22 state board of education shall approve payment from the USD efficiency
23 incentive fund to the individual or individuals who submitted the plan
24 upon which such certification of cost savings is based. The aggregate
25 amount of any payment approved by the state board of education shall not
26 exceed 10% of such certified amount. In the event more than one
27 individual is identified by the state board as having submitted the
28 underlying plan, then the payment approved by the state board shall be
29 paid in equal portions to each such individual.

30 (e) There is hereby established in the state treasury the USD
31 efficiency incentive fund to be administered by the state board of
32 education. Money in the USD efficiency incentive fund shall be expended
33 only for the purposes established in this act. Expenditures from the USD
34 efficiency incentive fund shall be made in accordance with appropriations
35 acts upon warrants of the director of accounts and reports issued pursuant
36 to vouchers approved by the state board of education.

37 New Sec. 52. (a) Commencing in school year 2017-2018, the state
38 department of education shall collect and retain the information necessary
39 to establish a success metric system as required under section 14, and
40 amendments thereto.

41 (b) The state board of education shall adopt rules and regulations
42 necessary to implement the provisions of this section.

43 Sec. 53. K.S.A. 2016 Supp. 10-1116a is hereby amended to read as

1 follows: 10-1116a. The limitations on expenditures imposed under the
2 cash-basis law shall not apply to:

3 (a) Expenditures in excess of current revenues made for municipally
4 owned and operated utilities out of the fund of such utilities caused by, or
5 resulting from the meeting of, extraordinary emergencies including
6 drought emergencies. In such cases expenditures in excess of current
7 revenues may be made by declaring an extraordinary emergency by
8 resolution adopted by the governing body and such resolution shall be
9 published at least once in a newspaper of general circulation in such city.
10 Thereupon, such governing body may issue interest bearing no-fund
11 warrants on such utility fund in an amount, including outstanding
12 previously issued no-fund warrants, not to exceed 25% of the revenues
13 from sales of service of such utility for the preceding year. Such warrants
14 shall be redeemed within three years from date of issuance and shall bear
15 interest at a rate of not to exceed the maximum rate of interest prescribed
16 by K.S.A. 10-1009, and amendments thereto. Upon the declaration of a
17 drought emergency, the governing body may issue such warrants for water
18 system improvement purposes in an amount not to exceed 50% of the
19 revenue received from the sale of water for the preceding year. Such
20 warrants shall be redeemed within five years from the date of issuance and
21 shall bear interest at a rate not to exceed the maximum rate of interest
22 prescribed by K.S.A. 10-1009, and amendments thereto.

23 (b) Expenditures in any month by school districts which are in excess
24 of current revenues if the deficit or shortage in revenues is caused by, or a
25 result of, the payment of state aid after the date prescribed for the payment
26 of state aid during such month under ~~K.S.A. 2016 Supp. 72-6466~~ *section*
27 *II*, and amendments thereto.

28 Sec. 54. K.S.A. 2016 Supp. 12-1770a is hereby amended to read as
29 follows: 12-1770a. As used in this act, the following words and phrases
30 shall have the following meanings unless a different meaning clearly
31 appears from the content:

32 (a) "Auto race track facility" means: (1) An auto race track facility
33 and facilities directly related and necessary to the operation of an auto race
34 track facility, including, but not limited to, grandstands, suites and viewing
35 areas, concessions, souvenir facilities, catering facilities, visitor and retail
36 centers, signage and temporary hospitality facilities, but excluding (2)
37 hotels, motels, restaurants and retail facilities, not directly related to or
38 necessary to the operation of such facility.

39 (b) "Base year assessed valuation" means the assessed valuation of all
40 real property within the boundaries of a redevelopment district on the date
41 the redevelopment district was established.

42 (c) "Blighted area" means an area which:

43 (1) Because of the presence of a majority of the following factors,

- 1 substantially impairs or arrests the development and growth of the
2 municipality or constitutes an economic or social liability or is a menace to
3 the public health, safety, morals or welfare in its present condition and use:
- 4 (A) A substantial number of deteriorated or deteriorating structures;
 - 5 (B) predominance of defective or inadequate street layout;
 - 6 (C) unsanitary or unsafe conditions;
 - 7 (D) deterioration of site improvements;
 - 8 (E) tax or special assessment delinquency exceeding the fair market
9 value of the real property;
 - 10 (F) defective or unusual conditions of title including, but not limited
11 to, cloudy or defective titles, multiple or unknown ownership interests to
12 the property;
 - 13 (G) improper subdivision or obsolete platting or land uses;
 - 14 (H) the existence of conditions which endanger life or property by
15 fire or other causes; or
 - 16 (I) conditions which create economic obsolescence;
- 17 (2) has been identified by any state or federal environmental agency
18 as being environmentally contaminated to an extent that requires a
19 remedial investigation; feasibility study and remediation or other similar
20 state or federal action;
- 21 (3) a majority of the property is a 100-year floodplain area; or
 - 22 (4) previously was found by resolution of the governing body to be a
23 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
24 thereto.
- 25 (d) "Conservation area" means any improved area comprising 15% or
26 less of the land area within the corporate limits of a city in which 50% or
27 more of the structures in the area have an age of 35 years or more, which
28 area is not yet blighted, but may become a blighted area due to the
29 existence of a combination of two or more of the following factors:
- 30 (1) Dilapidation, obsolescence or deterioration of the structures;
 - 31 (2) illegal use of individual structures;
 - 32 (3) the presence of structures below minimum code standards;
 - 33 (4) building abandonment;
 - 34 (5) excessive vacancies;
 - 35 (6) overcrowding of structures and community facilities; or
 - 36 (7) inadequate utilities and infrastructure.
- 37 (e) "De minimus" means an amount less than 15% of the land area
38 within a redevelopment district.
- 39 (f) "Developer" means any person, firm, corporation, partnership or
40 limited liability company, other than a city and other than an agency,
41 political subdivision or instrumentality of the state or a county when
42 relating to a bioscience development district.
- 43 (g) "Eligible area" means a blighted area, conservation area,

1 enterprise zone, intermodal transportation area, major tourism area or a
2 major commercial entertainment and tourism area, bioscience
3 development area or a building or buildings which are 65 years of age or
4 older and any contiguous vacant or condemned lots.

5 (h) "Enterprise zone" means an area within a city that was designated
6 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
7 through 12-17,113, and amendments thereto, prior to its repeal and the
8 conservation, development or redevelopment of the area is necessary to
9 promote the general and economic welfare of such city.

10 (i) "Environmental increment" means the increment determined
11 pursuant to K.S.A. 12-1771a(b), and amendments thereto.

12 (j) "Environmentally contaminated area" means an area of land
13 having contaminated groundwater or soil which is deemed
14 environmentally contaminated by the department of health and
15 environment or the United States environmental protection agency.

16 (k) (1) "Feasibility study" means:

17 (A) A study which shows whether a redevelopment project's or
18 bioscience development project's benefits and tax increment revenue and
19 other available revenues under K.S.A. 12-1774(a)(1), and amendments
20 thereto, are expected to exceed or be sufficient to pay for the
21 redevelopment or bioscience development project costs; and

22 (B) the effect, if any, the redevelopment project costs or bioscience
23 development project will have on any outstanding special obligation bonds
24 payable from the revenues described in K.S.A. 12-1774(a)(1)(D), and
25 amendments thereto.

26 (2) For a redevelopment project or bioscience project financed by
27 bonds payable from revenues described in K.S.A. 12-1774(a)(1)(D), and
28 amendments thereto, the feasibility study must also include:

29 (A) A statement of how the taxes obtained from the project will
30 contribute significantly to the economic development of the jurisdiction in
31 which the project is located;

32 (B) a statement concerning whether a portion of the local sales and
33 use taxes are pledged to other uses and are unavailable as revenue for the
34 redevelopment project. If a portion of local sales and use taxes is so
35 committed, the applicant shall describe the following:

36 (i) The percentage of sales and use taxes collected that are so
37 committed; and

38 (ii) the date or dates on which the local sales and use taxes pledged to
39 other uses can be pledged for repayment of special obligation bonds;

40 (C) an anticipated principal and interest payment schedule on the
41 bonds;

42 (D) following approval of the redevelopment plan, the feasibility
43 study shall be supplemented to include a copy of the minutes of the

1 governing body meeting or meetings of any city whose bonding authority
2 will be utilized in the project, evidencing that a redevelopment plan has
3 been created, discussed, and adopted by the city in a regularly scheduled
4 open public meeting; and

5 (E) the failure to include all information enumerated in this
6 subsection in the feasibility study for a redevelopment or bioscience
7 project shall not affect the validity of bonds issued pursuant to this act.

8 (I) "Major tourism area" means an area for which the secretary has
9 made a finding the capital improvements costing not less than
10 \$100,000,000 will be built in the state to construct an auto race track
11 facility.

12 (m) "Real property taxes" means all taxes levied on an ad valorem
13 basis upon land and improvements thereon, except that ~~when relating to a~~
14 ~~bioscience development district, as defined in this section,~~ "real property
15 taxes" does not include:

16 (1) Property taxes levied ~~for schools, by school districts~~ pursuant to
17 ~~K.S.A. 2016 Supp. 72-6470 section 15,~~ and amendments thereto, when:

18 (A) *Relating to a bioscience development district; and*

19 (B) *relating to a redevelopment district established after June 30,*
20 *1997; and*

21 (2) *property taxes levied by school districts pursuant to section 16,*
22 *and amendments thereto, when relating to a bioscience development*
23 *district or a redevelopment district established after June 30, 2017.*

24 (n) "Redevelopment project area" means an area designated by a city
25 within a redevelopment district or, if the redevelopment district is
26 established for an intermodal transportation area, an area designated by a
27 city within or outside of the redevelopment district.

28 (o) "Redevelopment project costs" means: (1) Those costs necessary
29 to implement a redevelopment project plan or a bioscience development
30 project plan, including costs incurred for:

31 (A) Acquisition of property within the redevelopment project area;

32 (B) payment of relocation assistance pursuant to a relocation
33 assistance plan as provided in K.S.A. 12-1777, and amendments thereto;

34 (C) site preparation including utility relocations;

35 (D) sanitary and storm sewers and lift stations;

36 (E) drainage conduits, channels, levees and river walk canal facilities;

37 (F) street grading, paving, graveling, macadamizing, curbing,
38 guttering and surfacing;

39 (G) street light fixtures, connection and facilities;

40 (H) underground gas, water, heating and electrical services and
41 connections located within the public right-of-way;

42 (I) sidewalks and pedestrian underpasses or overpasses;

43 (J) drives and driveway approaches located within the public right-of-

1 way;

2 (K) water mains and extensions;

3 (L) plazas and arcades;

4 (M) major multi-sport athletic complex;

5 (N) museum facility;

6 (O) parking facilities including multilevel parking facilities;

7 (P) landscaping and plantings, fountains, shelters, benches,
8 sculptures, lighting, decorations and similar amenities;

9 (Q) related expenses to redevelop and finance the redevelopment
10 project;

11 (R) for purposes of an incubator project, such costs shall also include
12 wet lab equipment including hoods, lab tables, heavy water equipment and
13 all such other equipment found to be necessary or appropriate for a
14 commercial incubator wet lab facility by the city in its resolution
15 establishing such redevelopment district or a bioscience development
16 district;

17 (S) costs for the acquisition of land for and the construction and
18 installation of publicly-owned infrastructure improvements which serve an
19 intermodal transportation area and are located outside of a redevelopment
20 district; and

21 (T) costs for infrastructure located outside the redevelopment district
22 but contiguous to any portion of the redevelopment district and such
23 infrastructure is necessary for the implementation of the redevelopment
24 plan as determined by the city.

25 (2) Redevelopment project costs shall not include: (A) Costs incurred
26 in connection with the construction of buildings or other structures to be
27 owned by or leased to a developer, however, the "redevelopment project
28 costs" shall include costs incurred in connection with the construction of
29 buildings or other structures to be owned or leased to a developer which
30 includes an auto race track facility or a multilevel parking facility.

31 (B) In addition, for a redevelopment project financed with special
32 obligation bonds payable from the revenues described in K.S.A. 12-
33 1774(a)(1)(D), and amendments thereto, redevelopment project costs shall
34 not include:

35 (i) Fees and commissions paid to developers, real estate agents,
36 financial advisors or any other consultants who represent the developers or
37 any other businesses considering locating in or located in a redevelopment
38 district;

39 (ii) salaries for local government employees;

40 (iii) moving expenses for employees of the businesses locating within
41 the redevelopment district;

42 (iv) property taxes for businesses that locate in the redevelopment
43 district;

- 1 (v) lobbying costs;
- 2 (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-
3 1742, and amendments thereto;
- 4 (vii) any personal property, as defined in K.S.A. 79-102, and
5 amendments thereto; and
- 6 (viii) travel, entertainment and hospitality.
- 7 (p) "Redevelopment district" means the specific area declared to be
8 an eligible area in which the city may develop one or more redevelopment
9 projects.
- 10 (q) "Redevelopment district plan" or "district plan" means the
11 preliminary plan that identifies all of the proposed redevelopment project
12 areas and identifies in a general manner all of the buildings, facilities and
13 improvements in each that are proposed to be constructed or improved in
14 each redevelopment project area or, if the redevelopment district is
15 established for an intermodal transportation area, in or outside of the
16 redevelopment district.
- 17 (r) "Redevelopment project" means the approved project to
18 implement a project plan for the development of the established
19 redevelopment district.
- 20 (s) "Redevelopment project plan" means the plan adopted by a
21 municipality for the development of a redevelopment project or projects
22 which conforms with K.S.A. 12-1772, and amendments thereto, in a
23 redevelopment district.
- 24 (t) "Substantial change" means, as applicable, a change wherein the
25 proposed plan or plans differ substantially from the intended purpose for
26 which the district plan or project plan was approved.
- 27 (u) "Tax increment" means that amount of real property taxes
28 collected from real property located within the redevelopment district that
29 is in excess of the amount of real property taxes which is collected from
30 the base year assessed valuation.
- 31 (v) "Taxing subdivision" means the county, city, unified school
32 district and any other taxing subdivision levying real property taxes, the
33 territory or jurisdiction of which includes any currently existing or
34 subsequently created redevelopment district including a bioscience
35 development district.
- 36 (w) "River walk canal facilities" means a canal and related water
37 features which flows through a redevelopment district and facilities related
38 or contiguous thereto, including, but not limited to pedestrian walkways
39 and promenades, landscaping and parking facilities.
- 40 (x) "Major commercial entertainment and tourism area" may include,
41 but not be limited to, a major multi-sport athletic complex.
- 42 (y) "Major multi-sport athletic complex" means an athletic complex
43 that is utilized for the training of athletes, the practice of athletic teams, the

1 playing of athletic games or the hosting of events. Such project may
2 include playing fields, parking lots and other developments including
3 grandstands, suites and viewing areas, concessions, souvenir facilities,
4 catering facilities, visitor centers, signage and temporary hospitality
5 facilities, but excluding hotels, motels, restaurants and retail facilities, not
6 directly related to or necessary to the operation of such facility.

7 (z) "Bioscience" means the use of compositions, methods and
8 organisms in cellular and molecular research, development and
9 manufacturing processes for such diverse areas as pharmaceuticals,
10 medical therapeutics, medical diagnostics, medical devices, medical
11 instruments, biochemistry, microbiology, veterinary medicine, plant
12 biology, agriculture, industrial environmental and homeland security
13 applications of bioscience and future developments in the biosciences.
14 Bioscience includes biotechnology and life sciences.

15 (aa) "Bioscience development area" means an area that:

16 (1) Is or shall be owned, operated, or leased by, or otherwise under
17 the control of the Kansas bioscience authority;

18 (2) is or shall be used and maintained by a bioscience company; or

19 (3) includes a bioscience facility.

20 (bb) "Bioscience development district" means the specific area,
21 created under K.S.A. 12-1771, and amendments thereto, where one or
22 more bioscience development projects may be undertaken.

23 (cc) "Bioscience development project" means an approved project to
24 implement a project plan in a bioscience development district.

25 (dd) "Bioscience development project plan" means the plan adopted
26 by the authority for a bioscience development project pursuant to K.S.A.
27 12-1772, and amendments thereto, in a bioscience development district.

28 (ee) "Bioscience facility" means real property and all improvements
29 thereof used to conduct bioscience research, including, without limitation,
30 laboratory space, incubator space, office space and any and all facilities
31 directly related and necessary to the operation of a bioscience facility.

32 (ff) "Bioscience project area" means an area designated by the
33 authority within a bioscience development district.

34 (gg) "Biotechnology" means those fields focusing on technological
35 developments in such areas as molecular biology, genetic engineering,
36 genomics, proteomics, physiomics, nanotechnology, biodefense,
37 biocomputing, bioinformatics and future developments associated with
38 biotechnology.

39 (hh) "Board" means the board of directors of the Kansas bioscience
40 authority.

41 (ii) "Life sciences" means the areas of medical sciences,
42 pharmaceutical sciences, biological sciences, zoology, botany, horticulture,
43 ecology, toxicology, organic chemistry, physical chemistry, physiology and

1 any future advances associated with life sciences.

2 (jj) "Revenue increase" means that amount of real property taxes
3 collected from real property located within the bioscience development
4 district that is in excess of the amount of real property taxes which is
5 collected from the base year assessed valuation.

6 (kk) "Taxpayer" means a person, corporation, limited liability
7 company, S corporation, partnership, registered limited liability
8 partnership, foundation, association, nonprofit entity, sole proprietorship,
9 business trust, group or other entity that is subject to the Kansas income
10 tax act, K.S.A. 79-3201 et seq., and amendments thereto.

11 (ll) "Floodplain increment" means the increment determined pursuant
12 to K.S.A. 2016 Supp. 12-1771e(b), and amendments thereto.

13 (mm) "100-year floodplain area" means an area of land existing in a
14 100-year floodplain as determined by either an engineering study of a
15 Kansas certified engineer or by the United States federal emergency
16 management agency.

17 (nn) "Major motorsports complex" means a complex in Shawnee
18 county that is utilized for the hosting of competitions involving motor
19 vehicles, including, but not limited to, automobiles, motorcycles or other
20 self-propelled vehicles other than a motorized bicycle or motorized
21 wheelchair. Such project may include racetracks, all facilities directly
22 related and necessary to the operation of a motorsports complex,
23 including, but not limited to, parking lots, grandstands, suites and viewing
24 areas, concessions, souvenir facilities, catering facilities, visitor and retail
25 centers, signage and temporary hospitality facilities, but excluding hotels,
26 motels, restaurants and retail facilities not directly related to or necessary
27 to the operation of such facility.

28 (oo) "Intermodal transportation area" means an area of not less than
29 800 acres to be developed primarily to handle the transfer, storage and
30 distribution of freight through railway and trucking operations.

31 (pp) "Museum facility" means a separate newly-constructed museum
32 building and facilities directly related and necessary to the operation
33 thereof, including gift shops and restaurant facilities, but excluding hotels,
34 motels, restaurants and retail facilities not directly related to or necessary
35 to the operation of such facility. The museum facility shall be owned by
36 the state, a city, county, other political subdivision of the state or a non-
37 profit corporation, shall be managed by the state, a city, county, other
38 political subdivision of the state or a non-profit corporation and may not
39 be leased to any developer and shall not be located within any retail or
40 commercial building.

41 Sec. 55. K.S.A. 2016 Supp. 12-1775a is hereby amended to read as
42 follows: 12-1775a. (a) Prior to December 31, 1996, the governing body of
43 each city which, pursuant to K.S.A. 12-1771, and amendments thereto, has

1 established a redevelopment district prior to July 1, 1996, shall certify to
2 the director of accounts and reports the amount equal to the amount of
3 revenue realized from ad valorem taxes imposed pursuant to ~~K.S.A. 2016~~
4 ~~Supp. 72-6470~~ *section 15*, and amendments thereto, within such
5 redevelopment district. Prior to February 1, 1997, and annually on that
6 date thereafter, the governing body of each such city shall certify to the
7 director of accounts and reports an amount equal to the amount by which
8 revenues realized from such ad valorem taxes imposed in such
9 redevelopment district are estimated to be reduced for the ensuing calendar
10 year due to legislative changes in the statewide school finance formula.
11 Prior to March 1 of each year, the director of accounts and reports shall
12 certify to the state treasurer each amount certified by the governing bodies
13 of cities under this section for the ensuing calendar year and shall transfer
14 from the state general fund to the city tax increment financing revenue
15 fund the aggregate of all amounts so certified. Prior to April 15 of each
16 year, the state treasurer shall pay from the city tax increment financing
17 revenue fund to each city certifying an amount to the director of accounts
18 and reports under this section for the ensuing calendar year the amount so
19 certified.

20 (b) There is hereby created the tax increment financing revenue
21 replacement fund which shall be administered by the state treasurer. All
22 expenditures from the tax increment financing revenue replacement fund
23 shall be made in accordance with appropriations acts upon warrants of the
24 director of accounts and reports issued pursuant to vouchers approved by
25 the state treasurer or a person or persons designated by the state treasurer.

26 Sec. 56. K.S.A. 2016 Supp. 12-1776a is hereby amended to read as
27 follows: 12-1776a. (a) As used in this section:

28 (1) "School district" means any school district in which is located a
29 redevelopment district for which bonds have been issued pursuant to
30 K.S.A. 12-1770 et seq., and amendments thereto.

31 (2) "Base year assessed valuation," "redevelopment district" and
32 "redevelopment project" shall have the meanings ascribed thereto by
33 K.S.A. 12-1770a, and amendments thereto.

34 (b) No later than November 1 of each year, the county clerk of each
35 county shall certify to the state board of education the assessed valuation
36 of any school district located within a redevelopment district in such
37 county. For the purposes of this section and for determining the amount of
38 state aid for school districts under K.S.A. 75-2319, and amendments
39 thereto, *and section 27, and amendments thereto*, the base year assessed
40 valuation of property within the boundaries of a redevelopment district
41 shall be used when determining the assessed valuation of a school district
42 until the bonds issued pursuant to K.S.A. 12-1770 et seq., and amendments
43 thereto, to finance redevelopment projects in the redevelopment district

1 have been retired.

2 Sec. 57. K.S.A. 46-1701 is hereby amended to read as follows: 46-
3 1701. (a) There is hereby created the joint committee on state building
4 construction which shall be within the legislative branch of state
5 government and which shall be composed of five members of the senate
6 and five members of the house of representatives. The five senate
7 members shall be the chairperson of the committee on ways and means of
8 the senate, or a member of the committee on ways and means of the senate
9 appointed by the chairperson, two senators appointed by the president and
10 two senators appointed by the minority leader. The five representative
11 members shall be the chairperson of the committee on appropriations of
12 the house of representatives, or a member of the committee on
13 appropriations of the house of representatives appointed by the
14 chairperson, two representatives appointed by the speaker and two
15 representatives appointed by the minority leader.

16 (b) All members of the joint committee on state building construction
17 shall serve for terms ending on the first day of the regular legislative
18 session in odd-numbered years. The joint committee shall organize
19 annually and elect a chairperson and vice-chairperson in accordance with
20 this subsection. On and after the first day of the regular legislative session
21 in odd-numbered years, the chairperson shall be one of the representative
22 members of the joint committee elected by the members of the joint
23 committee and the vice-chairperson shall be one of the senate members
24 elected by the members of the joint committee and on and after the first
25 day of the regular legislative session in even-numbered years, the
26 chairperson shall be one of the senate members of the joint committee
27 elected by the members of the joint committee and the vice-chairperson
28 shall be one of the representative members of the joint committee elected
29 by the members of the joint committee. The chairperson and vice-
30 chairperson of the joint committee shall serve in such capacities until the
31 first day of the regular legislative session in the ensuing year. The vice-
32 chairperson shall exercise all of the powers of the chairperson in the
33 absence of the chairperson. If a vacancy occurs in the office of chairperson
34 or vice-chairperson, a member of the joint committee, who is a member of
35 the same house as the member who vacated the office, shall be elected by
36 the members of the joint committee to fill such vacancy.

37 (c) A quorum of the joint committee on state building construction
38 shall be six. All actions of the joint committee shall be taken by a majority
39 of all of the members of the joint committee.

40 (d) The joint committee on state building construction may meet at
41 any time and at any place within the state on the call of the chairperson.
42 *The joint committee shall meet at least once each quarter as required by*
43 *section 28, and amendments thereto.*

1 (e) The provisions of the acts contained in article 12 of chapter 46 of
2 the Kansas Statutes Annotated, and amendments thereto, applicable to
3 special committees shall apply to the joint committee on state building
4 construction to the extent that the same do not conflict with the specific
5 provisions of this act applicable to the joint committee.

6 (f) In accordance with K.S.A. 46-1204 and amendments thereto, the
7 legislative coordinating council may provide for such professional services
8 as may be requested by the joint committee on state building construction.

9 (g) The joint committee on state building construction may introduce
10 such legislation as it deems necessary in performing its functions.

11 Sec. 58. K.S.A. 2016 Supp. 60-2102 is hereby amended to read as
12 follows: 60-2102. (a) *Appeal to court of appeals as matter of right.* Except
13 for any order or final decision of a district magistrate judge who is not
14 regularly admitted to practice law in Kansas, the appellate jurisdiction of
15 the court of appeals may be invoked by appeal as a matter of right from:

16 (1) An order that discharges, vacates or modifies a provisional
17 remedy.

18 (2) An order that grants, continues, modifies, refuses or dissolves an
19 injunction, or an order that grants or refuses relief in the form of
20 mandamus, quo warranto or habeas corpus.

21 (3) An order that appoints a receiver or refuses to wind up a
22 receivership or to take steps to accomplish the purposes thereof, such as
23 directing sales or other disposal of property, or an order involving the tax
24 or revenue laws, the title to real estate, the constitution of this state or the
25 constitution, laws or treaties of the United States.

26 (4) A final decision in any action, except in an action where a direct
27 appeal to the supreme court is required by law. In any appeal or cross
28 appeal from a final decision, any act or ruling from the beginning of the
29 proceedings shall be reviewable.

30 (b) *Appeal to court of appeals en banc as a matter of right.* The
31 appellate jurisdiction of the court of appeals sitting together en banc may
32 be invoked by appeal as a matter of right from a preliminary or final
33 decision in which a statute of this state has been held unconstitutional as a
34 violation of article 6 of the constitution of the state of Kansas pursuant to
35 K.S.A. 2016 Supp. 72-64b03, and amendments thereto. Any appeal filed
36 pursuant to this subsection shall be filed within 30 days of the date the
37 preliminary or final decision is filed.

38 (c) *Appeal to supreme court as matter of right.* The appellate
39 jurisdiction of the supreme court may be invoked by appeal as a matter of
40 right from:

41 ~~(1) A preliminary or final decision in which a statute of this state has~~
42 ~~been held unconstitutional as a violation of Article 6 of the constitution of~~
43 ~~the state of Kansas pursuant to K.S.A. 2016 Supp. 72-64b03, and~~

1 ~~amendments thereto. Any appeal filed pursuant to this subsection (b)(1)~~
2 ~~shall be filed within 30 days of the date the preliminary or final decision is~~
3 ~~filed.~~

4 ~~(2)~~—a final decision of the district court in any action challenging the
5 constitutionality of or arising out of any provision of the Kansas expanded
6 lottery act, any lottery gaming facility management contract or any
7 racetrack gaming facility management contract entered into pursuant to the
8 Kansas expanded lottery act.

9 ~~(e)~~ (d) *Other appeals.* When a district judge, or a district magistrate
10 judge who is regularly admitted to practice law in Kansas, in making in a
11 civil action an order not otherwise appealable under this section, is of the
12 opinion that such order involves a controlling question of law as to which
13 there is substantial ground for difference of opinion and that an immediate
14 appeal from the order may materially advance the ultimate termination of
15 the litigation, the judge shall so state in writing in such order. The court of
16 appeals may thereupon, in its discretion, permit an appeal to be taken from
17 such order, if application is made to it within 14 days after the entry of the
18 order under such terms and conditions as the supreme court fixes by rule.
19 Application for an appeal pursuant to this subsection shall not stay
20 proceedings in the district court unless the judge of the district court or an
21 appellate court or a judge thereof so orders.

22 Sec. 59. K.S.A. 2016 Supp. 72-978 is hereby amended to read as
23 follows: 72-978. (a) Each year, the state board of education shall determine
24 the amount of state aid for the provision of special education and related
25 services each school district shall receive for the ensuing school year. The
26 amount of such state aid shall be computed by the state board as provided
27 in this section. The state board shall:

28 (1) Determine the total amount of ~~the general fund and local option~~
29 budgets of all school districts;

30 (2) subtract from the amount determined in subsection (a)(1) the total
31 amount attributable to assignment of transportation weighting, program
32 weighting, special education weighting and at-risk pupil weighting, as
33 those weightings were calculated under the school district finance and
34 quality performance act, prior to its repeal, to enrollment of all school
35 districts;

36 (3) divide the remainder obtained in subsection (a)(2) by the total
37 number of full-time equivalent pupils enrolled in all school districts on
38 September 20;

39 (4) determine the total full-time equivalent enrollment of exceptional
40 children receiving special education and related services provided by all
41 school districts;

42 (5) multiply the amount of the quotient obtained in subsection (a)(3)
43 by the full-time equivalent enrollment determined in subsection (a)(4);

1 (6) determine the amount of federal funds received by all school
2 districts for the provision of special education and related services;

3 (7) determine the amount of revenue received by all school districts
4 rendered under contracts with the state institutions for the provisions of
5 special education and related services by the state institution;

6 (8) add the amounts determined under subsections (a)(6) and (a)(7) to
7 the amount of the product obtained under subsection (a)(5);

8 (9) determine the total amount of expenditures of all school districts
9 for the provision of special education and related services;

10 (10) subtract the amount of the sum obtained under subsection (a)(8)
11 from the amount determined under subsection (a)(9); and

12 (11) multiply the remainder obtained under subsection (a)(10) by
13 92%.

14 The computed amount is the amount of state aid for the provision of
15 special education and related services aid a school district is entitled to
16 receive for the ensuing school year.

17 (b) Each school district shall ~~be entitled to receive:~~

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

26 (2) reimbursement in an amount equal to 80% of the actual travel
27 expenses incurred for providing transportation for exceptional children to
28 special education or related services;

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

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

1 approved special education or related services.

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

6 (C) For purposes of this subsection (b)(4), a special teacher, qualified
7 to assist in the provision of special education and related services to
8 exceptional children, who assists in providing special education and
9 related services to exceptional children at either the state school for the
10 blind or the state school for the deaf and whose services are paid for by a
11 school district pursuant to K.S.A. 76-1006 or 76-1102, and amendments
12 thereto, shall be considered a special teacher of such school district.

13 (c) Each school district which has paid amounts for the provision of
14 special education and related services under an interlocal agreement shall
15 ~~be entitled to receive reimbursement under subsection (b)(4).~~ The amount
16 of such reimbursement for the *school* district shall be the amount which
17 bears the same relation to the aggregate amount available for
18 reimbursement for the provision of special education and related services
19 under the interlocal agreement, as the amount paid by such *school* district
20 in the current school year for provision of such special education and
21 related services bears to the aggregate of all amounts paid by all school
22 districts in the current school year who have entered into such interlocal
23 agreement for provision of such special education and related services.

24 (d) Each contracting school district which has paid amounts for the
25 provision of special education and related services as a member of a
26 cooperative shall ~~be entitled to receive reimbursement under subsection (b)~~
27 ~~(4).~~ The amount of such reimbursement for the *school* district shall be the
28 amount which bears the same relation to the aggregate amount available
29 for reimbursement for the provision of special education and related
30 services by the cooperative, as the amount paid by such *school* district in
31 the current school year for provision of such special education and related
32 services bears to the aggregate of all amounts paid by all contracting
33 school districts in the current school year by such cooperative for
34 provision of such special education and related services.

35 (e) No time spent by a special teacher in connection with duties
36 performed under a contract entered into by the Kansas juvenile
37 ~~correctional complex, the Atchison juvenile correctional facility, the~~
38 ~~Larned juvenile correctional facility, or the Topeka juvenile correctional~~
39 ~~facility and a school district for the provision of special education services~~
40 ~~by such state institution shall be counted in making computations under~~
41 ~~this section.~~

42 (f) There is hereby established in every school district a fund which
43 shall be called the special education fund, which fund shall consist of all

1 moneys deposited therein or transferred thereto according to law.
2 Notwithstanding any other provision of law, all moneys received by the
3 school district from whatever source for special education shall be credited
4 to the special education fund established by this section, except that: (1)
5 Amounts of payments received by a school district under K.S.A. 72-979,
6 and amendments thereto, and amounts of grants, if any, received by a
7 school district under K.S.A. 72-983, and amendments thereto, shall be
8 deposited in the general fund of the district and transferred to the special
9 education fund; and (2) moneys received by a school district pursuant to
10 lawful agreements made under K.S.A. 72-968, and amendments thereto,
11 shall be credited to the special education fund established under the
12 agreements.

13 (g) The expenses of a school district directly attributable to special
14 education shall be paid from the special education fund and from special
15 funds established under K.S.A. 72-968, and amendments thereto.

16 (h) Obligations of a school district pursuant to lawful agreements
17 made under K.S.A. 72-968, and amendments thereto, shall be paid from
18 the special education fund established by this section.

19 Sec. 60. K.S.A. 2016 Supp. 72-1046b is hereby amended to read as
20 follows: 72-1046b. (a) As used in this section:

21 (1) "School district" means a school district organized and operating
22 under the laws of this state and no part of which is located in Johnson
23 county, Sedgwick county, Shawnee county or Wyandotte county.

24 (2) "Non-resident pupil" or "pupil" means a pupil who is enrolled and
25 in attendance at a school located in a district in which such pupil is not a
26 resident and who: (A) Lives $2\frac{1}{2}$ or more miles from the attendance center
27 the pupil would attend in the district in which the pupil resides and is not a
28 resident of Johnson county, Sedgwick county, Shawnee county or
29 Wyandotte county; or (B) is a member of the family of a pupil meeting the
30 condition prescribed in ~~subpart~~ *subparagraph* (A).

31 (3) "Member of the family" means a brother or sister of the whole or
32 half blood or by adoption, a stepbrother or stepsister, and a foster brother
33 or foster sister.

34 (b) The board of education of any school district may allow any pupil
35 who is not a resident of the district to enroll in and attend school in such
36 district. The board of education of such district may furnish or provide
37 transportation to any non-resident pupil who is enrolled in and attending
38 school in the district pursuant to this section. If the district agrees to
39 furnish or provide transportation to a non-resident pupil, such
40 transportation shall be furnished or provided until the end of the school
41 year. Prior to providing or furnishing transportation to a non-resident
42 pupil, the district shall notify the board of education of the district in
43 which the pupil resides that transportation will be furnished or provided.

1 (c) Pupils attending school in a school district in which the pupil does
2 not reside pursuant to this section shall be counted as regularly enrolled in
3 and attending school in the district where the pupil is enrolled for the
4 purpose of computations under the ~~classroom learning assuring student~~
5 ~~success act, K.S.A. 2016 Supp. 72-6463 et seq. school district finance and~~
6 ~~student success act, section 1 et seq.~~, and amendments thereto, and for the
7 purposes of the statutory provisions contained in article 83 of chapter 72 of
8 the Kansas Statutes Annotated, and amendments thereto. Such non-
9 resident pupil shall not be charged for the costs of attendance at school.

10 (d) ~~Any pupil who was not a resident of the district in school year~~
11 ~~2014-2015, but was allowed to enroll in and attend school in such district~~
12 ~~in school year 2014-2015 by the board of education of such district and~~
13 ~~any member of the family of such pupil regardless of whether such family~~
14 ~~member enrolled in and attended school in such district in school year~~
15 ~~2014-2015, shall be allowed to enroll in and attend school in such district~~
16 ~~in school years 2015-2016 and 2016-2017 regardless of whether such~~
17 ~~pupil or family member of such pupil is a resident of the district in either~~
18 ~~school year, provided such pupil or such pupil's family member is in~~
19 ~~compliance with any attendance and behavior policies of the district. If~~
20 ~~transportation was furnished or provided to such pupil in school year~~
21 ~~2014-2015 by the district, then transportation shall be furnished or~~
22 ~~provided by the district to such pupil and any family member of such pupil~~
23 ~~in school years 2015-2016 and 2016-2017, provided there is no change in~~
24 ~~such pupil's residence and no requirement for the district to furnish~~
25 ~~transportation to any additional residence.~~

26 Sec. 61. K.S.A. 2016 Supp. 72-1398 is hereby amended to read as
27 follows: 72-1398. (a) The national board for professional teaching
28 standards certification incentive program is hereby established for the
29 purpose of rewarding teachers who have attained certification from the
30 national board. Teachers who have attained certification from the national
31 board shall be issued a master teacher's license by the state board of
32 education. A master teacher's license shall be valid for 10 years and
33 renewable thereafter every 10 years through compliance with continuing
34 education and professional development requirements prescribed by the
35 state board. Teachers who have attained certification from the national
36 board and who are employed by a school district shall be paid an incentive
37 bonus in the amount of \$1,000 each school year that the teacher remains
38 employed by a school district and retains a valid master teacher's license.

39 (b) The board of education of each school district employing one or
40 more national board certified teachers shall pay the incentive bonus to
41 each such teacher in each school year that the teacher retains eligibility for
42 such payment. Each board of education which has made payments of
43 incentive bonuses to national board certified teachers under this subsection

1 may file an application with the state board of education for state aid and
2 shall certify to the state board the amount of such payments. The
3 application and certification shall be on a form prescribed and furnished by
4 the state board, shall contain such information as the state board shall
5 require and shall be filed at the time specified by the state board.

6 (c) In each school year, each school district employing one or more
7 national board certified teachers is entitled to receive from appropriations
8 for the national board for professional teaching standards certification
9 incentive program an amount which is equal to the amount certified to the
10 state board of education in accordance with the provisions of subsection
11 (b). The state board shall certify to the director of accounts and reports the
12 amount due each school district. The director of accounts and reports shall
13 draw warrants on the state treasurer payable to the treasurer of each school
14 district entitled to payment under this section upon vouchers approved by
15 the state board.

16 (d) Moneys received by a board of education under this section shall
17 be deposited in the general fund of the school district and shall be
18 considered reimbursements to the district for the purpose of the ~~classroom~~
19 ~~learning assuring student success act, K.S.A. 2016 Supp. 72-6463- school~~
20 ~~district finance and student success act, section 1 et seq., and amendments~~
21 thereto, and may be expended whether the same have been budgeted or
22 not.

23 (e) The state board of education is authorized to provide scholarships
24 of \$1,100 each to teachers who are accepted to participate in the national
25 board for professional teaching standards program for initial certification.
26 The state board of education is authorized to provide scholarships of \$500
27 each to teachers who are accepted to participate in the national board for
28 professional teaching standards program for renewal of certification. Any
29 teacher who has been accepted to participate in such program may file an
30 application with the state board of education for a scholarship. The
31 application shall be on a form prescribed and furnished by the state board,
32 shall contain such information as the state board shall require and shall be
33 filed at the time specified by the state board.

34 (f) As used in this section, the term "school district" means any
35 school district organized and operating under the laws of this state.

36 Sec. 62. K.S.A. 2016 Supp. 72-1414 is hereby amended to read as
37 follows: 72-1414. (a) On or before January 1, 2001, the state board of
38 education shall adopt rules and regulations for the administration of
39 mentor teacher programs and shall:

- 40 (1) Establish standards and criteria for evaluating and approving
41 mentor teacher programs and applications of school districts for grants;
- 42 (2) evaluate and approve mentor teacher programs;
- 43 (3) establish criteria for determination of exemplary teaching ability

1 of certificated teachers for qualification as mentor teachers;

2 (4) prescribe guidelines for the selection by boards of education of
3 mentor teachers and for the provision by boards of education of training
4 programs for mentor teachers;

5 (5) be responsible for awarding grants to school districts; and

6 (6) request of and receive from each school district which is awarded
7 a grant for maintenance of a mentor teacher program reports containing
8 information with regard to the effectiveness of the program.

9 (b) Subject to the availability of appropriations for mentor teacher
10 programs maintained by school districts, and within the limits of any such
11 appropriations, the state board of education shall determine the amount of
12 grants to be awarded school districts by multiplying an amount not to
13 exceed \$1,000 by the number of mentor teachers participating in the
14 program maintained by a school district. The product is the amount of the
15 grant to be awarded to the district. Upon receipt of a grant of state moneys
16 for maintenance of a mentor teacher program, the amount of the grant shall
17 be deposited in the general fund of the school district. Moneys deposited in
18 the general fund of a school district under this subsection shall be
19 considered reimbursements for the purpose of the ~~classroom learning-~~
20 ~~assuring student success act, K.S.A. 2016 Supp. 72-6463~~ *school district*
21 *finance and student success act, section 1 et seq.*, and amendments thereto.
22 The full amount of the grant shall be allocated among the mentor teachers
23 employed by the school district so as to provide a mentor teacher with an
24 annual stipend in an amount not to exceed \$1,000. Such annual stipend
25 shall be over and above the regular salary to which the mentor teacher is
26 entitled for the school year.

27 Sec. 63. K.S.A. 2016 Supp. 72-1923 is hereby amended to read as
28 follows: 72-1923. (a) Except as provided in K.S.A. 2016 Supp. 72-1925,
29 and amendments thereto, the board of education of any school district may
30 apply to the state board for a grant of authority to operate such school
31 district as a public innovative district. The application shall be submitted in
32 the form and manner prescribed by the state board, and shall be submitted
33 not later than December 1 of the school year preceding the school year in
34 which the school district intends to operate as a public innovative district.

35 (b) The application shall include the following:

36 (1) A description of the educational programs of the public innovative
37 district;

38 (2) a description of the interest and support for partnerships between
39 the public innovative district, parents and the community;

40 (3) the specific goals and the measurable pupil outcomes to be
41 obtained by operating as a public innovative district; and

42 (4) an explanation of how pupil performance in achieving the
43 specified outcomes will be measured, evaluated and reported.

1 (c) (1) Within 90 days from the date such application is submitted, the
2 state board shall review the application to determine compliance with this
3 section, and shall approve or deny such application on or before the
4 conclusion of such 90-day period. If the application is determined to be in
5 compliance with this section, the state board shall approve such
6 application and grant the school district authority to operate as a public
7 innovative district. Notification of such approval shall be sent to the board
8 of education of such school district within 10 days after such decision.

9 (2) If the state board determines such application is not in compliance
10 with either this section, or K.S.A. 2016 Supp. 72-1925, and amendments
11 thereto, the state board shall deny such application. Notification of such
12 denial shall be sent to the board of education of such school district within
13 10 days after such decision and shall specify the reasons therefor. Within
14 30 days from the date such notification is sent, the board of education of
15 such school district may submit a request to the state board for
16 reconsideration of the application and may submit an amended application
17 with such request. The state board shall act on the request for
18 reconsideration within 60 days of receipt of such request.

19 (d) A public innovative district shall:

20 (1) Not charge tuition for any of the pupils residing within the public
21 innovative district;

22 (2) participate in all Kansas math and reading assessments applicable
23 to such public innovative district, or an alternative assessment program for
24 measuring student progress as determined by the board of education;

25 (3) abide by all financial and auditing requirements that are
26 applicable to school districts, except that a public innovative district may
27 use generally accepted accounting principles;

28 (4) comply with all applicable health, safety and access laws; and

29 (5) comply with all statements set forth in the application submitted
30 pursuant to subsection (a).

31 (e) (1) Except as otherwise provided in K.S.A. 2016 Supp. 72-1921
32 through 72-1930, and amendments thereto, or as required by the board of
33 education of the public innovative district, a public innovative district shall
34 be exempt from all laws and rules and regulations that are applicable to
35 school districts.

36 (2) A public innovative district shall be subject to the special
37 education for exceptional children act, the virtual school act, the ~~classroom~~
38 ~~learning assuring student success act~~, K.S.A. 2016 Supp. 72-6463 *school*
39 *district finance and student success act, section 1* et seq., and amendments
40 thereto, the provisions of K.S.A. 72-8801 et seq., and amendments thereto,
41 all laws governing the issuance of general obligation bonds by school
42 districts, the provisions of K.S.A. 74-4901 et seq., and amendments
43 thereto, and all laws governing the election of members of the board of

1 education, the open meetings act as provided in K.S.A. 75-4317 et seq.,
2 and amendments thereto, and the open records act as provided in K.S.A.
3 45-215 et seq., and amendments thereto.

4 Sec. 64. K.S.A. 2016 Supp. 72-5333b is hereby amended to read as
5 follows: 72-5333b. (a) The unified school district maintaining and
6 operating a school on the Fort Leavenworth military reservation, being
7 unified school district No. 207 of Leavenworth county, state of Kansas,
8 shall have a governing body, which shall be known as the "Fort
9 Leavenworth school district board of education" and which shall consist of
10 three members who shall be appointed by, and serve at the pleasure of the
11 commanding general of Fort Leavenworth. One member of the board shall
12 be the president and one member shall be the vice-president. The
13 commanding general, when making any appointment to the board, shall
14 designate which of the offices the member so appointed shall hold. Except
15 as otherwise expressly provided in this section, the district board and the
16 officers thereof shall have and may exercise all the powers, duties,
17 authority and jurisdiction imposed or conferred by law on unified school
18 districts and boards of education thereof, except such school district shall
19 not offer or operate any of grades 10 through 12.

20 (b) The board of education of the school district shall not have the
21 power to issue bonds.

22 (c) Except as otherwise expressly provided in this subsection, the
23 provisions of the ~~classroom learning assuring student success act, K.S.A.~~
24 ~~2016 Supp. 72-6463~~ *school district finance and student success act,*
25 *section 1* et seq., and amendments thereto, apply to the school district. Any
26 moneys received by the school district shall be deposited in the general
27 fund of the school district or, at the discretion of the board of education, in
28 the capital outlay fund of the school district.

29 Sec. 65. K.S.A. 2016 Supp. 72-5413 is hereby amended to read as
30 follows: 72-5413. As used in this act, and amendments thereto:

31 (a) The term "persons" includes one or more individuals,
32 organizations, associations, corporations, boards, committees,
33 commissions, agencies, or their representatives.

34 (b) "Board of education" means the state board of education pursuant
35 to its authority under K.S.A. 76-1001a and 76-1101a, and amendments
36 thereto, the board of education of any school district, the board of control
37 of any area vocational-technical school and the board of trustees of any
38 community college.

39 (c) "Professional employee" means any person employed by a board
40 of education in a position which requires a certificate issued by the state
41 board of education or employed by a board of education in a professional,
42 educational or instructional capacity, but shall not mean any such person
43 who is an administrative employee and, commencing in the 2006-2007

1 school year, shall not mean any person who is a retirant from school
2 employment of the Kansas public employees retirement system, regardless
3 of whether an agreement between a board of education and an exclusive
4 representative of professional employees that covers terms and conditions
5 of professional service provides to the contrary.

6 (d) "Administrative employee" means, in the case of a school district,
7 any person who is employed by a board of education in an administrative
8 capacity and who is fulfilling duties for which an administrator's certificate
9 is required under K.S.A. 72-7513, and amendments thereto; and, in the
10 case of an area vocational-technical school or community college, any
11 person who is employed by the board of control or the board of trustees in
12 an administrative capacity and who is acting in that capacity and who has
13 authority, in the interest of the board of control or the board of trustees, to
14 hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward or
15 discipline other employees, or responsibly to direct them or to adjust their
16 grievances, or effectively to recommend a preponderance of such actions,
17 if in connection with the foregoing, the exercise of such authority is not of
18 a merely routine or clerical nature, but requires the use of independent
19 judgment.

20 (e) "Professional employees' organizations" means any one or more
21 organizations, agencies, committees, councils or groups of any kind in
22 which professional employees participate, and which exist for the purpose,
23 in whole or part, of engaging in professional negotiation with boards of
24 education with respect to the terms and conditions of professional service
25 or for the purpose of professional development or liability protection.

26 (f) "Representative" means any professional employees' organization
27 or any person it authorizes or designates to act in its behalf or any person a
28 board of education authorizes or designates to act in its behalf.

29 (g) "Professional negotiation" means meeting, conferring, consulting
30 and discussing in a good faith effort by both parties to reach agreement
31 with respect to the terms and conditions of professional service.

32 (h) "Mediation" means the effort through interpretation and advice by
33 an impartial third party to assist in reconciling a dispute concerning terms
34 and conditions of professional service which arose in the course of
35 professional negotiation between a board of education or its
36 representatives and representatives of the recognized professional
37 employees' organization.

38 (i) "Fact-finding" means the investigation by an individual or board
39 of a dispute concerning terms and conditions of professional service which
40 arose in the course of professional negotiation, and the submission of a
41 report by such individual or board to the parties to such dispute which
42 includes a determination of the issues involved, findings of fact regarding
43 such issues, and the recommendation of the fact-finding individual or

1 board for resolution of the dispute.

2 (j) "Strike" means an action taken for the purpose of coercing a
3 change in the terms and conditions of professional service or the rights,
4 privileges or obligations thereof, through any failure by concerted action
5 with others to report for duty including, but not limited to, any work
6 stoppage, slowdown, or refusal to work.

7 (k) "Lockout" means action taken by a board of education to provoke
8 interruptions of or prevent the continuity of work normally and usually
9 performed by the professional employees for the purpose of coercing
10 professional employees into relinquishing rights guaranteed by this act and
11 the act of which this section is amendatory.

12 (l) (1) "Terms and conditions of professional service" means: (A)
13 Salaries and wages, including pay for duties under supplemental contracts;
14 hours and amounts of work; vacation allowance, holiday, sick, extended,
15 sabbatical and other leave, and number of holidays; retirement; insurance
16 benefits; wearing apparel; pay for overtime; jury duty; grievance
17 procedure, including binding arbitration of grievances; disciplinary
18 procedure; resignations; termination and nonrenewal of contracts;
19 reemployment of professional employees; terms and form of the individual
20 professional employee contract; probationary period; professional
21 employee appraisal procedures; each of the foregoing being a term and
22 condition of professional service, regardless of its impact on the employee
23 or on the operation of the educational system; (B) matters which relate to
24 privileges to be granted the recognized professional employees'
25 organization, including, but not limited to, voluntary payroll deductions;
26 dissemination of information regarding the professional negotiation
27 process and related matters to members of the bargaining unit on school or
28 college premises through direct contact with members of the bargaining
29 unit; reasonable leaves of absence for members of the bargaining unit for
30 organizational purposes, such as engaging in professional negotiation and
31 partaking of instructional programs properly related to the representation
32 of the bargaining unit; any of the foregoing privileges which are granted
33 the recognized professional employees' organization through the
34 professional negotiation process shall not be granted to any other
35 professional employees' organization; and (C) such other matters as the
36 parties mutually agree upon as properly related to professional service
37 including, but not limited to, employment incentive or retention bonuses
38 authorized under K.S.A. 72-8246, and amendments thereto.

39 (2) Nothing in this act, and amendments thereto, shall authorize any
40 professional employees' organization to be granted the exclusive privilege
41 of access to the use of school or college facilities for meetings, the use of
42 bulletin boards on or about the facility or the use of school or college mail
43 systems.

1 (3) Nothing in this act, and amendments thereto, shall authorize the
2 diminution of any right, duty or obligation of either the professional
3 employee or the board of education which have been fixed by statute or by
4 the constitution of this state. Except as otherwise expressly provided in
5 this subsection (1), the fact that any matter may be the subject of a statute
6 or the constitution of this state does not preclude negotiation thereon so
7 long as the negotiation proposal would not prevent the fulfillment of the
8 statutory or constitutional objective.

9 (4) Matters ~~which~~ *that* relate to the duration of the school term, and
10 specifically to consideration and determination by a board of education of
11 the question of the development and adoption of a policy to provide for a
12 school term consisting of school hours, are not included within the
13 meaning of terms and conditions of professional service and are not
14 subject to professional negotiation.

15 (5) *Matters that relate to the unified school district employee health*
16 *care benefits program established under section 33, and amendments*
17 *thereto, or coverage provided under such program, are not included*
18 *within the meaning of the terms and conditions of professional service and*
19 *are not subject to professional negotiation.*

20 (m) "Secretary" means the secretary of labor or a designee thereof.

21 (n) "Statutory declaration of impasse date" means July 31 in the
22 current school year.

23 (o) "Supplemental contracts" means contracts for employment duties
24 other than those services covered in the principal or primary contract of
25 employment of the professional employee and shall include, but not be
26 limited to, such services as coaching, supervising, directing and assisting
27 extracurricular activities, chaperoning, ticket-taking, lunchroom
28 supervision, and other similar and related activities.

29 Sec. 66. K.S.A. 2016 Supp. 72-64b01 is hereby amended to read as
30 follows: 72-64b01. ~~(a)~~ No school district shall expend, use or transfer any
31 moneys from the general fund of the district for the purpose of engaging in
32 or supporting in any manner any litigation by the school district or any
33 person, association, corporation or other entity against the state of Kansas,
34 the state board of education, the state department of education, other state
35 agency or any state officer or employee regarding any law concerning
36 school finance. No such moneys shall be paid, donated or otherwise
37 provided to any person, association, corporation or other entity and used
38 for the purpose of any such litigation.

39 ~~(b) Nothing in this section shall be construed as prohibiting the~~
40 ~~expenditure, use or transfer of moneys from the proceeds of any tax levied~~
41 ~~by a school district pursuant to K.S.A. 2016 Supp. 72-6472, and~~
42 ~~amendments thereto, for the purposes specified in subsection (a).~~

43 Sec. 67. K.S.A. 2016 Supp. 72-64b03 is hereby amended to read as

1 follows: 72-64b03. (a) If a petition is filed in a district court of this state
2 alleging a violation of article 6 of the Kansas constitution, the chief judge
3 of such district court shall notify the chief justice of the supreme court of
4 such petition within three business days thereafter.

5 (b) Within three business days of receiving such notice, the chief
6 justice shall notify the chief judge of the court of appeals. Within 10
7 business days of receiving notice by the chief justice, the chief judge shall
8 ~~appoint~~ *select* a panel of three current ~~or retired~~ district court judges to
9 preside over such civil action. *The selection of the three district court*
10 *judges shall be done by lottery with each current district court judge in*
11 *this state having an equal chance of being randomly selected to the panel.*
12 The chief judge shall designate ~~one of such judges~~ *the first judge selected*
13 to be the presiding judge of the panel. The judicial panel shall be
14 considered a court of competent jurisdiction to hear and decide the civil
15 action.

16 (c) The judicial panel shall establish venue pursuant to K.S.A. 2016
17 Supp. 72-64b04, and amendments thereto.

18 (d) As a part of a remedy, preliminary decision or final decision in
19 which a statute or legislative enactment of this state has been held
20 unconstitutional as a violation of article 6 of the Kansas constitution, the
21 judicial panel or any master or other person or persons appointed by the
22 panel to hear or determine a cause or controversy or to make or enforce
23 any order or remedy ordered by a court pursuant to K.S.A. 60-253, and
24 amendments thereto, or any other provision of law, shall not have the
25 authority to order a school district or any attendance center within a school
26 district to be closed or enjoin the use of all statutes related to the
27 distribution of funds for public education.

28 Sec. 68. K.S.A. 2016 Supp. 72-64c03 is hereby amended to read as
29 follows: 72-64c03. The appropriation of moneys necessary to pay general
30 state aid and supplemental general state aid under the ~~classroom learning~~
31 ~~assuring student success act, K.S.A. 2016 Supp. 72-6463~~ *school district*
32 *finance and student success act, section 1 et seq.*, and amendments thereto,
33 and state aid for the provision of special education and related services
34 under the special education for exceptional children act shall be given first
35 priority in the legislative budgeting process and shall be paid first from
36 existing state revenues.

37 Sec. 69. K.S.A. 2016 Supp. 72-64c05 is hereby amended to read as
38 follows: 72-64c05. Article 6 of the constitution of the state of Kansas
39 states that the legislature shall provide for intellectual, educational,
40 vocational and scientific improvement by establishing and maintaining
41 public schools; provide for a state board of education having general
42 supervision of public schools, educational institutions and the educational
43 interests of the state, except those delegated by law to the state board of

1 regents; and make suitable provision for finance of the educational
2 interests of the state. It is the purpose and intention of the legislature to
3 provide a financing system for the education of kindergarten and grades
4 one through 12 which provides students with the capacities set forth in
5 K.S.A. 2016 Supp. 72-1127, and amendments thereto. Such financing
6 system shall be sufficiently flexible for the legislature to consider and
7 utilize financing methods from all available resources in order to satisfy
8 the constitutional requirements under article 6. Such financing methods
9 shall include, but are not limited to, the following:

10 (a) Federal funding to unified school districts or public schools,
11 including any grants or federal assistance;

12 (b) subject to appropriations by the legislature, appropriations of state
13 moneys for the improvement of public education, including, but not
14 limited to, the following:

15 (1) Financing to unified school districts through the ~~classroom-~~
16 ~~learning-assuring-student-success-act, K.S.A. 2016 Supp. 72-6463~~ *school*
17 *district finance and student success act, section 1* et seq., and amendments
18 thereto;

19 (2) financing to unified school districts through any provisions which
20 provide state aid, such as capital improvements state aid, capital outlay
21 state aid and any other state aid paid, distributed or allocated to school
22 districts on the basis of the assessed valuation of school districts;

23 (3) employer contributions to the Kansas public employees retirement
24 system for public schools;

25 (4) appropriations to the Kansas children's cabinet for programs
26 serving students enrolled in unified school districts in meeting the goal
27 specified in K.S.A. 2016 Supp. 72-1127, and amendments thereto;

28 (5) appropriations to any programs which provide early learning to
29 four-year-old children with the purpose of preparing them for success in
30 public schools;

31 (6) appropriations to any programs, such as communities in schools,
32 which provide individualized support to students enrolled in unified school
33 districts in meeting the goal specified in K.S.A. 2016 Supp. 72-1127, and
34 amendments thereto;

35 (7) transportation financing, including any transfers from the state
36 general fund and state highway fund to the state department of education
37 to provide technical education transportation, special education
38 transportation or school bus safety;

39 (8) financing to other facilities providing public education to students,
40 such as the Kansas state school for the blind, the Kansas state school for
41 the deaf, school district juvenile detention facilities and the Flint Hills job
42 corps center;

43 (9) appropriations relating to the Kansas academy of mathematics and

1 science;

2 (10) appropriations relating to teaching excellence, such as
3 scholarships, awards, training or in-service workshops;

4 (11) appropriations to the state board of regents to provide technical
5 education incentives to unified school districts and tuition costs to
6 postsecondary institutions which provide career technical education to
7 secondary students; and

8 (12) appropriations to any postsecondary educational institution
9 which provides postsecondary education to a secondary student without
10 charging tuition to such student;

11 (c) any provision which authorizes the levying of local taxes for the
12 purpose of financing public schools; and

13 (d) any transfer of funds or appropriations from one object or fund to
14 another approved by the legislature for the purpose of financing public
15 schools.

16 Sec. 70. K.S.A. 2016 Supp. 72-6624 is hereby amended to read as
17 follows: 72-6624. (a) As used in this section:

18 (1) "School district" means unified school district No. 404, unified
19 school district No. 493, unified school district No. 499 and unified school
20 district No. 508.

21 (2) "Property" means any property, and improvements thereon,
22 comprising a racetrack gaming facility or lottery gaming facility under the
23 Kansas expanded lottery act located in Cherokee county.

24 (3) "State aid" means general state aid, capital improvements state
25 aid, capital outlay state aid and any other state aid paid, distributed or
26 allocated to school districts under the ~~classroom learning assuring student~~
27 ~~success act, K.S.A. 2016 Supp. 72-6463~~ *school district finance and*
28 *student success act, section 1 et seq.*, and amendments thereto, or other
29 law, and any other state aid paid, distributed or allocated to school districts
30 on the basis of the assessed valuation of school districts.

31 (b) For the purposes of computing the assessed valuation of school
32 districts for the payment, distribution or allocation of state aid and the
33 levying of school taxes, $\frac{1}{4}$ of the assessed valuation of such property shall
34 be assigned to each of the school districts.

35 (c) The provisions of this section shall not apply if the property is not
36 or ceases to be used as a racetrack gaming facility or lottery gaming
37 facility under the Kansas expanded lottery act.

38 Sec. 71. K.S.A. 2016 Supp. 72-6625 is hereby amended to read as
39 follows: 72-6625. (a) As used in this section:

40 (1) "School district" means unified school district No. 507 and
41 unified school district No. 374.

42 (2) "Property" means the following described property, and
43 improvements thereon, comprised of 1,120 acres, more or less, located in

1 Haskell county: All of Section 34, Township 29 South, Range 33 West and
2 the West $\frac{1}{2}$ of Section 3, Township 30 South, Range 33 West and the
3 Northeast Quarter of Section 3, Township 30 South, Range 33 West.

4 (3) "State aid" means general state aid, capital improvements state
5 aid, capital outlay state aid and any other state aid paid, distributed or
6 allocated to school districts under the ~~classroom learning assuring student~~
7 ~~success act, K.S.A. 2016 Supp. 72-6463~~ *school district finance and*
8 *student success act, section 1* et seq., and amendments thereto, or other
9 law, and any other state aid paid, distributed or allocated to school districts
10 on the basis of the assessed valuation of school districts.

11 (b) For the purposes of computing the assessed valuation of school
12 districts for the payment, distribution or allocation of state aid and the
13 levying of school taxes, $\frac{1}{2}$ of the assessed valuation of such property shall
14 be assigned to each of the school districts.

15 (c) The provisions of this section shall not apply if the property is not
16 or ceases to be used for the production of ethanol.

17 Sec. 72. K.S.A. 2016 Supp. 72-6757 is hereby amended to read as
18 follows: 72-6757. (a) As used in this section:

19 (1) "Receiving school district" means a school district of
20 nonresidence of a pupil who attends school in such school district.

21 (2) "Sending school district" means a school district of residence of a
22 pupil who attends school in a school district not of the pupil's residence.

23 (b) The board of education of any school district may make and enter
24 into contracts with the board of education of any receiving school district
25 located in this state for the purpose of providing for the attendance of
26 pupils at school in the receiving school district.

27 (c) The board of education of any school district may make and enter
28 into contracts with the governing authority of any accredited school
29 district located in another state for the purpose of providing for the
30 attendance of pupils from this state at school in such other state or for the
31 attendance of pupils from such other state at school in this state.

32 (d) Pupils attending school in a receiving school district in
33 accordance with a contract authorized by this section and made and
34 entered into by such receiving school district with a sending school district
35 located in this state shall be counted as regularly enrolled in and attending
36 school in the sending school district for the purpose of computations under
37 the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-~~
38 ~~6463~~ *school district finance and student success act, section 1* et seq., and
39 amendments thereto.

40 (e) Any contract made and entered into under authority of this section
41 is subject to the following conditions:

42 (1) The contract shall be for the benefit of pupils who reside at
43 inconvenient or unreasonable distances from the schools maintained by the

1 sending school district or for pupils who, for any other reason deemed
2 sufficient by the board of education of the sending school district, should
3 attend school in a receiving school district;

4 (2) the contract shall make provision for the payment of tuition by the
5 sending school district to the receiving school district;

6 (3) if a sending school district is located in this state and the receiving
7 school district is located in another state, the amount of tuition provided to
8 be paid for the attendance of a pupil or pupils at school in the receiving
9 school district shall not exceed $\frac{1}{2}$ of the amount of the budget per pupil of
10 the sending school district under the ~~classroom learning assuring student~~
11 ~~success act, K.S.A. 2016 Supp. 72-6463~~ *school district finance and*
12 *student success act, section 1 et seq.*, and amendments thereto, for the
13 current school year; and

14 (4) the contract shall make provision for transportation of pupils to
15 and from the school attended on every school day.

16 (f) Amounts received pursuant to contracts made and entered into
17 under authority of this section by a school district located in this state for
18 enrollment and attendance of pupils at school in regular educational
19 programs shall be deposited in the general fund of the school district.

20 (g) The provisions of subsection (e)(3) do not apply to unified school
21 district No. 104, Jewell county.

22 (h) The provisions of this section do not apply to contracts made and
23 entered into under authority of the special education for exceptional
24 children act.

25 (i) The provisions of this section are deemed to be alternative to the
26 provisions of K.S.A. 72-8233, and amendments thereto, and no procedure
27 or authorization under K.S.A. 72-8233, and amendments thereto, shall be
28 limited by the provisions of this section.

29 Sec. 73. K.S.A. 2016 Supp. 72-6760 is hereby amended to read as
30 follows: 72-6760. (a) Except as provided by this section and K.S.A. 72-
31 6760b, no expenditure involving an amount greater than \$20,000 for
32 construction, reconstruction or remodeling or for the purchase of materials,
33 goods or wares shall be made by the board of education of any school
34 district except upon sealed proposals, and to the lowest responsible bidder.

35 (b) The provisions of subsection (a) do not apply to expenditures by a
36 board of education for the purchase of:

37 (1) Services;

38 (2) products required to be purchased under the provisions of K.S.A.
39 75-3317 through 75-3322, and amendments thereto;

40 (3) educational materials directly related to curriculum and secured
41 by copyright;

42 (4) motor fuels required to provide or furnish transportation;

43 (5) food and foodstuffs necessary for the implementation or operation

- 1 of any child nutrition program;
- 2 (6) articles or products that are produced, manufactured or provided
- 3 by inmates under the prison-made goods act of Kansas;
- 4 (7) natural gas that will be consumed in buildings owned or operated
- 5 by the school district;
- 6 (8) materials, goods or wares required for reconstructing, remodeling,
- 7 repairing or equipping buildings when such purchase has been necessitated
- 8 by the occurrence of a loss against which the board of education has
- 9 purchased property or casualty insurance; and
- 10 (9) materials, goods or wares which are purchased:
- 11 (A) From vendors who have entered into contracts with the state
- 12 director of purchases pursuant to state purchasing statutes for purchases by
- 13 state agencies;
- 14 (B) under the same pricing provisions established in the state
- 15 contracts, subject to agreement of the vendor to honor the state contract
- 16 prices; and
- 17 (C) under the same pricing provisions established in federal, national
- 18 or other state contracts facilitated by a federal or local governmental entity
- 19 or agency, subject to:
- 20 (i) Agreement of the vendor to honor the contract prices; and
- 21 (ii) approval by the board of education for expenditures in an amount
- 22 greater than \$20,000.
- 23 (c) (1) Whenever the board of education of any school district lets
- 24 bids for the purchase of materials, goods or wares and bids are submitted
- 25 by bidders domiciled within the school district and by bidders domiciled
- 26 outside the school district and the low bid is submitted by a bidder
- 27 domiciled outside the school district, the school district domiciliary which
- 28 submitted the lowest bid may be deemed the preferred bidder and awarded
- 29 the bid if:
- 30 (⊕) (A) The quality, suitability and usability of the materials, goods or
- 31 wares are equal;
- 32 (⊖) (B) the amount of the bid of the school district domiciliary is not
- 33 more than 1% greater than the amount of the low bid; and
- 34 (⊗) (C) the school district domiciliary agrees to meet the low bid by
- 35 filing a written agreement to that effect within 72 hours after receiving
- 36 notification of being deemed the preferred bidder.
- 37 (⊘) (2) The provisions of *this* subsection—(e) do not apply to
- 38 expenditures for construction, reconstruction or remodeling.
- 39 (d) *No expenditure for construction, reconstruction or remodeling of*
- 40 *a facility for which bonds have been issued by the school district to*
- 41 *finance such expenditure shall be made unless such school district has*
- 42 *received at least three sealed proposals.*
- 43 Sec. 74. K.S.A. 2016 Supp. 72-67,115 is hereby amended to read as

- 1 follows: 72-67,115. (a) The board of education of any school district may:
- 2 (1) Offer and teach courses and conduct preschool programs for
3 children under the age of eligibility to attend kindergarten.
- 4 (2) Enter into cooperative or interlocal agreements with one or more
5 other boards for the establishment, operation and maintenance of such
6 preschool programs.
- 7 (3) Contract with private, nonprofit corporations or associations or
8 with any public or private agency or institution, whether located within or
9 outside the state, for the establishment, operation and maintenance of such
10 preschool programs.
- 11 (4) Prescribe and collect fees for providing such preschool programs.
- 12 (b) Fees for providing preschool programs shall be prescribed and
13 collected only to recover the costs incurred as a result of and directly
14 attributable to the establishment, operation and maintenance of the
15 preschool programs. Revenues from fees collected by a board under this
16 section shall be deposited in the general fund of the school district and
17 shall be considered reimbursements to the district for the purpose of the
18 ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-~~
19 ~~6463 school district finance and student success act, section 1 et seq., and~~
20 amendments thereto, and may be expended whether the same have been
21 budgeted or not and amounts so expended shall not be considered
22 operating expenses.
- 23 Sec. 75. K.S.A. 2016 Supp. 72-7535 is hereby amended to read as
24 follows: 72-7535. (a) In order to equip students with the knowledge and
25 skills needed to become self-supporting and to enable students to make
26 critical decisions regarding personal finances, the state board of education
27 shall authorize and assist in the implementation of programs on teaching
28 personal financial literacy.
- 29 (b) The state board of education shall develop a curriculum, materials
30 and guidelines that local boards of education and governing authorities of
31 accredited nonpublic schools may use in implementing the program of
32 instruction on personal financial literacy. The state board of education
33 shall adopt a glossary of personal financial literacy terms which shall be
34 used by school districts when implementing the program on personal
35 financial literacy.
- 36 (c) The state board of education shall develop state curriculum
37 standards for personal financial literacy, for all grade levels, within the
38 existing mathematics curriculum or another appropriate subject-matter
39 curriculum.
- 40 (d) The state board of education shall encourage school districts when
41 selecting textbooks for mathematics, economics, family and consumer
42 science, accounting or other appropriate courses, to select those textbooks
43 which contain substantive provisions on personal finance, including

1 personal budgeting, credit, debt management and other topics concerning
2 personal financial literacy.

3 (e) The state board of education shall include questions relating to
4 personal financial literacy in the statewide assessments for mathematics or
5 social studies required under ~~K.S.A. 2016 Supp. 72-6479~~ *section 21*, and
6 amendments thereto. When the statewide assessments for mathematics or
7 social studies are reviewed or rewritten, the state board of education shall
8 examine the questions relating to personal financial literacy and rewrite
9 such questions in order to determine if programs on personal financial
10 literacy are equipping students with the knowledge and skills needed to
11 become self-supporting and enabling students to make critical decisions
12 regarding personal finances.

13 Sec. 76. K.S.A. 2016 Supp. 72-8187 is hereby amended to read as
14 follows: 72-8187. (a) In each school year, to the extent that appropriations
15 are available, each school district which has provided educational services
16 for pupils residing at the Flint Hills job corps center, for pupils housed at a
17 psychiatric residential treatment facility or for pupils confined in a juvenile
18 detention facility is eligible to receive a grant of state moneys in an
19 amount to be determined by the state board of education.

20 (b) In order to be eligible for a grant of state moneys provided for by
21 this section, each school district which has provided educational services
22 for pupils residing at the Flint Hills job corps center, for pupils housed at a
23 psychiatric residential treatment facility or for pupils confined in a juvenile
24 detention facility shall submit to the state board of education an
25 application for a grant and shall certify the amount expended, and not
26 reimbursed or otherwise financed, in the school year for the services
27 provided. The application and certification shall be prepared in such form
28 and manner as the state board shall require and shall be submitted at a time
29 to be determined and specified by the state board. Approval by the state
30 board of applications for grants of state moneys is prerequisite to the
31 award of grants.

32 (c) Each school district which is awarded a grant under this section
33 shall make such periodic and special reports of statistical and financial
34 information to the state board as it may request.

35 (d) All moneys received by a school district under authority of this
36 section shall be deposited in the general fund of the school district and
37 shall be considered reimbursement of the district for the purpose of the
38 ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-~~
39 ~~6463~~ *school district finance and student success act, section 1* et seq., and
40 amendments thereto.

41 (e) The state board of education shall approve applications of school
42 districts for grants, determine the amount of grants and be responsible for
43 payment of grants to school districts. In determining the amount of a grant

1 which a school district is eligible to receive, the state board shall compute
2 the amount of state financial aid the district would have received on the
3 basis of enrollment of pupils residing at the Flint Hills job corps center,
4 housed at a psychiatric residential treatment facility or confined in a
5 juvenile detention facility if such pupils had been counted as two pupils
6 under the school district finance and quality performance act and compare
7 such computed amount to the amount certified by the district under
8 subsection (b). The amount of the grant the district is eligible to receive
9 shall be an amount equal to the lesser of the amount computed under this
10 subsection or the amount certified under subsection (b). If the amount of
11 appropriations for the payment of grants under this section is insufficient
12 to pay in full the amount each school district is determined to be eligible to
13 receive for the school year, the state board shall prorate the amount
14 appropriated among all school districts which are eligible to receive grants
15 of state moneys in proportion to the amount each school district is
16 determined to be eligible to receive.

17 (f) On or before July 1 of each year, the secretary for aging and
18 disability services shall submit to the Kansas department of education a list
19 of facilities which have been certified and licensed as psychiatric
20 residential treatment facilities.

21 (g) As used in this section:

22 (1) "Enrollment" means the number of pupils who are: (A) Residing
23 at the Flint Hills job corps center, confined in a juvenile detention facility
24 or residing at a psychiatric residential treatment facility; and (B) for whom
25 a school district is providing educational services on September 20, on
26 November 20, or on April 20 of a school year, whichever is the greatest
27 number of pupils;

28 (2) "juvenile detention facility" means any public or private facility
29 which is used for the lawful custody of accused or adjudicated juvenile
30 offenders and which shall not be a jail; and

31 (3) "psychiatric residential treatment facility" means a facility which
32 provides psychiatric services to individuals under the age of 21 and which
33 conforms with the regulations of the centers for medicare/medicaid
34 services, is licensed and certified by the Kansas department for aging and
35 disability services pursuant to subsection (f).

36 Sec. 77. K.S.A. 72-8208a is hereby amended to read as follows: 72-
37 8208a. (a) The board of education of any school district may authorize, by
38 separate resolutions, the establishment of school activity funds from which
39 to make needed expenditures for the payment of expenses attributable to
40 activities in which pupils of the district may participate directly or
41 indirectly. Every such resolution shall specify the general purpose for
42 which the fund is to be established and shall authorize an employee of the
43 school district to administer the fund.

1 (b) The employee authorized to administer any school activity fund
2 established by any resolution provided for in this section shall keep a
3 record of all receipts and expenditures from the fund, and *the transfer of*
4 *any moneys to or from such fund. Such employee* shall, from time to time,
5 and at the end of each school year, prepare a statement for the board of
6 education showing all receipts, expenditures, *transfers* and the balance in
7 the fund. The fund shall be kept separate from all other funds and be used
8 only for authorized expenditures, and itemized receipts shall be taken for
9 each expenditure.

10 (c) All moneys received from the sale of admissions to activities
11 which the school district sponsors shall be credited to school activity funds
12 in accordance with policies and procedures adopted by the board of
13 education. Such moneys shall not be considered to be moneys of the
14 school district for the purposes of K.S.A. 72-8202d, and amendments
15 thereto.

16 (d) The provisions of K.S.A. 12-105b, and amendments thereto, shall
17 not apply to claims against any school activity fund established by any
18 resolution provided for in this section.

19 (e) As used in this section, the term "activities" means ~~activities,~~
20 ~~events, and competitions in such fields as athletics, music, forensics, and~~
21 ~~dramatics, and other interschool or intraschool extracurricular activities in~~
22 ~~which pupils may participate directly or indirectly those activities~~
23 ~~provided or supported by a school district, but that are not required by or~~
24 ~~a substantial part of any curriculum of such school district. The term~~
25 ~~"activities" shall not include co-curricular activities, as defined in section~~
26 ~~19, and amendments thereto.~~

27 Sec. 78. K.S.A. 2016 Supp. 72-8230 is hereby amended to read as
28 follows: 72-8230. (a) In the event the boards of education of any two or
29 more school districts enter into a school district interlocal cooperation
30 agreement for the purpose of jointly and cooperatively performing any of
31 the services, duties, functions, activities, obligations or responsibilities
32 which are authorized or required by law to be performed by school
33 districts of this state, the following conditions shall apply:

34 (1) A school district interlocal cooperation agreement shall establish a
35 board of directors which shall be responsible for administering the joint or
36 cooperative undertaking. The agreement shall specify the organization and
37 composition of and manner of appointment to the board of directors. Only
38 members of boards of education of school districts party to the agreement
39 shall be eligible for membership on the board of directors. The terms of
40 office of members of the board of directors shall expire concurrently with
41 their terms as board of education members. Vacancies in the membership
42 of the board of directors shall be filled within 30 days from the date of the
43 vacancy in the manner specified in the agreement.

1 (2) A school district interlocal cooperation agreement may provide
2 for the establishment and composition of an executive board. The
3 members of the executive board, if established, shall be selected by the
4 board of directors from its membership. The executive board shall exercise
5 the powers, have the responsibilities, and perform the duties and functions
6 of the board of directors to the extent authority to do so is delegated by the
7 board of directors.

8 (3) A school district interlocal cooperation agreement shall be
9 effective only after approval by the state board of education.

10 (4) A school district interlocal cooperation agreement shall be subject
11 to change or termination by the legislature.

12 (5) The duration of a school district interlocal cooperation agreement
13 for joint or cooperative action in performing any of the services, duties,
14 functions, activities, obligations or responsibilities, other than the
15 provision of special education services, which are authorized or required
16 by law to be performed by school districts of this state, shall be for a term
17 of at least three years but not exceeding five years.

18 (6) (A) The duration of a school district interlocal cooperation
19 agreement for joint or cooperative action in providing special education
20 services shall be perpetual unless the agreement is partially or completely
21 terminated in accordance with this provision. This provision applies to
22 every school district interlocal cooperation agreement for the provision of
23 special education services entered into under authority of this section after
24 the effective date of this act and to every such agreement entered into
25 under this section prior to the effective date of this act, and extant on the
26 effective date of this act, regardless of any provisions in such an agreement
27 to the contrary.

28 (B) Partial termination of a school district interlocal cooperation
29 agreement for the provision of special education services made and
30 entered into by the boards of three or more school districts may be
31 accomplished only upon petition for withdrawal from the agreement by a
32 contracting school district to the other contracting school districts and
33 approval by the state board of written consent to the petition by such other
34 school districts or upon order of the state board after appeal to it by a
35 school district from denial of consent to a petition for withdrawal and
36 hearing thereon conducted by the state board. The state board shall
37 consider all the testimony and evidence brought forth at the hearing and
38 issue an order approving or disapproving withdrawal by the school district
39 from the agreement.

40 (C) Complete termination of a school district interlocal cooperation
41 agreement for the provision of special education services made and
42 entered into by the boards of two school districts may be accomplished
43 upon approval by the state board of a joint petition made to the state board

1 for termination of the agreement by both of the contracting school districts
2 after adoption of a resolution to that effect by each of the contracting
3 school districts or upon petition for withdrawal from the agreement made
4 by a contracting school district to the other contracting school district and
5 approval by the state board of written consent to the petition by such other
6 school district or upon order of the state board after appeal to it by a school
7 district from denial of consent to a petition for withdrawal and hearing
8 thereon conducted by the state board. The state board shall consider all the
9 testimony and evidence brought forth at the hearing and issue an order
10 approving or disapproving withdrawal by the school district from the
11 agreement.

12 (D) Complete termination of a school district interlocal cooperation
13 agreement for the provision of special education services made and
14 entered into by the boards of three or more school districts may be
15 accomplished only upon approval by the state board of a joint petition
16 made to the state board for termination of the agreement by not less than
17 $\frac{2}{3}$ of the contracting school districts after adoption of a resolution to that
18 effect by each of the contracting school districts seeking termination of the
19 agreement. The state board shall consider the petition and approve or
20 disapprove termination of the agreement.

21 (E) The state board shall take such action in approving or
22 disapproving the complete or partial termination of a school district
23 interlocal cooperation agreement for the provision of special education
24 services as the state board deems to be in the best interests of the involved
25 school districts and of the state as a whole in the provision of special
26 education services for exceptional children. Whenever the state board has
27 disapproved the complete or partial termination of such an agreement, no
28 further action with respect to such agreement shall be considered or taken
29 by the state board for a period of not less than three years.

30 (7) A school district interlocal cooperation agreement shall specify
31 the method or methods to be employed for disposing of property upon
32 partial or complete termination.

33 (8) Within the limitations provided by law, a school district interlocal
34 cooperation agreement may be changed or modified by affirmative vote of
35 not less than $\frac{2}{3}$ of the contracting school districts.

36 (b) Except as otherwise specifically provided in this subsection, any
37 power or powers, privileges or authority exercised or capable of exercise
38 by any school district of this state, or by any board of education thereof,
39 may be jointly exercised pursuant to the provisions of a school district
40 interlocal cooperation agreement. No power or powers, privileges or
41 authority with respect to the levy and collection of taxes, the issuance of
42 bonds, or the purposes and provisions of the ~~classroom learning assuring~~
43 ~~student success act, K.S.A. 2016 Supp. 72-6463 school district finance~~

1 *and student success act, section 1 et seq.*, and amendments thereto, or title
2 I of public law 874 shall be created or effectuated for joint exercise
3 pursuant to the provisions of a school district interlocal cooperation
4 agreement.

5 (c) Payments from the general fund of each school district which
6 enters into any school district interlocal cooperation agreement for the
7 purpose of financing the joint or cooperative undertaking provided for by
8 the agreement shall be operating expenses.

9 (d) Upon partial termination of a school district interlocal cooperation
10 agreement, the board of directors established under a renegotiated
11 agreement thereof shall be the successor in every respect to the board of
12 directors established under the former agreement.

13 (e) Nothing contained in this section shall be construed to abrogate,
14 interfere with, impair, qualify or affect in any manner the exercise and
15 enjoyment of all of the powers, privileges and authority conferred upon
16 school districts and boards of education thereof by the provisions of the
17 interlocal cooperation act, except that boards of education and school
18 districts are required to comply with the provisions of this section when
19 entering into an interlocal cooperation agreement that meets the definition
20 of school district interlocal cooperation agreement.

21 (f) As used in this section:

22 (1) "School district interlocal cooperation agreement" means an
23 agreement which is entered into by the boards of education of two or more
24 school districts pursuant to the provisions of the interlocal cooperation act.

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

26 Sec. 79. K.S.A. 2016 Supp. 72-8233 is hereby amended to read as
27 follows: 72-8233. (a) In accordance with the provisions of this section, the
28 boards of education of any two or more unified school districts may make
29 and enter into agreements providing for the attendance of pupils residing
30 in one school district at school in kindergarten or any of the grades one
31 through 12 maintained by any such other school district. The boards of
32 education may also provide by agreement for the combination of
33 enrollments for kindergarten or one or more grades, courses or units of
34 instruction.

35 (b) Prior to entering into any agreement under authority of this
36 section, the board of education shall adopt a resolution declaring that it has
37 made a determination that such an agreement should be made and that the
38 making and entering into of such an agreement would be in the best
39 interests of the educational system of the school district. Any such
40 agreement is subject to the following conditions:

41 (1) The agreement may be for any term not exceeding a term of five
42 years.

43 (2) The agreement shall be subject to change or termination by the

1 legislature.

2 (3) Within the limitations provided by law, the agreement may be
3 changed or terminated by mutual agreement of the participating boards of
4 education.

5 (4) The agreement shall make provision for transportation of pupils to
6 and from the school attended on every school day, for payment or sharing
7 of the costs and expenses of pupil attendance at school, and for the
8 authority and responsibility of the participating boards of education.

9 (c) Provision by agreements entered into under authority of this
10 section for the attendance of pupils at school in a school district of
11 nonresidence of such pupils shall be deemed to be compliance with the
12 kindergarten, grade, course and units of instruction requirements of law.

13 (d) The board of education of any school district which enters into an
14 agreement under authority of this section for the attendance of pupils at
15 school in another school district may discontinue kindergarten or any or all
16 of the grades, courses and units of instruction specified in the agreement
17 for attendance of pupils enrolled in kindergarten or any such grades,
18 courses and units of instruction at school in such other school district.
19 Upon discontinuing kindergarten or any grade, course or unit of instruction
20 under authority of this subsection, the board of education may close any
21 school building or buildings operated or used for attendance by pupils
22 enrolled in such discontinued kindergarten, grades, courses or units of
23 instruction. The closing of any school building under authority of this
24 subsection shall require a majority vote of the members of the board of
25 education and shall require no other procedure or approval.

26 (e) Pupils attending school in a school district of nonresidence of
27 such pupils in accordance with an agreement made and entered into under
28 authority of this section shall be counted as regularly enrolled in and
29 attending school in the school district of residence of such pupils for the
30 purpose of computations under the ~~classroom learning assuring student~~
31 ~~success act, K.S.A. 2016 Supp. 72-6463 school district finance and~~
32 ~~student success act, section 1 et seq., and amendments thereto.~~

33 (f) Pupils who satisfactorily complete grade 12 while in attendance at
34 school in a school district of nonresidence of such pupils in accordance
35 with the provisions of an agreement entered into under authority of this
36 section shall be certified as having graduated from the school district of
37 residence of such pupils unless otherwise provided for by the agreement.

38 Sec. 80. K.S.A. 2016 Supp. 72-8236 is hereby amended to read as
39 follows: 72-8236. (a) The board of education of any school district may:
40 (1) Establish, operate and maintain a child care facility; (2) enter into
41 cooperative or interlocal agreements with one or more other boards for the
42 establishment, operation and maintenance of a child care facility; (3)
43 contract with private, nonprofit corporations or associations or with any

1 public or private agency or institution, whether located within or outside
2 the state, for the establishment, operation and maintenance of a child care
3 facility; and (4) prescribe and collect fees for providing care at a child care
4 facility.

5 (b) Fees for providing care at a child care facility established under
6 authority of this section shall be prescribed and collected only to recover
7 the costs incurred as a result of and directly attributable to the
8 establishment, operation and maintenance of the child care facility.
9 Revenues from fees collected by a board under this section shall be
10 deposited in the general fund of the school district and shall be considered
11 reimbursements to the district for the purpose of the ~~classroom learning~~
12 ~~assuring student success act, K.S.A. 2016 Supp. 72-6463~~ *school district*
13 *finance and student success act, section 1* et seq., and amendments thereto,
14 and may be expended whether the same have been budgeted or not and
15 amounts so expended shall not be considered operating expenses.

16 (c) Every school district which establishes, operates and maintains a
17 child care facility shall be subject to the provisions contained in article 5 of
18 chapter 65 of Kansas Statutes Annotated, and amendments thereto.

19 (d) As used in this section, the term "child" means any child who is
20 three years of age or older, and any infant or toddler whose parent or
21 parents are pupils or employees of a school district which establishes,
22 operates and maintains, or cooperates in the establishment, operation and
23 maintenance of, a child care facility under authority of this act.

24 Sec. 81. K.S.A. 2016 Supp. 72-8251 is hereby amended to read as
25 follows: 72-8251. Whenever a school district is required by law to make
26 any payment during the month of June and there is insufficient revenue to
27 make such payment as a result of the payment of state aid after the date
28 prescribed by the state board of education pursuant to ~~K.S.A. 2016 Supp.~~
29 ~~72-6466~~ *section 11*, and amendments thereto, the school district shall make
30 such payment as soon as moneys are available.

31 Sec. 82. K.S.A. 2016 Supp. 72-8254 is hereby amended to read as
32 follows: 72-8254. (a) This section shall be known and may be cited as the
33 Kansas uniform financial accounting and reporting act.

34 (b) As used in this section:

35 (1) "Budget summary" means a one-page summary of the official
36 budget adopted by the board of education of the school district, and shall
37 include, but is not limited to, graphs depicting the total expenditures in the
38 budget by category, supplemental and general fund expenditures,
39 instruction expenditures, enrollment figures, mill rates by fund and
40 average salaries. For purposes of this section, a one-page budget at a
41 glance format developed by the state board, and any successor format shall
42 be deemed a budget summary, provided it complies with the requirements
43 of this section.

1 (2) "Reporting system" means the uniform reporting system,
2 including a uniform chart of accounts, developed by the state board as
3 required by this section.

4 (3) "School district" means a unified school district organized and
5 operated under the laws of this state.

6 (4) "State board" means the state board of education.

7 (c) The state board shall develop and maintain a uniform reporting
8 system for the receipts and expenditures of school districts. The
9 accounting records maintained by each school district shall be coordinated
10 with the uniform reporting system. Each school district shall record the
11 receipts and expenditures of the district in accordance with a uniform
12 classification of accounts or chart of accounts and reports as shall be
13 prescribed by the state board. Each school district shall submit such
14 reports and statements as may be required by the state board. The state
15 board shall design, revise and direct the use of accounting records and
16 fiscal procedures and prescribe uniform classifications for receipts and
17 expenditures for all school districts. The reporting system shall include all
18 funds held by a school district regardless of the source of the moneys held
19 in such funds, including, but not limited to, all funds funded by fees or
20 other sources of revenue not derived from tax levies. The state board shall
21 prescribe the necessary forms to be used by school districts in connection
22 with such uniform reporting system.

23 (d) The reporting system developed by the state board shall be
24 developed in such a manner that allows school districts to record and
25 report any information required by state or federal law.

26 (e) The reporting system shall provide records showing by funds,
27 accounts and other pertinent classifications, the amounts appropriated, the
28 estimated revenues, actual revenues or receipts, the amounts available for
29 expenditure, the total and itemized expenditures, the unencumbered cash
30 balances, excluding state aid receivable, actual balances on hand and the
31 unencumbered balances of allotments or appropriations for each school
32 district.

33 (f) The reporting system shall allow a person to search the data and
34 allow for the comparison of data by school district.

35 (g) *The reporting system shall require that all receipts and*
36 *expenditures for activities, whether extracurricular or co-curricular, be*
37 *reported by the specific activity to which the receipt or expenditure relates.*
38 *The reporting of activity receipts and expenditures also shall differentiate*
39 *between extracurricular and co-curricular activities.*

40 ~~(g)~~ (h) Each school district shall annually submit a report to the state
41 board on all construction activity undertaken by the school district which
42 was financed by the issuance of bonds and which such bonds have not
43 matured. Such report shall include all revenue receipts, all expenditures of

1 bond proceeds authorized by law, the dates for commencement and
2 completion of such construction activity, the estimated cost and the actual
3 cost of such construction activity. The information provided in the report
4 shall be in a form so as to readily identify such information with a specific
5 construction project. Such report shall be submitted in a form and manner
6 prescribed by the state board in accordance with the provisions of this
7 section.

8 ~~(h)~~ (i) From and after July 1, 2012, the board of education of each
9 school district shall record and report the receipts and expenditures of the
10 district in the manner prescribed by the state board in accordance with this
11 section.

12 ~~(h)~~ (j) (1) Each school district shall annually publish on such district's
13 internet website:

14 (A) A copy of form 150, estimated legal maximum general fund
15 budget, or any successor document containing the same or similar
16 information, that was submitted by such district to the state board of
17 education for the immediately preceding school year; and

18 (B) the budget summary for the current school year and actual
19 expenditures for the immediately preceding two school years showing total
20 dollars net of transfers and dollars per pupil for each of the following:

21 (i) Function 1000, instruction;

22 (ii) function 2100, student support;

23 (iii) function 2200, instructional staff support;

24 (iv) functions 2300 through 2500, administration;

25 (v) function 2600, operation and maintenance;

26 (vi) function 2700, transportation;

27 (vii) function 3100, food service;

28 (viii) functions 2900, 3200 and 3300, other current spending;

29 (ix) function 4000, capital outlay;

30 (x) function 5100, debt service;

31 (xi) the total expenditures which is the sum of the amounts in clauses
32 (i) through (x);

33 (xii) the spending allocated to function 1000, instruction, excluding
34 capital outlay and debt service expenditures, as a percentage of total
35 expenditures;

36 (xiii) the spending allocated to function 1000, instruction, excluding
37 capital outlay and debt service expenditures, as a percentage of current
38 spending, which is the sum of expenditures for functions 1000 through
39 3300 less capital outlay and debt service expenditures included in any of
40 those functions; and

41 (xiv) the revenue in total dollars net of transfers both in total and
42 disaggregated to show the amount of revenue received from local, state
43 and federal revenue sources.

1 (2) For purposes of subsection ~~(i)(1)(B)~~ (j)(1)(B), all per pupil
 2 amounts shall be calculated using the full-time equivalent enrollment of
 3 the school district. All function categories and other accounting categories
 4 shall refer to those same categories as established and required for
 5 financial accounting purposes by the state board as published in the
 6 Kansas state department of education's Kansas accounting handbook for
 7 unified school districts, as published in August 2012, or later versions as
 8 established in rules and regulations adopted by the state board.

9 (3) Publications required by this subsection shall be published with
 10 an easily identifiable link located on such district's website homepage.

11 (4) Publications required by this subsection shall be made available to
 12 the public at every meeting held by the board of education of each school
 13 district when the board is discussing the district's budget or any other
 14 school finance matter.

15 ~~(j)~~ (k) (1) The department of education shall annually publish on its
 16 internet website:

17 (A) All of the publications required under subsection ~~(j)~~ (j); and

18 (B) the following expenditures for each school district on a per pupil
 19 basis:

20 (i) Total expenditures;

21 (ii) capital outlay expenditures;

22 (iii) bond and interest expenditures; and

23 (iv) all other expenditures not included in (ii) or (iii).

24 (2) Publications required by this subsection shall be published with
 25 an easily identifiable link located on the department's website homepage.

26 Sec. 83. K.S.A. 2016 Supp. 72-8316 is hereby amended to read as
 27 follows: 72-8316. (a) Any board of education, pursuant to a policy
 28 developed and adopted by it, may provide for the use of district-owned or
 29 leased school buses when such buses are not being used for regularly
 30 required school purposes. The policy may provide for:

31 (1) (A) Transporting parents and other adults to or from school-
 32 related functions or activities; (B) transporting pupils to or from functions
 33 or activities sponsored by organizations, the membership of which is
 34 principally composed of children of school age; and (C) transporting
 35 persons engaged in field trips in connection with their participation in an
 36 adult education program maintained by the transporting school district or
 37 by any other school district, within or outside the boundaries of the
 38 transporting school district; and

39 (2) contracting with: (A) The governing body of any township, city or
 40 county for transportation of individuals, groups or organizations; (B) the
 41 governing authority of any nonpublic school for transportation of pupils
 42 attending such nonpublic school to or from interschool or intraschool
 43 functions or activities; (C) the board of trustees of any community college

1 for transportation of students enrolled in such community college to or
2 from attendance at class at the community college or to and from functions
3 or activities of the community college; (D) a public recreation commission
4 established and operated under the laws of this state, for any purposes
5 related to the operation of the recreation commission and all programs and
6 services thereof; (E) the board of education of any other school district for
7 transportation, on a cooperative and shared-cost basis, of pupils, school
8 personnel, parents and other adults to or from school-related functions or
9 activities; or (F) a four-year college or university, area vocational school or
10 area vocational-technical school for transportation of students to or from
11 attendance at class at the four-year college or university, area vocational
12 school or area vocational-technical school or for transportation of students,
13 alumni and other members of the public to or from functions or activities
14 of the four-year college or university, area vocational school or area
15 vocational-technical school.

16 (b) Transportation fees may be charged by the board to offset, totally
17 or in part, the costs incurred for the use of school buses under authority of
18 this section.

19 (c) Any revenues received by a board of education as transportation
20 fees or under any contract entered into pursuant to this section shall be
21 deposited in the general fund of the school district and shall be considered
22 reimbursements to the school district for the purpose of the ~~classroom-~~
23 ~~learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ *school*
24 *district finance and student success act, section 1 et seq.*, and amendments
25 thereto. Such revenues may be expended whether the same have been
26 budgeted or not.

27 (d) The provisions of K.S.A. 8-1556(c), and amendments thereto,
28 apply to the use of school buses under authority of this section.

29 Sec. 84. K.S.A. 2016 Supp. 72-8415b is hereby amended to read as
30 follows: 72-8415b. (a) Any school district that elects to become a self-
31 insurer under the provisions of K.S.A. 72-8414, and amendments thereto,
32 may transfer moneys from its general fund to the special reserve fund of
33 the district as provided by ~~K.S.A. 2016 Supp. 72-6478~~ *section 18*, and
34 amendments thereto.

35 (b) Any community college that elects to become a self-insurer under
36 the provisions of K.S.A. 72-8414, and amendments thereto, may transfer
37 such amounts from its general fund to the health care services reserve fund
38 or the disability income benefits reserve fund, or the group life benefit
39 reserve fund, or all three, as may be deemed necessary to meet the cost of
40 health care services or disability income benefits, or group life insurance
41 claims, whichever is applicable.

42 Sec. 85. K.S.A. 2016 Supp. 72-8801 is hereby amended to read as
43 follows: 72-8801. (a) The board of education of any school district may

1 make an annual tax levy at a mill rate not to exceed the statutorily
 2 prescribed mill rate upon the taxable tangible property in the school
 3 district for the purposes specified in this act and for the purpose of paying
 4 a portion of the principal and interest on bonds issued by cities under the
 5 authority of K.S.A. 12-1774, and amendments thereto, for the financing of
 6 redevelopment projects upon property located within the school district.
 7 No levy shall be made under this act until a resolution is adopted by the
 8 board of education in the following form:

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

11 RESOLUTION

12 Be It Resolved that:

13 The above-named school board shall be authorized to make an annual
 14 tax levy ~~for a period not to exceed _____ years~~ in an amount not to
 15 exceed _____ mills upon the taxable tangible property in the school
 16 district for the purpose of acquisition, construction, reconstruction, repair,
 17 remodeling, additions to, furnishing, maintaining and equipping of school
 18 district property and equipment necessary for school district purposes,
 19 including: (1) Acquisition of computer software; (2) acquisition of
 20 performance uniforms; (3) housing and boarding pupils enrolled in an area
 21 vocational school operated under the board; (4) architectural expenses; (5)
 22 acquisition of building sites; (6) undertaking and maintenance of asbestos
 23 control projects; (7) acquisition of school buses; and (8) acquisition of
 24 other fixed assets, and for the purpose of paying a portion of the principal
 25 and interest on bonds issued by cities under the authority of K.S.A. 12-
 26 1774, and amendments thereto, for the financing of redevelopment
 27 projects upon property located within the school district. The tax levy
 28 authorized by this resolution may be made, unless a petition in opposition
 29 to the same, signed by not less than 10% of the qualified electors of the
 30 school district, is filed with the county election officer of the home county
 31 of the school district within 40 calendar days after the last publication of
 32 this resolution. In the event a petition is filed, the county election officer
 33 shall submit the question of whether the tax levy shall be authorized to the
 34 electors in the school district at an election called for that purpose or at the
 35 next general election, as is specified by the board of education of the
 36 above school district.

37 CERTIFICATE

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

41 _____
 42 Clerk of the board of education.

43 All of the blanks in the above resolution shall be appropriately filled.

1 The blank preceding the word "years" ~~shall be filled with a specific~~
2 ~~number, and the blank preceding the word "mills" shall be filled with a~~
3 ~~specific number, and no word shall be inserted in either of the blanks.~~ The
4 resolution shall be published once a week for two consecutive weeks in a
5 newspaper having general circulation in the school district. If no petition
6 as specified above is filed in accordance with the provisions of the
7 resolution, the board of education may make the tax levy specified in the
8 resolution. If a petition is filed as provided in the resolution, the board of
9 education may notify the county election officer of the date of an election
10 to be held to submit the question of whether the tax levy shall be
11 authorized. If the board of education fails to notify the county election
12 officer within 60 calendar days after a petition is filed, the resolution shall
13 be deemed abandoned and no like resolution shall be adopted by the board
14 of education within the nine months following the first publication of the
15 resolution.

16 (b) As used in this act:

17 (1) "Unconditionally authorized to make a capital outlay tax levy"
18 means that the school district has adopted a resolution under this section,
19 has published the same, and either that the resolution was not protested or
20 that it was protested and an election has been held by which the tax levy
21 specified in the resolution was approved;

22 (2) "statutorily prescribed mill rate" means: (A) Eight mills; (B) the
23 mill levy rate in excess of eight mills if the resolution fixing such rate was
24 approved at an election prior to the effective date of this act; or (C) the
25 mill levy rate in excess of eight mills if no petition or no sufficient petition
26 was filed in protest to a resolution fixing such rate in excess of eight mills
27 and the protest period for filing such petition has expired;

28 (3) "asbestos control project" means any activity which is necessary
29 or incidental to the control of asbestos-containing material in buildings of
30 school districts and includes, but not by way of limitation, any activity
31 undertaken for the removal or encapsulation of asbestos-containing
32 material, for any remodeling, renovation, replacement, rehabilitation or
33 other restoration necessitated by such removal or encapsulation, for
34 conducting inspections, reinspections and periodic surveillance of
35 buildings, performing response actions, and developing, implementing and
36 updating operations and maintenance programs and management plans;

37 (4) "asbestos" means the asbestiform varieties of chrysotile
38 (serpentine), crocidolite (riebeckite), amosite (cummingtonitegrunerite),
39 anthophyllite, tremolite, and actinolite; and

40 (5) "asbestos-containing material" means any material or product
41 which contains more than 1% asbestos.

42 Sec. 86. K.S.A. 2016 Supp. 72-8804 is hereby amended to read as
43 follows: 72-8804. (a) Any moneys in the capital outlay fund of any school

1 district and any moneys received from issuance of bonds under K.S.A. 72-
2 8805 or 72-8810, and amendments thereto, may be used for the purpose of
3 the acquisition, construction, reconstruction, repair, remodeling, additions
4 to, furnishing, maintaining and equipping of school district property and
5 equipment necessary for school district purposes, including: (1)
6 Acquisition of computer software; (2) acquisition of performance
7 uniforms; (3) housing and boarding pupils enrolled in an area vocational
8 school operated under the board of education; (4) architectural expenses;
9 (5) acquisition of building sites; (6) undertaking and maintenance of
10 asbestos control projects; (7) acquisition of school buses; and (8)
11 acquisition of other fixed assets, and, for school years ~~2015-2016 and~~
12 ~~2016-2017 year 2017-2018 and each school year thereafter~~, subject to the
13 provisions of ~~K.S.A. 2016 Supp. 72-6478 section 18~~, and amendments
14 thereto, may be transferred to the general fund of the school district as
15 approved by the board of education.

16 (b) The board of education of any school district is hereby authorized
17 to invest any portion of the capital outlay fund of the school district which
18 is not currently needed in investments authorized by K.S.A. 12-1675, and
19 amendments thereto, in the manner prescribed therein, or may invest the
20 same in direct obligations of the United States government maturing or
21 redeemable at par and accrued interest within three years from date of
22 purchase, the principal and interest whereof is guaranteed by the
23 government of the United States. All interest received on any such
24 investment shall upon receipt thereof be credited to the capital outlay fund.

25 Sec. 87. K.S.A. 2016 Supp. 72-8908 is hereby amended to read as
26 follows: 72-8908. As used in this act:

27 (a) "Juvenile" means a person who is less than 18 years of age;
28 (b) "adult" means a person who is 18 years of age or older;
29 (c) "felony" means any crime designated a felony by the laws of
30 Kansas or the United States;

31 (d) "misdemeanor" means any crime designated a misdemeanor by
32 the laws of Kansas or the United States;

33 (e) "school day" means any day on which school is maintained;

34 (f) "school year" has the meaning ascribed thereto in ~~K.S.A. 2016~~
35 ~~Supp. 72-6464 section 3~~, and amendments thereto;

36 (g) "counsel" means any person a pupil selects to represent and
37 advise the pupil at all proceedings conducted pursuant to the provisions of
38 this act; and

39 (h) "principal witness" means any witness whose testimony is of
40 major importance in support of the charges upon which a proposed
41 suspension or expulsion from school is based, or in determination of
42 material questions of fact.

43 Sec. 88. K.S.A. 2016 Supp. 72-99a02 is hereby amended to read as

1 follows: 72-99a02. As used in the tax credit for low income students
2 scholarship program act:

3 (a) "Contributions" means monetary gifts or donations and in-kind
4 contributions, gifts or donations that have an established market value.

5 (b) "Department" means the Kansas department of revenue.

6 (c) "Educational scholarship" means an amount not to exceed \$8,000
7 per school year provided to an eligible student, or to a qualified school
8 with respect to an eligible student, to cover all or a portion of the costs of
9 education including tuition, fees and expenses of a qualified school and, if
10 applicable, the costs of transportation to a qualified school if provided by
11 such qualified school.

12 (d) "Eligible student" means a child who:

13 (1) (A) ~~Qualifies as an at-risk pupil as defined in K.S.A. 72-6407,~~
14 ~~prior to its repeal, and who is attending a public school whose family~~
15 ~~household income does not exceed 185% of the federal poverty level~~
16 ~~established under the most recent poverty income guidelines published in~~
17 ~~the calendar year by the United States department of health and human~~
18 ~~services; or (B) has been eligible to receive an educational scholarship~~
19 ~~under this program and has not graduated from high school or reached 21~~
20 ~~years of age;~~

21 (2) *who resides in Kansas while eligible for an educational*
22 *scholarship; and*

23 (3) ~~(A) was enrolled in any public school in the previous school year~~
24 ~~in which an educational scholarship is first sought for the child; or (B) is~~
25 ~~eligible to be enrolled in any public school in the school year in which an~~
26 ~~educational scholarship is first sought for the child and the child is under~~
27 ~~the age of six years who has not graduated from high school or reached~~
28 ~~21 years of age.~~

29 (e) "Parent" includes a guardian, custodian or other person with
30 authority to act on behalf of the child.

31 (f) "Program" means the tax credit for low income students
32 scholarship program established in K.S.A. 2016 Supp. 72-99a01 through
33 72-99a07, and amendments thereto.

34 (g) "Public school" means a school that ~~would qualify as either a title~~
35 ~~I focus school or a title I priority school as described by the state board~~
36 ~~under the elementary and secondary education act flexibility waiver as~~
37 ~~amended in January 2013 and is operated by a school district.~~

38 (h) "Qualified school" means any nonpublic school that provides
39 education to elementary or secondary students, has notified the state board
40 of its intention to participate in the program and complies with the
41 requirements of the program.

42 (i) "Scholarship granting organization" means an organization that
43 complies with the requirements of this program and provides educational

1 scholarships to eligible students or to qualified schools in which parents
2 have enrolled eligible students.

3 (j) "School district" or "district" means any unified school district
4 organized and operating under the laws of this state.

5 (k) "School year" shall have the meaning ascribed thereto in ~~K.S.A.~~
6 ~~2016 Supp. 72-6464~~ section 3, and amendments thereto.

7 (l) "Secretary" means the secretary of revenue.

8 (m) "State board" means the state board of education.

9 Sec. 89. K.S.A. 2016 Supp. 72-99a03 is hereby amended to read as
10 follows: 72-99a03. (a) There is hereby established the tax credit for low
11 income students scholarship program. The program shall provide eligible
12 students with an opportunity to attend schools of their parents' choice.

13 (b) Each scholarship granting organization shall issue a receipt, in a
14 form prescribed by the secretary, to each contributing taxpayer indicating
15 the value of the contribution received. Each taxpayer shall provide a copy
16 of such receipt when claiming the tax credit established in K.S.A. 2016
17 Supp. 72-99a07, and amendments thereto.

18 (c) Prior to awarding an educational scholarship with respect to an
19 eligible student, ~~unless such student is under the age of six years,~~ the
20 scholarship granting organization shall receive written verification from
21 the state board that such student is an eligible student under this program,
22 provided the state board and the board of education of the school district in
23 which the eligible student was enrolled the previous school year have *has*
24 received written consent from such eligible student's parent authorizing the
25 release of such information.

26 (d) Upon receipt of information in accordance with K.S.A. 2016
27 Supp. 72-99a04(a)(2), and amendments thereto, the state board shall
28 inform the scholarship granting organization whether an educational
29 scholarship has been awarded by another scholarship granting organization
30 with respect to the eligible student.

31 (e) In each school year, no more than \$8,000 in educational
32 scholarships may be awarded under this program with respect to an
33 eligible student.

34 Sec. 90. K.S.A. 2016 Supp. 72-99a04 is hereby amended to read as
35 follows: 72-99a04. (a) To be eligible to participate in the program, a
36 scholarship granting organization shall comply with the following:

37 (1) The scholarship granting organization shall notify the secretary
38 and the state board of the scholarship granting organization's intent to
39 provide educational scholarships;

40 (2) upon granting an educational scholarship, the scholarship granting
41 organization shall report such information to the state board;

42 (3) the scholarship granting organization shall provide verification to
43 the secretary that the scholarship granting organization is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code of 1986;

3 (4) upon receipt of contributions in an aggregate amount or value in
4 excess of \$50,000 during a school year, a scholarship granting
5 organization shall file with the state board either:

6 (A) A surety bond payable to the state in an amount equal to the
7 aggregate amount of contributions expected to be received during the
8 school year; or

9 (B) financial information demonstrating the scholarship granting
10 organization's ability to pay an aggregate amount equal to the amount of
11 the contributions expected to be received during the school year, which
12 must be reviewed and approved of in writing by the state board;

13 (5) scholarship granting organizations that provide other nonprofit
14 services in addition to providing educational scholarships shall not
15 commingle contributions made under the program with other contributions
16 made to such organization. A scholarship granting organization under this
17 subsection shall also file with the state board, prior to the commencement
18 of each school year, either:

19 (A) A surety bond payable to the state in an amount equal to the
20 aggregate amount of contributions expected to be received during the
21 school year; or

22 (B) financial information demonstrating the nonprofit organization's
23 ability to pay an aggregate amount equal to the amount of the
24 contributions expected to be received during the school year, which must
25 be reviewed and approved of in writing by the state board;

26 (6) each qualified school receiving educational scholarships from the
27 scholarship granting organization shall annually certify to the scholarship
28 granting organization its compliance with the requirements of the program;

29 (7) at the end of the calendar year, the scholarship granting
30 organization shall have its accounts examined and audited by a certified
31 public accountant. Such audit shall include, but not be limited to,
32 information verifying that the educational scholarships awarded by the
33 scholarship granting organization were distributed to qualified schools
34 with respect to eligible students determined by the state board under
35 K.S.A. 2016 Supp. 72-99a03(c), and amendments thereto, and information
36 specified in this section. Prior to filing a copy of the audit with the state
37 board, such audit shall be duly verified and certified by a certified public
38 accountant; and

39 (8) if a scholarship granting organization decides to limit the number
40 or type of qualified schools who will receive educational scholarships, the
41 scholarship granting organization shall provide, in writing, the name or
42 names of those qualified schools to any contributor and the state board.

43 (b) No scholarship granting organization shall provide an educational

1 scholarship with respect to any eligible student to attend any qualified
2 school with paid staff or ~~paid~~ board members, or relatives thereof, in
3 common with the scholarship granting organization.

4 (c) The scholarship granting organization shall disburse not less than
5 90% of contributions received pursuant to the program in the form of
6 educational scholarships within 36 months of receipt of such contributions.
7 If such contributions have not been disbursed within the applicable 36-
8 month time period, then the scholarship granting organization shall not
9 accept new contributions until 90% of the received contributions have
10 been disbursed in the form of educational scholarships. Any income earned
11 from contributions must be disbursed in the form of educational
12 scholarships.

13 (d) (1) A scholarship granting organization may continue to provide
14 an educational scholarship with respect to a student who was an eligible
15 student in the year immediately preceding the current school year.

16 (2) *When distributing educational scholarships, a scholarship*
17 *granting organization shall give priority to those eligible students who*
18 *received an educational scholarship to attend a qualified school in the*
19 *year immediately preceding the current school year.*

20 (e) A scholarship granting organization shall direct payments of
21 educational scholarships to the qualified school attended by the eligible
22 student or in which the eligible student is enrolled. Payment may be made
23 by check made payable to both the parent and the qualified school or to
24 only the qualified school. *Payments shall be made in two installments.*
25 *One installment payment shall be made on or before the 31st calendar day*
26 *of the first semester and one installment payment shall be made on or*
27 *before the 31st calendar day of the second semester.* If an eligible student
28 transfers to a new qualified school during a school year, the scholarship
29 granting organization shall direct payment in a prorated amount to the
30 original qualified school and the new qualified school based on the eligible
31 student's attendance. If the eligible student transfers to a public school and
32 enrolls in such public school after September 20 of the current school year,
33 the scholarship granting organization shall direct payment in a prorated
34 amount to the original qualified school and the public school based on the
35 eligible student's attendance. The prorated amount to the public school
36 shall be considered a donation and shall be paid to the school district of
37 such public school in accordance with K.S.A. 72-8210, and amendments
38 thereto.

39 (f) By June 1 of each year, a scholarship granting organization shall
40 submit a report to the state board for the educational scholarships provided
41 in the immediately preceding 12 months. Such report shall be in a form
42 and manner as prescribed by the state board, approved and signed by a
43 certified public accountant, and shall contain the following information:

- 1 (1) The name and address of the scholarship granting organization;
- 2 (2) the name and address of each eligible student with respect to
3 whom an educational scholarship was awarded by the scholarship granting
4 organization;
- 5 (3) the total number and total dollar amount of contributions received
6 during the 12-month reporting period; and
- 7 (4) the total number and total dollar amount of educational
8 scholarships awarded during the 12-month reporting period and the total
9 number and total dollar amount of educational scholarships awarded
10 during the 12-month reporting period with respect to eligible students who
11 qualified under K.S.A. 2016 Supp. 72-99a02(d), and amendments thereto.

12 (g) No scholarship granting organization shall:

- 13 (1) Provide an educational scholarship with respect to an eligible
14 student that is established by funding from any contributions made by any
15 relative of such eligible student; or
- 16 (2) accept a contribution from any source with the express or implied
17 condition that such contribution be directed toward an educational
18 scholarship for a particular eligible student.

19 Sec. 91. K.S.A. 2016 Supp. 72-99a07 is hereby amended to read as
20 follows: 72-99a07. (a) (1) There shall be allowed a credit against the
21 corporate income tax liability imposed upon a taxpayer pursuant to the
22 Kansas income tax act, the privilege tax liability imposed upon a taxpayer
23 pursuant to the privilege tax imposed upon any national banking
24 association, state bank, trust company or savings and loan association
25 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
26 amendments thereto, and the premium tax liability imposed upon a
27 taxpayer pursuant to the premiums tax and privilege fees imposed upon an
28 insurance company pursuant to K.S.A. 40-252, and amendments thereto,
29 for tax years commencing after December 31, 2014, *and ending before*
30 *January 1, 2017*, an amount equal to 70% of the amount contributed to a
31 scholarship granting organization authorized pursuant to K.S.A. 2016
32 Supp. 72-99a01 et seq., and amendments thereto.

33 (2) *There shall be allowed a credit against the tax liability imposed*
34 *upon a taxpayer pursuant to the Kansas income tax act, the privilege tax*
35 *liability imposed upon a taxpayer pursuant to the privilege tax imposed*
36 *upon any national banking association, state bank, trust company or*
37 *savings and loan association pursuant to article 11 of chapter 79 of the*
38 *Kansas Statutes Annotated, and amendments thereto, and the premium tax*
39 *liability imposed upon a taxpayer pursuant to the premiums tax and*
40 *privilege fees imposed upon an insurance company pursuant to K.S.A. 40-*
41 *252, and amendments thereto, for tax years commencing after December*
42 *31, 2016, an amount equal to 90% of the amount contributed to a*
43 *scholarship granting organization authorized pursuant to K.S.A. 2016*

1 *Supp. 72-99a01 et seq., and amendments thereto.*

2 (b) The credit shall be claimed and deducted from the taxpayer's tax
3 liability during the tax year in which the contribution was made to any
4 such scholarship granting organization.

5 (c) *No credit shall be allowed to any taxpayer who designates such*
6 *taxpayer's contribution to a scholarship granting organization, or any*
7 *portion thereof, for the direct benefit of any dependent of such taxpayer, or*
8 *who designates a student beneficiary as a condition of the contribution to*
9 *a scholarship granting organization. No credit shall be allowed to any*
10 *taxpayer who, with the intent to benefit a dependent of the taxpayer,*
11 *agrees with one or more other taxpayers to designate each taxpayer's*
12 *contribution to a scholarship granting organization, or any portion*
13 *thereof, for the direct benefit of any dependent of such taxpayer.*

14 ~~(e) (d)~~ For each tax year tax years 2015 and 2016, in no event shall
15 the total amount of credits allowed under this section exceed \$10,000,000
16 for any one tax year. ~~Except as otherwise provided, the allocation of such~~
17 ~~tax credits for each scholarship granting organization shall be determined~~
18 ~~by the scholarship granting organization in consultation with the secretary,~~
19 ~~and such determination shall be completed prior to the issuance of any tax~~
20 ~~credits pursuant to this section~~ Beginning in tax year 2017, the total
21 amount of credits allowed under this section shall be \$10,000,000, except
22 that in any tax year when the total amount of credits awarded is equal to
23 or greater than 95% of the total amount of credits allowed, the total
24 amount of credits allowed under this section for the next succeeding tax
25 year shall increase by 25%. Such increase in the amount of tax credits
26 allowed shall apply to all succeeding tax years unless otherwise further
27 increased pursuant to the provisions of this subsection. The state
28 department of education and the department of revenue shall publish
29 information on their websites identifying the total amount of credits
30 allowed under this section.

31 ~~(d)~~ (e) If the amount of any such tax credit claimed by a taxpayer
32 exceeds the taxpayer's income, privilege or premium tax liability, such
33 excess amount may be carried over for deduction from the taxpayer's
34 income, privilege or premium tax liability in the next succeeding year or
35 years until the total amount of the credit has been deducted from tax
36 liability.

37 ~~(e)~~ (f) The secretary shall adopt rules and regulations regarding filing
38 of documents that support the amount of credit claimed pursuant to this
39 section.

40 Sec. 92. K.S.A. 2016 Supp. 74-4939a is hereby amended to read as
41 follows: 74-4939a. On and after the effective date of this act for each fiscal
42 year commencing with fiscal year 2005, notwithstanding the provisions of
43 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys

1 appropriated for the department of education from the state general fund
2 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,
3 by appropriation act of the legislature, in the KPERS — employer
4 contributions account and all moneys appropriated for the department of
5 education from the state general fund or any special revenue fund for each
6 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year
7 thereafter, by any such appropriation act in that account or any other
8 account for payment of employer contributions for school districts, shall
9 be distributed by the department of education to school districts in
10 accordance with this section. Notwithstanding the provisions of K.S.A. 74-
11 4939, and amendments thereto, ~~for school year 2015-2016, the department~~
12 ~~of education shall disburse to each school district that is an eligible~~
13 ~~employer as specified in K.S.A. 74-4931(1), and amendments thereto, an~~
14 ~~amount in accordance with K.S.A. 2016 Supp. 72-6465(a)(6), and~~
15 ~~amendments thereto, which shall be disbursed pursuant to K.S.A. 2016~~
16 ~~Supp. 72-6465, and amendments thereto. Notwithstanding the provisions~~
17 ~~of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,~~
18 ~~the department of education shall disburse to each school district that is an~~
19 ~~eligible employer as specified in K.S.A. 74-4931(1), and amendments~~
20 ~~thereto, an amount in accordance with K.S.A. 2016 Supp. 72-6465(b)(4),~~
21 ~~and amendments thereto, which shall be disbursed pursuant to K.S.A.~~
22 ~~2016 Supp. 72-6465, and amendments thereto certified by the board of~~
23 ~~trustees of the Kansas public employees retirement system that is equal to~~
24 ~~the participating employer's obligation of such school district to the~~
25 ~~system in accordance with policies and procedures that are hereby~~
26 ~~authorized and directed to be adopted by the state board of education for~~
27 ~~the purposes of this section and in accordance with any requirements~~
28 ~~prescribed by the board of trustees of the Kansas public employees~~
29 ~~retirement system, and that shall be disbursed pursuant to section 4(a)(6),~~
30 ~~and amendments thereto, as applicable to such school district. Upon~~
31 receipt of each such disbursement of moneys, the school district shall
32 deposit the entire amount thereof into a special retirement contributions
33 fund of the school district, which shall be established by the school district
34 in accordance with such policies and procedures and which shall be used
35 for the sole purpose of receiving such disbursements from the department
36 of education and making the remittances to the system in accordance with
37 this section and such policies and procedures. Upon receipt of each such
38 disbursement of moneys from the department of education, the school
39 district shall remit, in accordance with the provisions of such policies and
40 procedures and in the manner and on the date or dates prescribed by the
41 board of trustees of the Kansas public employees retirement system, an
42 equal amount to the Kansas public employees retirement system from the
43 special retirement contributions fund of the school district to satisfy such

1 school district's obligation as a participating employer. Notwithstanding
2 the provisions of K.S.A. 74-4939, and amendments thereto, each school
3 district that is an eligible employer as specified in K.S.A. 74-4931(1), and
4 amendments thereto, shall show within the budget of such school district
5 all amounts received from disbursements into the special retirement
6 contributions fund of such school district. Notwithstanding the provisions
7 of any other statute, no official action of the school board of such school
8 district shall be required to approve a remittance to the system in
9 accordance with this section and such policies and procedures. All
10 remittances of moneys to the system by a school district in accordance
11 with this subsection and such policies and procedures shall be deemed to
12 be expenditures of the school district.

13 Sec. 93. K.S.A. 2016 Supp. 74-8925 is hereby amended to read as
14 follows: 74-8925. (a) For the purposes of this act, the term "taxing
15 subdivision" shall include the county, the city, the unified school district
16 and any other taxing subdivision levying real property taxes, the territory
17 or jurisdiction of which includes any currently existing or subsequently
18 created redevelopment district. The term "real property taxes" includes all
19 taxes levied on an ad valorem basis upon land and improvements thereon,
20 other than the property tax levied pursuant to the provisions of ~~K.S.A.~~
21 ~~2016 Supp. 72-6470 section 15~~, and amendments thereto, or any other
22 property tax levied by or on behalf of a school district.

23 (b) All tangible taxable property located within a redevelopment
24 district shall be assessed and taxed for ad valorem tax purposes pursuant to
25 law in the same manner that such property would be assessed and taxed if
26 located outside such district, and all ad valorem taxes levied on such
27 property shall be paid to and collected by the county treasurer in the same
28 manner as other taxes are paid and collected. Except as otherwise provided
29 in this section, the county treasurer shall distribute such taxes as may be
30 collected in the same manner as if such property were located outside a
31 redevelopment district. Each redevelopment district established under the
32 provisions of this act shall constitute a separate taxing unit for the purpose
33 of the computation and levy of taxes.

34 (c) Beginning with the first payment of taxes which are levied
35 following the date of approval of any redevelopment district established
36 pursuant to K.S.A. 74-8921, and amendments thereto, real property taxes
37 received by the county treasurer resulting from taxes which are levied
38 subject to the provisions of this act by and for the benefit of a taxing
39 subdivision, as herein defined, on property located within such
40 redevelopment district constituting a separate taxing unit under the
41 provisions of this section, shall be divided as follows:

42 (1) From the taxes levied each year subject to the provisions of this
43 act by or for each of the taxing subdivisions upon property located within a

1 redevelopment district constituting a separate taxing unit under the
2 provisions of this act, the county treasurer first shall allocate and pay to
3 each such taxing subdivision all of the real property taxes collected which
4 are produced from that portion of the current assessed valuation of such
5 real property located within such separate taxing unit which is equal to the
6 total assessed value of such real property on the date of the establishment
7 of the redevelopment district.

8 (2) Any real property taxes produced from that portion of the current
9 assessed valuation of real property within the redevelopment district
10 constituting a separate taxing unit under the provisions of this section in
11 excess of an amount equal to the total assessed value of such real property
12 on the effective date of the establishment of the district shall be allocated
13 and paid by the county treasurer according to specified percentages of the
14 tax increment expressly agreed upon and consented to by the governing
15 bodies of the county and school district in which the redevelopment
16 district is located. The amount of the real property taxes allocated and
17 payable to the authority under the agreement shall be paid by the county
18 treasurer to the treasurer of the state. The remaining amount of the real
19 property taxes not payable to the authority shall be allocated and paid in
20 the same manner as other ad valorem taxes. Any real property taxes paid to
21 the state treasurer under this section shall be deposited in the
22 redevelopment bond finance fund of the authority which is created
23 pursuant to K.S.A. 74-8927, and amendments thereto, to pay the costs of
24 any approved redevelopment project, including the payment of principal of
25 and interest on any bonds issued by the authority to finance, in whole or in
26 part, such project. When such bonds and interest thereon have been paid,
27 all moneys thereafter received from real property taxes within such
28 redevelopment district shall be allocated and paid to the respective taxing
29 subdivisions in the same manner as are other ad valorem taxes. If such
30 bonds and interest thereon have been paid before the completion of a
31 project, the authority may continue to use such moneys for any purpose
32 authorized by the redevelopment agreement until such time as the project
33 costs are paid or reimbursed, but for a period not to exceed the final
34 scheduled maturity of the bonds.

35 (d) In any redevelopment plan or in the proceedings for the issuing of
36 any bonds by the authority to finance a project, the property tax increment
37 portion of taxes provided for in subsection (c)(2) may be irrevocably
38 pledged for the payment of the principal of and interest on such bonds. The
39 authority may adopt a redevelopment plan in which only a specified
40 percentage of the tax increment realized from taxpayers in the
41 redevelopment district is pledged to the payment of costs.

42 Sec. 94. K.S.A. 2016 Supp. 74-99b43 is hereby amended to read as
43 follows: 74-99b43. (a) The Kansas development finance authority is

1 hereby authorized to issue special obligation bonds pursuant to K.S.A. 74-
2 8901 et seq., and amendments thereto, in one or more series to finance the
3 undertaking of any bioscience development project in accordance with the
4 provisions of this act. No special obligation bonds may be issued pursuant
5 to this section unless the Kansas development finance authority has
6 received a resolution of the board of the authority requesting the issuance
7 of such bonds. Such special obligation bonds shall be made payable, both
8 as to principal and interest from one or more of the following, as directed
9 by the authority:

10 (1) From ad valorem tax increments allocated to, and paid into the
11 bioscience development bond fund for the payment of the project costs of
12 a bioscience development project under the provisions of this section;

13 (2) from any private sources, contributions or other financial
14 assistance from the state or federal government;

15 (3) from a pledge of a portion or all of the revenue received from
16 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696 et
17 seq., 79-3601 et seq., 79-3701 et seq. and 12-187 et seq., and amendments
18 thereto, and which are collected from taxpayers doing business within that
19 portion of the bioscience development district and paid into the bioscience
20 development bond fund;

21 (4) from a pledge of a portion or all increased revenue received by
22 any city from franchise fees collected from utilities and other businesses
23 using public right-of-way within the bioscience development district; or

24 (5) by any combination of these methods.

25 (b) All tangible taxable property located within a bioscience
26 development district shall be assessed and taxed for ad valorem tax
27 purposes pursuant to law in the same manner that such property would be
28 assessed and taxed if located outside such district, and all ad valorem taxes
29 levied on such property shall be paid to and collected by the county
30 treasurer in the same manner as other taxes are paid and collected. Except
31 as otherwise provided in this section, the county treasurer shall distribute
32 such taxes as may be collected in the same manner as if such property
33 were located outside a bioscience development district. Each bioscience
34 development district established under the provisions of this act shall
35 constitute a separate taxing unit for the purpose of the computation and
36 levy of taxes.

37 (c) Beginning with the first payment of taxes which are levied
38 following the date of the establishment of the bioscience development
39 district real property taxes received by the county treasurer resulting from
40 taxes which are levied subject to the provisions of this act by and for the
41 benefit of a taxing subdivision, as defined in K.S.A. 2016 Supp. 12-1770a,
42 and amendments thereto, on property located within such bioscience
43 development district constituting a separate taxing unit under the

1 provisions of this section, shall be divided as follows:

2 (1) From the taxes levied each year subject to the provisions of this
3 act by or for each of the taxing subdivisions upon property located within a
4 bioscience development district constituting a separate taxing unit under
5 the provisions of this act, the county treasurer first shall allocate and pay to
6 each such taxing subdivision all of the real property taxes collected which
7 are produced from the base year assessed valuation.

8 (2) Any real property taxes, except for property taxes levied for
9 schools pursuant to ~~K.S.A. 2016 Supp. 72-6470~~ *section 15*, and
10 amendments thereto, produced from that portion of the current assessed
11 valuation of real property within the bioscience development district
12 constituting a separate taxing unit under the provisions of this section in
13 excess of the base year assessed valuation shall be allocated and paid by
14 the county treasurer to the bioscience development bond fund to pay the
15 bioscience development project costs including the payment of principal
16 and interest on any special obligation bonds to finance, in whole or in part,
17 such bioscience development projects.

18 (d) The authority may pledge the bioscience development bond fund
19 or other available revenue to the repayment of such special obligation
20 bonds prior to, simultaneously with, or subsequent to the issuance of such
21 special obligation bonds.

22 (e) Any bonds issued under the provisions of this act and the interest
23 paid thereon, unless specifically declared to be taxable in the authorizing
24 resolution of the Kansas development finance authority, shall be exempt
25 from all state, county and municipal taxes, and the exemption shall include
26 income, estate and property taxes.

27 Sec. 95. K.S.A. 2016 Supp. 75-2319 is hereby amended to read as
28 follows: 75-2319. (a) There is hereby established in the state treasury the
29 school district capital improvements fund. The fund shall consist of all
30 amounts transferred thereto under the provisions of subsection (c).

31 (b) *Subject to the provisions of subsection (e)*, in each school year,
32 each school district which is obligated to make payments from its capital
33 improvements fund shall ~~be entitled to~~ receive payment from the school
34 district capital improvements fund in an amount determined by the state
35 board of education as provided in this subsection.

36 (1) For general obligation bonds approved for issuance at an election
37 held prior to July 1, 2015, the state board of education shall:

38 (A) Determine the amount of the assessed valuation per pupil (AVPP)
39 of each school district in the state and round such amount to the nearest
40 \$1,000. The rounded amount is the AVPP of a school district for the
41 purposes of this subsection (b)(1);

42 (B) determine the median AVPP of all school districts;

43 (C) prepare a schedule of dollar amounts using the amount of the

1 median AVPP of all school districts as the point of beginning. The
2 schedule of dollar amounts shall range upward in equal \$1,000 intervals
3 from the point of beginning to and including an amount that is equal to the
4 amount of the AVPP of the school district with the highest AVPP of all
5 school districts and shall range downward in equal \$1,000 intervals from
6 the point of beginning to and including an amount that is equal to the
7 amount of the AVPP of the school district with the lowest AVPP of all
8 school districts;

9 (D) determine a state aid percentage factor for each school district by
10 assigning a state aid computation percentage to the amount of the median
11 AVPP shown on the schedule, decreasing the state aid computation
12 percentage assigned to the amount of the median AVPP by one percentage
13 point for each \$1,000 interval above the amount of the median AVPP, and
14 increasing the state aid computation percentage assigned to the amount of
15 the median AVPP by one percentage point for each \$1,000 interval below
16 the amount of the median AVPP. Except as provided by K.S.A. 2016 Supp.
17 75-2319c, and amendments thereto, the state aid percentage factor of a
18 school district is the percentage assigned to the schedule amount that is
19 equal to the amount of the AVPP of the school district. The state aid
20 percentage factor of a school district shall not exceed 100%. The state aid
21 computation percentage is 25%;

22 (E) determine the amount of payments that a school district is
23 obligated to make from its bond and interest fund attributable to general
24 obligation bonds approved for issuance at an election held prior to July 1,
25 2015; and

26 (F) multiply the amount determined under subsection (b)(1)(E) by the
27 applicable state aid percentage factor.

28 (2) For general obligation bonds approved for issuance at an election
29 held on or after July 1, 2015, *but prior to January 1, 2017*, the state board
30 of education shall:

31 (A) Determine the amount of the AVPP of each school district in the
32 state and round such amount to the nearest \$1,000. The rounded amount is
33 the AVPP of a school district for the purposes of this subsection (b)(2);

34 (B) prepare a schedule of dollar amounts using the amount of the
35 AVPP of the school district with the lowest AVPP of all school districts as
36 the point of beginning. The schedule of dollar amounts shall range upward
37 in equal \$1,000 intervals from the point of beginning to and including an
38 amount that is equal to the amount of the AVPP of the school district with
39 the highest AVPP of all school districts;

40 (C) determine a state aid percentage factor for each school district by
41 assigning a state aid computation percentage to the amount of the lowest
42 AVPP shown on the schedule and decreasing the state aid computation
43 percentage assigned to the amount of the lowest AVPP by one percentage

1 point for each \$1,000 interval above the amount of the lowest AVPP.
2 Except as provided by K.S.A. 2016 Supp. 75-2319c, and amendments
3 thereto, the state aid percentage factor of a school district is the percentage
4 assigned to the schedule amount that is equal to the amount of the AVPP of
5 the school district. The state aid computation percentage is 75%;

6 (D) determine the amount of payments that a school district is
7 obligated to make from its bond and interest fund attributable to general
8 obligation bonds approved for issuance at an election held on or after July
9 1, 2015; and

10 (E) multiply the amount determined under subsection (b)(2)(D) by
11 the applicable state aid percentage factor.

12 (3) For general obligation bonds approved for issuance at an election
13 held on or before June 30, 2016, the sum of the amount determined under
14 subsection (b)(1)(F) and the amount determined under subsection (b)(2)(E)
15 is the amount of payment the school district ~~is entitled to~~ shall receive
16 from the school district capital improvements fund in the school year.

17 (4) For general obligation bonds approved for issuance at an election
18 held on or after July 1, 2016, ~~the amount determined under subsection (b)~~
19 ~~(2)(E) is the amount of payment the school district shall receive from the~~
20 ~~school district capital improvements fund in the school year, except the~~
21 ~~total amount of payments school districts receive from the school district~~
22 ~~capital improvements fund in the school year for such bonds shall not~~
23 ~~exceed the six-year average amount of capital improvement state aid as~~
24 ~~determined by the state board of education.~~(A) The state board of
25 education shall determine the six-year average amount of capital
26 improvement state aid by calculating the average of the total amount of
27 moneys expended per year from the school district capital improvements
28 fund in the immediately preceding six fiscal years, not to include the
29 current fiscal year.

30 (B) (i) ~~Subject to clause (ii), the state board of education shall~~
31 ~~prioritize the allocations to school districts from the school district capital~~
32 ~~improvements fund in accordance with the priorities set forth as follows in~~
33 ~~order of highest priority to lowest priority:~~

34 (a) Safety of the current facility and disability access to such facility
35 as demonstrated by a state fire marshal report, an inspection under the
36 Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar
37 evaluation;

38 (b) enrollment growth and imminent overcrowding as demonstrated
39 by successive increases in enrollment of the school district in the
40 immediately preceding three school years;

41 (c) impact on the delivery of educational services as demonstrated by
42 restrictive inflexible design or limitations on installation of technology;
43 and

1 ~~(d) energy usage and other operational inefficiencies as demonstrated~~
2 ~~by a district-wide energy usage analysis, district-wide architectural~~
3 ~~analysis or other similar evaluation.~~

4 ~~(ii) In allocating capital improvement state aid, the state board shall~~
5 ~~give higher priority to those school districts with a lower AVPP compared~~
6 ~~to the other school districts that are to receive capital improvement state~~
7 ~~aid under this section.~~

8 ~~(C) On and after July 1, 2016, The state board of education shall~~
9 ~~approve the amount of state aid payments a school district shall receive~~
10 ~~from the school district capital improvements fund pursuant to subsection~~
11 ~~(b)(5) prior to an election to approve the issuance of general obligation~~
12 ~~bonds January 1, 2017, subject to the provisions of section 29, and~~
13 ~~amendments thereto, the state board shall:~~

14 ~~(A) Determine the amount of the AVPP of each school district in the~~
15 ~~state and round such amount to the nearest \$1,000. The rounded amount is~~
16 ~~the AVPP of a school district for the purposes of this subsection (b)(4);~~

17 ~~(B) prepare a schedule of dollar amounts using the amount of the~~
18 ~~AVPP of the school district with the lowest AVPP of all school districts as~~
19 ~~the point of beginning. The schedule of dollar amounts shall range upward~~
20 ~~in equal \$1,000 intervals from the point of beginning to and including an~~
21 ~~amount that is equal to the amount of the AVPP of the school district with~~
22 ~~the highest AVPP of all school districts;~~

23 ~~(C) determine a state aid percentage factor for each school district~~
24 ~~by assigning a state aid computation percentage to the amount of the~~
25 ~~lowest AVPP shown on the schedule and decreasing the state aid~~
26 ~~computation percentage assigned to the amount of the lowest AVPP by one~~
27 ~~percentage point for each \$1,000 interval above the amount of the lowest~~
28 ~~AVPP. Except as provided by K.S.A. 2016 Supp. 75-2319c, and~~
29 ~~amendments thereto, the state aid percentage factor of a school district is~~
30 ~~the percentage assigned to the schedule amount that is equal to the~~
31 ~~amount of the AVPP of the school district. The state aid computation~~
32 ~~percentage is 75%;~~

33 ~~(D) determine the amount of payments that a school district is~~
34 ~~obligated to make from its bond and interest fund attributable to general~~
35 ~~obligation bonds approved for issuance at an election held on or after~~
36 ~~January 1, 2017;~~

37 ~~(E) multiply the amount determined under subsection (b)(4)(D) by~~
38 ~~the applicable state aid percentage factor; and~~

39 ~~(F) multiply the amount calculated under subsection (b)(4)(E) by the~~
40 ~~percentage certified by the joint committee on state building construction~~
41 ~~pursuant to section 29, and amendments thereto, if any.~~

42 ~~(5) The sum of the amounts determined under subsection (b)(3) and~~
43 ~~the amount determined or allocated to the district by the state board of~~

1 education pursuant to *under* subsection (b)(4), is the amount of payment
2 the school district is entitled to *shall* receive from the school district
3 capital improvements fund in the school year.

4 (c) The state board of education shall certify to the director of
5 accounts and reports the ~~entitlements of school districts~~ *total amount of*
6 *capital improvement state aid school districts are to receive* as determined
7 under ~~the provisions of~~ subsection (b), and an amount equal thereto shall
8 be transferred by the director from the state general fund to the school
9 district capital improvements fund for distribution to school districts. All
10 transfers made in accordance with the provisions of this subsection shall
11 be considered to be demand transfers from the state general fund, except
12 that all such transfers during the fiscal years ending June 30, 2013, June
13 30, 2014, June 30, 2015, and June 30, 2016, shall be considered to be
14 revenue transfers from the state general fund.

15 (d) Payments from the school district capital improvements fund shall
16 be distributed to school districts at times determined by the state board of
17 education to be necessary to assist school districts in making scheduled
18 payments pursuant to contractual bond obligations. The state board of
19 education shall certify to the director of accounts and reports the amount
20 due each school district entitled to payment from the fund, and the director
21 of accounts and reports shall draw a warrant on the state treasurer payable
22 to the treasurer of the school district. Upon receipt of the warrant, the
23 treasurer of the school district shall credit the amount thereof to the bond
24 and interest fund of the school district to be used for the purposes of such
25 fund.

26 (e) The provisions of this section apply only to contractual
27 obligations incurred by school districts pursuant to general obligation
28 bonds issued upon approval of a majority of the qualified electors of the
29 school district voting at an election upon the question of the issuance of
30 such bonds.

31 ~~(f) On or before the first day of the legislative session in 2017, and~~
32 ~~each year thereafter, the state board of education shall prepare and submit~~
33 ~~a report to the legislature that includes information on school district~~
34 ~~elections held on or after July 1, 2016, to approve the issuance of general~~
35 ~~obligation bonds and the amount of payments school districts were~~
36 ~~approved to receive from the school district capital improvements fund~~
37 ~~pursuant to subsection (b)(4)(C).~~

38 Sec. 96. K.S.A. 2016 Supp. 75-6506 is hereby amended to read as
39 follows: 75-6506. (a) The participation of a person qualified to participate
40 in the state health care benefits program shall be voluntary, and the cost of
41 the state health care benefits program for such person shall be established
42 by the Kansas state employees health care commission.

43 (b) Periodic deductions from state payrolls may be made in

1 accordance with procedures prescribed by the secretary of administration
2 to cover the costs of the state health care benefits program payable by
3 persons who are on the state payroll when authorized by such persons. Any
4 such periodic payroll deductions in effect on an implementation date for
5 biweekly payroll periods shall be collected in the manner prescribed by the
6 secretary of administration.

7 (c) In the event that the Kansas state employees health care
8 commission designates by rules and regulations a group of persons on the
9 payroll of a county, township, city, special district or other local
10 governmental entity, ~~public school district~~, licensed child care facility
11 operated by a not-for-profit corporation providing residential group foster
12 care for children and receiving reimbursement for all or part of such care
13 from the Kansas department for children and families, nonprofit
14 community mental health center, as provided in K.S.A. 19-4001 et seq.,
15 and amendments thereto, nonprofit community facility for people with
16 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
17 amendments thereto, or nonprofit independent living agency, as defined in
18 K.S.A. 65-5101, and amendments thereto, as qualified to participate in the
19 state health care benefits program, periodic deductions from payrolls of the
20 local governmental entity, ~~public school district~~, licensed child care facility
21 operated by a not-for-profit corporation providing residential group foster
22 care for children and receiving reimbursement for all or part of such care
23 from the Kansas department for children and families, nonprofit
24 community mental health center, as provided in K.S.A. 19-4001 et seq.,
25 and amendments thereto, nonprofit community facility for people with
26 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
27 amendments thereto, or nonprofit independent living agency, as defined in
28 K.S.A. 65-5101, and amendments thereto, may be made to cover the costs
29 of the state health care benefits program payable by such persons when
30 authorized by such persons. All such moneys deducted from payrolls shall
31 be remitted to the Kansas state employees health care commission in
32 accordance with the directions of the commission.

33 (d) Whenever the Kansas state employees health care commission
34 designates any entity listed in subsection (c) as qualified to participate in
35 the state health care benefits program, such entity's participation shall be
36 conditioned upon the following:

37 (1) At least 70% of such entity's employees shall participate in the
38 state health care plan;

39 (2) except as provided by paragraph (6) ~~of this subsection~~, the rate of
40 the premium paid by the entity as the employer's share of the total amount
41 of premium paid shall be at least equal to the rate paid by the state of
42 Kansas for its employees;

43 (3) the entity shall not create, maintain or permit any exemption from

1 participation in the state health care plan for such entity's employees;

2 (4) the rate charged to such entity shall be sufficient to pay for any
3 administrative or underwriting costs incurred by the state employees health
4 care commission;

5 (5) the rate charged to such entity shall not increase the rate of
6 premium paid by the state of Kansas for its employees;

7 (6) the entity shall elect to participate for a minimum of three
8 consecutive years in the state health care benefits program; and

9 (7) the commission may authorize an entity to pay less than the state
10 rate for the employee coverage for no more than three years and no more
11 than five years for dependent coverage on the condition that the entity
12 elects to participate for at least three consecutive years after first paying
13 the state rate for employee coverage.

14 Sec. 97. K.S.A. 2016 Supp. 75-6508 is hereby amended to read as
15 follows: 75-6508. (a) (1) Each state agency which has on its payroll
16 persons participating in the state health care benefits program shall pay
17 from any moneys available to the agency for such purpose an amount
18 specified by the Kansas state employees health care commission, including
19 any amounts prescribed under a cafeteria plan established under K.S.A.
20 75-6512, and amendments thereto. All such payments shall continue on the
21 behalf of employees otherwise eligible for participation in the state health
22 care benefits program in accordance with the continuation provisions of
23 the federal family and medical leave act of 1993, P.L. 103-03, 107 Stat. 6.
24 The commission may charge each state agency a uniform amount per
25 person as the cost to the agency for the state's contribution for persons
26 participating in the state health care benefits program. Such amounts may
27 include the costs of administering the program.

28 (2) In the event that the Kansas state employees health care
29 commission designates by rules and regulations a group of persons on the
30 payroll of a county, township, city, special district or other local
31 governmental entity, ~~public school district~~, licensed child care facility
32 operated by a not-for-profit corporation providing residential group foster
33 care for children and receiving reimbursement for all or part of such care
34 from the Kansas department for children and families, nonprofit
35 community mental health center, as provided in K.S.A. 19-4001 et seq.,
36 and amendments thereto, nonprofit community facility for people with
37 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
38 amendments thereto, or nonprofit independent living agency, as defined in
39 K.S.A. 65-5101, and amendments thereto, as qualified to participate in the
40 state health care benefits program, each local governmental entity, ~~public~~
41 ~~school district~~, licensed child care facility operated by a not-for-profit
42 corporation providing residential group foster care for children and
43 receiving reimbursement for all or part of such care from the Kansas

1 department for children and families, nonprofit community mental health
2 center, as provided in K.S.A. 19-4001 et seq., and amendments thereto,
3 nonprofit community facility for people with intellectual disability, as
4 provided in K.S.A. 19-4001 et seq., and amendments thereto, or nonprofit
5 independent living agency, as defined in K.S.A. 65-5101, and amendments
6 thereto, which has on its payroll persons participating in the state health
7 care benefits program shall pay from any moneys available to the local
8 governmental entity, ~~public school district~~, licensed child care facility
9 operated by a not-for-profit corporation providing residential group foster
10 care for children and receiving reimbursement for all or part of such care
11 from the Kansas department for children and families, nonprofit
12 community mental health center, as provided in K.S.A. 19-4001 et seq.,
13 and amendments thereto, nonprofit community facility for people with
14 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
15 amendments thereto, or nonprofit independent living agency, as defined in
16 K.S.A. 65-5101, and amendments thereto, for such purpose an amount
17 specified by the commission. The commission may charge each local
18 governmental entity, ~~public school district~~, licensed child care facility
19 operated by a not-for-profit corporation providing residential group foster
20 care for children and receiving reimbursement for all or part of such care
21 from the Kansas department for children and families, nonprofit
22 community mental health center, as provided in K.S.A. 19-4001 et seq.,
23 and amendments thereto, nonprofit community facility for people with
24 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
25 amendments thereto, or nonprofit independent living agency, as defined in
26 K.S.A. 65-5101, and amendments thereto, a uniform amount per person as
27 the cost to the local governmental entity, ~~public school district~~, licensed
28 child care facility operated by a not-for-profit corporation providing
29 residential group foster care for children and receiving reimbursement for
30 all or part of such care from the Kansas department for children and
31 families, nonprofit community mental health center, as provided in K.S.A.
32 19-4001 et seq., and amendments thereto, nonprofit community facility for
33 people with intellectual disability, as provided in K.S.A. 19-4001 et seq.,
34 and amendments thereto, or nonprofit independent living agency, as
35 defined in K.S.A. 65-5101, and amendments thereto, for the contribution
36 of the local governmental entity, ~~public school district~~, licensed child care
37 facility operated by a not-for-profit corporation providing residential group
38 foster care for children and receiving reimbursement for all or part of such
39 care from the Kansas department for children and families, nonprofit
40 community mental health center, as provided in K.S.A. 19-4001 et seq.,
41 and amendments thereto, nonprofit community facility for people with
42 intellectual disability, as provided in K.S.A. 19-4001 et seq., and
43 amendments thereto, or nonprofit independent living agency, as defined in

1 K.S.A. 65-5101, and amendments thereto, for persons participating in the
2 state health care benefits program. Such amounts may include the costs of
3 administering the program.

4 (b) Payments from public funds for coverage under the state health
5 care benefits program for persons participating in that program shall not be
6 deemed a payment or supplement of wages of such person notwithstanding
7 any other provision of law or rules and regulations relating to wages of any
8 such person.

9 Sec. 98. K.S.A. 2016 Supp. 75-6509 is hereby amended to read as
10 follows: 75-6509. Commencing with the regular session of the legislature
11 in 1985 and with each regular session of the legislature thereafter, the
12 Kansas state employees health care commission shall submit to the
13 president of the senate and to the speaker of the house of representatives,
14 on the day the governor's budget report is submitted to the legislature,
15 recommendations with respect to the state health care benefits program
16 together with estimates of the cost of the program proposed by the
17 commission, including a five-year projection of the cost of the program,
18 and the estimated cost of admitting each entity pursuant to ~~subsection (e)~~
19 ~~of K.S.A. 75-6506(c), and amendments thereto; and (2) recommendations~~
20 ~~with respect to the unified school district employee health care benefits~~
21 ~~program together with estimates of the cost of the program proposed by~~
22 ~~the commission, including a five-year projection of the cost of the~~
23 ~~program. Together with the recommendations submitted, the commission~~
24 ~~shall include alternatives for cost containment and benefit coverage for~~
25 ~~qualified persons for both the proposed-program programs and the five-~~
26 ~~year projected-program programs. The commission shall also submit any~~
27 ~~recommendations for legislation with respect to the state health care~~
28 ~~benefits program and the unified school district employee health care~~
29 ~~benefits program.~~

30 Sec. 99. K.S.A. 75-6510 is hereby amended to read as follows: 75-
31 6510. (a) In exercising and performing the powers, duties and functions
32 prescribed by K.S.A. 75-6501 ~~to 75-6511, inclusive through 75-6524, and~~
33 ~~sections 33 through 38, and amendments thereto,~~ the Kansas state
34 employees health care commission may adopt rules and regulations and
35 enter into such contracts as may be necessary.

36 (b) The Kansas state employees health care commission may
37 establish an advisory committee to advise the commission on matters
38 relating to health care benefits of state officers and employees *and school*
39 *district employees*, and to assist the commission in the development of
40 policy with respect to such benefits.

41 (c) The Kansas state employees health care commission shall
42 maintain an ongoing study and review of the state health care benefits
43 program *and the unified school district employee health care benefits*

1 *program* in order to make necessary improvements therein and to make
2 recommendations thereon under K.S.A. 75-6509, *and amendments thereto*.

3 Sec. 100. K.S.A. 2016 Supp. 79-201x is hereby amended to read as
4 follows: 79-201x. For taxable years ~~2015 and 2016~~ *2017 and 2018*, the
5 following described property, to the extent herein specified, shall be and is
6 hereby exempt from the property tax levied pursuant to the provisions of
7 ~~K.S.A. 2016 Supp. 72-6470~~ *section 15*, and amendments thereto: Property
8 used for residential purposes to the extent of \$20,000 of its appraised
9 valuation.

10 Sec. 101. K.S.A. 2016 Supp. 79-213 is hereby amended to read as
11 follows: 79-213. (a) Any property owner requesting an exemption from the
12 payment of ad valorem property taxes assessed, or to be assessed, against
13 their property shall be required to file an initial request for exemption, on
14 forms approved by the state board of tax appeals and provided by the
15 county appraiser.

16 (b) The initial exemption request shall identify the property for which
17 the exemption is requested and state, in detail, the legal and factual basis
18 for the exemption claimed.

19 (c) The request for exemption shall be filed with the county appraiser
20 of the county where such property is principally located.

21 (d) After a review of the exemption request, and after a preliminary
22 examination of the facts as alleged, the county appraiser shall recommend
23 that the exemption request either be granted or denied, and, if necessary,
24 that a hearing be held. If a denial is recommended, a statement of the
25 controlling facts and law relied upon shall be included on the form.

26 (e) The county appraiser, after making such written recommendation,
27 shall file the request for exemption and the recommendations of the county
28 appraiser with the state board of tax appeals. With regard to a request for
29 exemption from property tax pursuant to the provisions of K.S.A. 79-201g
30 and 82a-409, and amendments thereto, not filed with the board of tax
31 appeals by the county appraiser on or before the effective date of this act,
32 if the county appraiser recommends the exemption request be granted, the
33 exemption shall be provided in the amount recommended by the county
34 appraiser and the county appraiser shall not file the request for exemption
35 and recommendations of the county appraiser with the state board of tax
36 appeals. The county clerk or county assessor shall annually make such
37 adjustment in the taxes levied against the real property as the owner may
38 be entitled to receive under the provisions of K.S.A. 79-201g, and
39 amendments thereto, as recommended by the county appraiser, beginning
40 with the first period, following the date of issue of the certificate of
41 completion on which taxes are regularly levied, and during the years
42 which the landowner is entitled to such adjustment.

43 (f) Upon receipt of the request for exemption, the board shall docket

1 the same and notify the applicant and the county appraiser of such fact.

2 (g) After examination of the request for exemption and the county
3 appraiser's recommendation related thereto, the board may fix a time and
4 place for hearing, and shall notify the applicant and the county appraiser of
5 the time and place so fixed. A request for exemption pursuant to: (1)
6 Section 13 of article 11 of the constitution of the state of Kansas; or (2)
7 K.S.A. 79-201a *Second*, and amendments thereto, for property constructed
8 or purchased, in whole or in part, with the proceeds of revenue bonds
9 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
10 amendments thereto, prepared in accordance with instructions and
11 assistance which shall be provided by the department of commerce, shall
12 be deemed approved unless scheduled for hearing within 30 days after the
13 date of receipt of all required information and data relating to the request
14 for exemption, and such hearing shall be conducted within 90 days after
15 such date. Such time periods shall be determined without regard to any
16 extension or continuance allowed to either party to such request. In any
17 case where a party to such request for exemption requests a hearing
18 thereon, the same shall be granted. Hearings shall be conducted in
19 accordance with the provisions of the Kansas administrative procedure act.
20 In all instances where the board sets a request for exemption for hearing,
21 the county shall be represented by its county attorney or county counselor.

22 (h) Except as otherwise provided by subsection (g), in the event of a
23 hearing, the same shall be originally set not later than 90 days after the
24 filing of the request for exemption with the board.

25 (i) During the pendency of a request for exemption, no person, firm,
26 unincorporated association, company or corporation charged with real
27 estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-
28 2004a, and amendments thereto, on the tax books in the hands of the
29 county treasurer shall be required to pay the tax from the date the request
30 is filed with the county appraiser until the expiration of 30 days after the
31 board issued its order thereon and the same becomes a final order. In the
32 event that taxes have been assessed against the subject property, no interest
33 shall accrue on any unpaid tax for the year or years in question nor shall
34 the unpaid tax be considered delinquent from the date the request is filed
35 with the county appraiser until the expiration of 30 days after the board
36 issued its order thereon. In the event the board determines an application
37 for exemption is without merit and filed in bad faith to delay the due date
38 of the tax, the tax shall be considered delinquent as of the date the tax
39 would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and
40 amendments thereto, and interest shall accrue as prescribed therein.

41 (j) In the event the board grants the initial request for exemption, the
42 same shall be effective beginning with the date of first exempt use except
43 that, with respect to property the construction of which commenced not to

1 exceed 24 months prior to the date of first exempt use, the same shall be
2 effective beginning with the date of commencement of construction.

3 (k) In conjunction with its authority to grant exemptions, the board
4 shall have the authority to abate all unpaid taxes that have accrued from
5 and since the effective date of the exemption. In the event that taxes have
6 been paid during the period where the subject property has been
7 determined to be exempt, the board shall have the authority to order a
8 refund of taxes for the year immediately preceding the year in which the
9 exemption application is filed in accordance with subsection (a).

10 (l) The provisions of this section shall not apply to: (1) Farm
11 machinery and equipment exempted from ad valorem taxation by K.S.A.
12 79-201j, and amendments thereto; (2) personal property exempted from ad
13 valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing
14 apparel, household goods and personal effects exempted from ad valorem
15 taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all
16 property exempted from ad valorem taxation by K.S.A. 79-201d, and
17 amendments thereto; (6) merchants' and manufacturers' inventories
18 exempted from ad valorem taxation by K.S.A. 79-201m, and amendments
19 thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n,
20 and amendments thereto; (8) property exempted from ad valorem taxation
21 by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all
22 property previously acquired by the secretary of transportation or a
23 predecessor in interest, which is used in the administration, construction,
24 maintenance or operation of the state system of highways. The secretary of
25 transportation shall at the time of acquisition of property notify the county
26 appraiser in the county in which the property is located that the acquisition
27 occurred and provide a legal description of the property acquired; (9)
28 property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*,
29 and amendments thereto, including all property previously acquired by the
30 Kansas turnpike authority which is used in the administration,
31 construction, maintenance or operation of the Kansas turnpike. The Kansas
32 turnpike authority shall at the time of acquisition of property notify the
33 county appraiser in the county in which the property is located that the
34 acquisition occurred and provide a legal description of the property
35 acquired; (10) aquaculture machinery and equipment exempted from ad
36 valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in
37 this section, "aquaculture" has the same meaning ascribed thereto by
38 K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery
39 and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and
40 amendments thereto; (12) property used exclusively by the state or any
41 municipality or political subdivision of the state for right-of-way purposes.
42 The state agency or the governing body of the municipality or political
43 subdivision shall at the time of acquisition of property for right-of-way

1 purposes notify the county appraiser in the county in which the property is
2 located that the acquisition occurred and provide a legal description of the
3 property acquired; (13) machinery, equipment, materials and supplies
4 exempted from ad valorem taxation by K.S.A. 79-201w, and amendments
5 thereto; (14) vehicles owned by the state or by any political or taxing
6 subdivision thereof and used exclusively for governmental purposes; (15)
7 property used for residential purposes which is exempted pursuant to
8 K.S.A. 79-201x, and amendments thereto, from the property tax levied
9 pursuant to ~~K.S.A. 2016 Supp. 72-6470~~ *section 15*, and amendments
10 thereto; (16) from and after July 1, 1998, vehicles which are owned by an
11 organization having as one of its purposes the assistance by the provision
12 of transit services to the elderly and to disabled persons and which are
13 exempted pursuant to K.S.A. 79-201 *Ninth*, and amendments thereto; (17)
14 from and after July 1, 1998, motor vehicles exempted from taxation by
15 K.S.A. 79-5107(e), and amendments thereto; (18) commercial and
16 industrial machinery and equipment exempted from property or ad
17 valorem taxation by K.S.A. 2016 Supp. 79-223, and amendments thereto;
18 (19) telecommunications machinery and equipment and railroad
19 machinery and equipment exempted from property or ad valorem taxation
20 by K.S.A. 2016 Supp. 79-224, and amendments thereto; and (20) property
21 exempted from property or ad valorem taxation by K.S.A. 2016 Supp. 79-
22 234, and amendments thereto.

23 (m) The provisions of this section shall apply to property exempt
24 pursuant to the provisions of section 13 of article 11 of the constitution of
25 the state of Kansas.

26 (n) The provisions of subsection (k) as amended by this act shall be
27 applicable to all exemption applications filed in accordance with
28 subsection (a) after December 31, 2001.

29 Sec. 102. K.S.A. 2016 Supp. 79-2001 is hereby amended to read as
30 follows: 79-2001. (a) As soon as the county treasurer receives the tax roll
31 of the county, the treasurer shall enter in a column opposite the description
32 of each tract or parcel of land the amount of unpaid taxes and the date of
33 unredeemed sales, if any, for previous years on such land. The treasurer
34 shall cause a notice to be published in the official county paper once each
35 week for three consecutive weeks, stating in the notice the amount of taxes
36 charged for state, county, township, school, city or other purposes for that
37 year, on each \$1,000 of valuation.

38 (b) Each year after receipt of the tax roll from the county clerk and
39 before December 15, the treasurer shall mail to each taxpayer, as shown by
40 the rolls, a tax statement which indicates the taxing unit, assessed value of
41 real and personal property, the mill levy and tax due. In addition, with
42 respect to land devoted to agricultural use, such statement shall indicate
43 the acreage and description of each parcel of such land. The tax statement

1 shall also indicate separately each parcel of real property which is
2 separately classified for property tax purposes. The county appraiser shall
3 provide the information necessary for the county treasurer to comply with
4 the provisions of this section. The tax statement also may include the
5 intangible tax due the county. All items may be on one statement or may
6 be shown on separate statements and may be on a form prescribed by the
7 county treasurer. The statement shall be mailed to the last known address
8 of the taxpayer or to a designee authorized by the taxpayer to accept the
9 tax statement, if the designee has an interest in receiving the statement.
10 When any statement is returned to the county treasurer for failure to find
11 the addressee, the treasurer shall make a diligent effort to find a
12 forwarding address of the taxpayer and mail the statement to the new
13 address. All tax statements mailed pursuant to this section shall be mailed
14 by first-class mail. The requirement for mailing a tax statement shall
15 extend only to the initial statement required to be mailed in each year and
16 to any follow-up required by this section.

17 (c) For tax year 1998, and all tax years thereafter, after receipt of the
18 tax roll from the county clerk and before December 15, the treasurer shall
19 mail to each taxpayer, as shown by the tax rolls, a tax information form
20 which indicates the taxing unit, assessed value of real property for the
21 current and next preceding taxable year, the mill levy for the current and
22 next preceding taxable year and, in the case of unified school districts, the
23 mill levy required by ~~K.S.A. 2016 Supp. 72-6470~~ *section 15*, and
24 amendments thereto, shall be separately indicated, the tax due and an
25 itemization of each taxing unit's mill levy for the current and next
26 preceding taxable year and the percentage change in the amount of
27 revenue produced therefrom, if any. In addition, with respect to land
28 devoted to agricultural use, such form shall indicate the acreage and
29 description of each parcel of such land. The tax information form shall
30 also indicate separately each parcel of real property which is separately
31 classified for property tax purposes. The county appraiser shall provide the
32 information necessary for the county treasurer to comply with the
33 provisions of this section. The tax information form may be separate from
34 the tax statement or a part of the tax statement. The tax information form
35 shall be in a format prescribed by the director of property valuation. The
36 tax information form shall be mailed to the last known address of the
37 taxpayer. When a tax information form is returned to the county treasurer
38 for failure to find the addressee, the treasurer shall make a diligent effort
39 to find a forwarding address of the taxpayer and mail the tax information
40 form to the new address. All tax information forms mailed pursuant to this
41 section shall be mailed by first class mail.

42 Sec. 103. K.S.A. 2016 Supp. 79-2925b is hereby amended to read as
43 follows: 79-2925b. (a) Without a majority vote so providing, the governing

1 body of any municipality shall not approve any appropriation or budget, as
2 the case requires, which may be funded by revenue produced from
3 property taxes, and which provides for funding with such revenue in an
4 amount exceeding that of the next preceding year, adjusted to reflect
5 changes in the consumer price index for all urban consumers as published
6 by the United States department of labor for the preceding calendar year. If
7 the total tangible property valuation in any municipality increases from the
8 next preceding year due to increases in the assessed valuation of existing
9 tangible property and such increase exceeds changes in the consumer price
10 index, the governing body shall lower the amount of ad valorem tax to be
11 levied to the amount of ad valorem tax levied in the next preceding year,
12 adjusted to reflect changes in the consumer price index. This subsection
13 shall not apply to ad valorem taxes levied under K.S.A. 76-6b01 and 76-
14 6b04 and ~~K.S.A. 2016 Supp. 72-6470~~ *section 15*, and amendments thereto,
15 and any other ad valorem tax levy which was previously approved by the
16 voters of such municipality. Notwithstanding the requirements of this
17 subsection, nothing herein shall prohibit a municipality from increasing
18 the amount of ad valorem tax to be levied if the municipality approves the
19 proposed increase with a majority vote of the governing body by the
20 adoption of a resolution and publishes its vote to approve the appropriation
21 or budget including the increase as provided in subsection (c).

22 (b) Revenue that, in the current year, is produced and attributable to
23 the taxation of:

- 24 (1) New improvements to real property;
- 25 (2) increased personal property valuation;
- 26 (3) property located within added jurisdictional territory; or
- 27 (4) property which has changed in use shall not be considered when
28 determining whether revenue produced from property has increased from
29 the next preceding year.

30 (c) In the event the governing body votes to approve any
31 appropriation or budget, as the case requires, which may be funded by
32 revenue produced from property taxes, and which provides for funding
33 with such revenue in an amount exceeding that of the next preceding year
34 as provided in subsection (a), notice of such vote shall be published in the
35 official county newspaper of the county where such municipality is
36 located.

37 (d) The provisions of this section shall be applicable to all fiscal and
38 budget years commencing on and after the effective date of this act.

39 (e) The provisions of this section shall not apply to revenue received
40 from property tax levied for the sole purpose of repayment of the principal
41 of and interest upon bonded indebtedness, temporary notes and no-fund
42 warrants.

43 (f) For purposes of this section:

1 (1) "Municipality" means any political subdivision of the state which
2 levies an ad valorem tax on property and includes, but is not limited to,
3 any township, municipal university, school district, community college,
4 drainage district or other taxing district;

5 (2) "municipality" shall not include:

6 (A) Any such political subdivision or taxing district which receives
7 \$1,000 or less in revenue from property taxes in the current year; or

8 (B) any city or county.

9 Sec. 104. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as
10 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
11 means such individual's federal adjusted gross income for the taxable year,
12 with the modifications specified in this section.

13 (b) There shall be added to federal adjusted gross income:

14 (i) Interest income less any related expenses directly incurred in the
15 purchase of state or political subdivision obligations, to the extent that the
16 same is not included in federal adjusted gross income, on obligations of
17 any state or political subdivision thereof, but to the extent that interest
18 income on obligations of this state or a political subdivision thereof issued
19 prior to January 1, 1988, is specifically exempt from income tax under the
20 laws of this state authorizing the issuance of such obligations, it shall be
21 excluded from computation of Kansas adjusted gross income whether or
22 not included in federal adjusted gross income. Interest income on
23 obligations of this state or a political subdivision thereof issued after
24 December 31, 1987, shall be excluded from computation of Kansas
25 adjusted gross income whether or not included in federal adjusted gross
26 income.

27 (ii) Taxes on or measured by income or fees or payments in lieu of
28 income taxes imposed by this state or any other taxing jurisdiction to the
29 extent deductible in determining federal adjusted gross income and not
30 credited against federal income tax. This paragraph shall not apply to taxes
31 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
32 amendments thereto, for privilege tax year 1995, and all such years
33 thereafter.

34 (iii) The federal net operating loss deduction.

35 (iv) Federal income tax refunds received by the taxpayer if the
36 deduction of the taxes being refunded resulted in a tax benefit for Kansas
37 income tax purposes during a prior taxable year. Such refunds shall be
38 included in income in the year actually received regardless of the method
39 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
40 be deemed to have resulted if the amount of the tax had been deducted in
41 determining income subject to a Kansas income tax for a prior year
42 regardless of the rate of taxation applied in such prior year to the Kansas
43 taxable income, but only that portion of the refund shall be included as

1 bears the same proportion to the total refund received as the federal taxes
2 deducted in the year to which such refund is attributable bears to the total
3 federal income taxes paid for such year. For purposes of the foregoing
4 sentence, federal taxes shall be considered to have been deducted only to
5 the extent such deduction does not reduce Kansas taxable income below
6 zero.

7 (v) The amount of any depreciation deduction or business expense
8 deduction claimed on the taxpayer's federal income tax return for any
9 capital expenditure in making any building or facility accessible to the
10 handicapped, for which expenditure the taxpayer claimed the credit
11 allowed by K.S.A. 79-32,177, and amendments thereto.

12 (vi) Any amount of designated employee contributions picked up by
13 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
14 and amendments thereto.

15 (vii) The amount of any charitable contribution made to the extent the
16 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
17 32,196, and amendments thereto.

18 (viii) The amount of any costs incurred for improvements to a swine
19 facility, claimed for deduction in determining federal adjusted gross
20 income, to the extent the same is claimed as the basis for any credit
21 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments
22 thereto.

23 (ix) The amount of any ad valorem taxes and assessments paid and
24 the amount of any costs incurred for habitat management or construction
25 and maintenance of improvements on real property, claimed for deduction
26 in determining federal adjusted gross income, to the extent the same is
27 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
28 and amendments thereto.

29 (x) Amounts received as nonqualified withdrawals, as defined by
30 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of
31 contribution to a family postsecondary education savings account, such
32 amounts were subtracted from the federal adjusted gross income pursuant
33 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
34 are not already included in the federal adjusted gross income.

35 (xi) The amount of any contribution made to the same extent the
36 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016
37 Supp. 74-50,154, and amendments thereto.

38 (xii) For taxable years commencing after December 31, 2004,
39 amounts received as withdrawals not in accordance with the provisions of
40 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of
41 contribution to an individual development account, such amounts were
42 subtracted from the federal adjusted gross income pursuant to subsection
43 (c)(xiii), or if such amounts are not already included in the federal adjusted

1 gross income.

2 (xiii) The amount of any expenditures claimed for deduction in
3 determining federal adjusted gross income, to the extent the same is
4 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
5 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

6 (xiv) The amount of any amortization deduction claimed in
7 determining federal adjusted gross income to the extent the same is
8 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and
9 amendments thereto.

10 (xv) The amount of any expenditures claimed for deduction in
11 determining federal adjusted gross income, to the extent the same is
12 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
13 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
14 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
15 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

16 (xvi) The amount of any amortization deduction claimed in
17 determining federal adjusted gross income to the extent the same is
18 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-
19 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
20 thereto.

21 (xvii) The amount of any amortization deduction claimed in
22 determining federal adjusted gross income to the extent the same is
23 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and
24 amendments thereto.

25 (xviii) For taxable years commencing after December 31, 2006, the
26 amount of any ad valorem or property taxes and assessments paid to a state
27 other than Kansas or local government located in a state other than Kansas
28 by a taxpayer who resides in a state other than Kansas, when the law of
29 such state does not allow a resident of Kansas who earns income in such
30 other state to claim a deduction for ad valorem or property taxes or
31 assessments paid to a political subdivision of the state of Kansas in
32 determining taxable income for income tax purposes in such other state, to
33 the extent that such taxes and assessments are claimed as an itemized
34 deduction for federal income tax purposes.

35 (xix) For all taxable years beginning after December 31, 2012, the
36 amount of any: (1) Loss from business as determined under the federal
37 internal revenue code and reported from schedule C and on line 12 of the
38 taxpayer's form 1040 federal individual income tax return; (2) loss from
39 rental real estate, royalties, partnerships, S corporations, except those with
40 wholly owned subsidiaries subject to the Kansas privilege tax, estates,
41 trusts, residual interest in real estate mortgage investment conduits and net
42 farm rental as determined under the federal internal revenue code and
43 reported from schedule E and on line 17 of the taxpayer's form 1040

1 federal individual income tax return; and (3) farm loss as determined under
2 the federal internal revenue code and reported from schedule F and on line
3 18 of the taxpayer's form 1040 federal income tax return; all to the extent
4 deducted or subtracted in determining the taxpayer's federal adjusted gross
5 income. For purposes of this subsection, references to the federal form
6 1040 and federal schedule C, schedule E, and schedule F, shall be to such
7 form and schedules as they existed for tax year 2011, and as revised
8 thereafter by the internal revenue service.

9 (xx) For all taxable years beginning after December 31, 2012, the
10 amount of any deduction for self-employment taxes under section 164(f)
11 of the federal internal revenue code as in effect on January 1, 2012, and
12 amendments thereto, in determining the federal adjusted gross income of
13 an individual taxpayer, to the extent the deduction is attributable to income
14 reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's
15 form 1040 federal income tax return.

16 (xxi) For all taxable years beginning after December 31, 2012, the
17 amount of any deduction for pension, profit sharing, and annuity plans of
18 self-employed individuals under section 62(a)(6) of the federal internal
19 revenue code as in effect on January 1, 2012, and amendments thereto, in
20 determining the federal adjusted gross income of an individual taxpayer.

21 (xxii) For all taxable years beginning after December 31, 2012, the
22 amount of any deduction for health insurance under section 162(l) of the
23 federal internal revenue code as in effect on January 1, 2012, and
24 amendments thereto, in determining the federal adjusted gross income of
25 an individual taxpayer.

26 (xxiii) For all taxable years beginning after December 31, 2012, the
27 amount of any deduction for domestic production activities under section
28 199 of the federal internal revenue code as in effect on January 1, 2012,
29 and amendments thereto, in determining the federal adjusted gross income
30 of an individual taxpayer.

31 (xxiv) For taxable years commencing after December 31, 2013, that
32 portion of the amount of any expenditure deduction claimed in
33 determining federal adjusted gross income for expenses paid for medical
34 care of the taxpayer or the taxpayer's spouse or dependents when such
35 expenses were paid or incurred for an abortion, or for a health benefit plan,
36 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the
37 purchase of an optional rider for coverage of abortion in accordance with
38 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that
39 such taxes and assessments are claimed as an itemized deduction for
40 federal income tax purposes.

41 (xxv) For taxable years commencing after December 31, 2013, that
42 portion of the amount of any expenditure deduction claimed in
43 determining federal adjusted gross income for expenses paid by a taxpayer

1 for health care when such expenses were paid or incurred for abortion
2 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,
3 and amendments thereto, when such expenses were paid or incurred for
4 abortion coverage or amounts contributed to health savings accounts for
5 such taxpayer's employees for the purchase of an optional rider for
6 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and
7 amendments thereto, to the extent that such taxes and assessments are
8 claimed as a deduction for federal income tax purposes.

9 *(xxvi) For all taxable years beginning after December 31, 2016, the*
10 *amount of any charitable contribution made to the extent the same is*
11 *claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp.*
12 *72-99a07, and amendments thereto, and is also claimed as an itemized*
13 *deduction for federal income tax purposes.*

14 (c) There shall be subtracted from federal adjusted gross income:

15 (i) Interest or dividend income on obligations or securities of any
16 authority, commission or instrumentality of the United States and its
17 possessions less any related expenses directly incurred in the purchase of
18 such obligations or securities, to the extent included in federal adjusted
19 gross income but exempt from state income taxes under the laws of the
20 United States.

21 (ii) Any amounts received which are included in federal adjusted
22 gross income but which are specifically exempt from Kansas income
23 taxation under the laws of the state of Kansas.

24 (iii) The portion of any gain or loss from the sale or other disposition
25 of property having a higher adjusted basis for Kansas income tax purposes
26 than for federal income tax purposes on the date such property was sold or
27 disposed of in a transaction in which gain or loss was recognized for
28 purposes of federal income tax that does not exceed such difference in
29 basis, but if a gain is considered a long-term capital gain for federal
30 income tax purposes, the modification shall be limited to that portion of
31 such gain which is included in federal adjusted gross income.

32 (iv) The amount necessary to prevent the taxation under this act of
33 any annuity or other amount of income or gain which was properly
34 included in income or gain and was taxed under the laws of this state for a
35 taxable year prior to the effective date of this act, as amended, to the
36 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
37 the right to receive the income or gain, or to a trust or estate from which
38 the taxpayer received the income or gain.

39 (v) The amount of any refund or credit for overpayment of taxes on
40 or measured by income or fees or payments in lieu of income taxes
41 imposed by this state, or any taxing jurisdiction, to the extent included in
42 gross income for federal income tax purposes.

43 (vi) Accumulation distributions received by a taxpayer as a

1 beneficiary of a trust to the extent that the same are included in federal
2 adjusted gross income.

3 (vii) Amounts received as annuities under the federal civil service
4 retirement system from the civil service retirement and disability fund and
5 other amounts received as retirement benefits in whatever form which
6 were earned for being employed by the federal government or for service
7 in the armed forces of the United States.

8 (viii) Amounts received by retired railroad employees as a
9 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
10 228c (a)(1) et seq.

11 (ix) Amounts received by retired employees of a city and by retired
12 employees of any board of such city as retirement allowances pursuant to
13 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
14 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
15 amendments thereto.

16 (x) For taxable years beginning after December 31, 1976, the amount
17 of the federal tentative jobs tax credit disallowance under the provisions of
18 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
19 amount of the targeted jobs tax credit and work incentive credit
20 disallowances under 26 U.S.C. § 280 C.

21 (xi) For taxable years beginning after December 31, 1986, dividend
22 income on stock issued by Kansas venture capital, inc.

23 (xii) For taxable years beginning after December 31, 1989, amounts
24 received by retired employees of a board of public utilities as pension and
25 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
26 and amendments thereto.

27 (xiii) For taxable years beginning after December 31, 2004, amounts
28 contributed to and the amount of income earned on contributions deposited
29 to an individual development account under K.S.A. 2016 Supp. 74-50,201
30 et seq., and amendments thereto.

31 (xiv) For all taxable years commencing after December 31, 1996, that
32 portion of any income of a bank organized under the laws of this state or
33 any other state, a national banking association organized under the laws of
34 the United States, an association organized under the savings and loan
35 code of this state or any other state, or a federal savings association
36 organized under the laws of the United States, for which an election as an
37 S corporation under subchapter S of the federal internal revenue code is in
38 effect, which accrues to the taxpayer who is a stockholder of such
39 corporation and which is not distributed to the stockholders as dividends of
40 the corporation. For all taxable years beginning after December 31, 2012,
41 the amount of modification under this subsection shall exclude the portion
42 of income or loss reported on schedule E and included on line 17 of the
43 taxpayer's form 1040 federal individual income tax return.

1 (xv) For all taxable years beginning after December 31, 2006,
2 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
3 joint return, for each designated beneficiary which are contributed to a
4 family postsecondary education savings account established under the
5 Kansas postsecondary education savings program or a qualified tuition
6 program established and maintained by another state or agency or
7 instrumentality thereof pursuant to section 529 of the internal revenue
8 code of 1986, as amended, for the purpose of paying the qualified higher
9 education expenses of a designated beneficiary at an institution of
10 postsecondary education. The terms and phrases used in this paragraph
11 shall have the meaning respectively ascribed thereto by the provisions of
12 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of
13 such section are hereby incorporated by reference for all purposes thereof.

14 (xvi) For all taxable years beginning after December 31, 2004,
15 amounts received by taxpayers who are or were members of the armed
16 forces of the United States, including service in the Kansas army and air
17 national guard, as a recruitment, sign up or retention bonus received by
18 such taxpayer as an incentive to join, enlist or remain in the armed services
19 of the United States, including service in the Kansas army and air national
20 guard, and amounts received for repayment of educational or student loans
21 incurred by or obligated to such taxpayer and received by such taxpayer as
22 a result of such taxpayer's service in the armed forces of the United States,
23 including service in the Kansas army and air national guard.

24 (xvii) For all taxable years beginning after December 31, 2004,
25 amounts received by taxpayers who are eligible members of the Kansas
26 army and air national guard as a reimbursement pursuant to K.S.A. 48-
27 281, and amendments thereto, and amounts received for death benefits
28 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
29 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
30 amendments thereto, to the extent that such death benefits are included in
31 federal adjusted gross income of the taxpayer.

32 (xviii) For the taxable year beginning after December 31, 2006,
33 amounts received as benefits under the federal social security act which
34 are included in federal adjusted gross income of a taxpayer with federal
35 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
36 status is single, head of household, married filing separate or married filing
37 jointly; and for all taxable years beginning after December 31, 2007,
38 amounts received as benefits under the federal social security act which
39 are included in federal adjusted gross income of a taxpayer with federal
40 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
41 status is single, head of household, married filing separate or married filing
42 jointly.

43 (xix) Amounts received by retired employees of Washburn university

1 as retirement and pension benefits under the university's retirement plan.

2 (xx) For all taxable years beginning after December 31, 2012, the
3 amount of any: (1) Net profit from business as determined under the
4 federal internal revenue code and reported from schedule C and on line 12
5 of the taxpayer's form 1040 federal individual income tax return; (2) net
6 income, not including guaranteed payments as defined in section 707(c)
7 of the federal internal revenue code and as reported to the taxpayer from
8 federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the
9 taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real
10 estate, royalties, partnerships, S corporations, estates, trusts, residual
11 interest in real estate mortgage investment conduits and net farm rental as
12 determined under the federal internal revenue code and reported from
13 schedule E and on line 17 of the taxpayer's form 1040 federal individual
14 income tax return; and (3) net farm profit as determined under the federal
15 internal revenue code and reported from schedule F and on line 18 of the
16 taxpayer's form 1040 federal income tax return; all to the extent included
17 in the taxpayer's federal adjusted gross income. For purposes of this
18 subsection, references to the federal form 1040 and federal schedule C,
19 schedule E, and schedule F, shall be to such form and schedules as they
20 existed for tax year 2011 and as revised thereafter by the internal revenue
21 service.

22 (xxi) For all taxable years beginning after December 31, 2013,
23 amounts equal to the unreimbursed travel, lodging and medical
24 expenditures directly incurred by a taxpayer while living, or a dependent
25 of the taxpayer while living, for the donation of one or more human organs
26 of the taxpayer, or a dependent of the taxpayer, to another person for
27 human organ transplantation. The expenses may be claimed as a
28 subtraction modification provided for in this section to the extent the
29 expenses are not already subtracted from the taxpayer's federal adjusted
30 gross income. In no circumstances shall the subtraction modification
31 provided for in this section for any individual, or a dependent, exceed
32 \$5,000. As used in this section, "human organ" means all or part of a liver,
33 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
34 paragraph shall take effect on the day the secretary of revenue certifies to
35 the director of the budget that the cost for the department of revenue of
36 modifications to the automated tax system for the purpose of
37 implementing this paragraph will not exceed \$20,000.

38 (xxii) For all taxable years beginning after December 31, 2012, the
39 amount of net gain from the sale of: (1) Cattle and horses, regardless of
40 age, held by the taxpayer for draft, breeding, dairy or sporting purposes,
41 and held by such taxpayer for 24 months or more from the date of
42 acquisition; and (2) other livestock, regardless of age, held by the taxpayer
43 for draft, breeding, dairy or sporting purposes, and held by such taxpayer

1 for 12 months or more from the date of acquisition. The subtraction from
2 federal adjusted gross income shall be limited to the amount of the
3 additions recognized under the provisions of subsection (b)(xix)
4 attributable to the business in which the livestock sold had been used. As
5 used in this paragraph, the term "livestock" shall not include poultry.

6 (xxiii) For all taxable years beginning after December 31, 2012,
7 amounts received under either the Overland Park, Kansas police
8 department retirement plan or the Overland Park, Kansas fire department
9 retirement plan, both as established by the city of Overland Park, pursuant
10 to the city's home rule authority.

11 (xxiv) For all taxable years beginning after December 31, 2013, the
12 net gain from the sale from Christmas trees grown in Kansas and held by
13 the taxpayer for six years or more.

14 (d) There shall be added to or subtracted from federal adjusted gross
15 income the taxpayer's share, as beneficiary of an estate or trust, of the
16 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
17 amendments thereto.

18 (e) The amount of modifications required to be made under this
19 section by a partner which relates to items of income, gain, loss, deduction
20 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
21 amendments thereto, to the extent that such items affect federal adjusted
22 gross income of the partner.

23 Sec. 105. K.S.A. 46-1701, 72-8208a and 75-6510 and K.S.A. 2016
24 Supp. 10-1116a, 12-1770a, 12-1775a, 12-1776a, 60-2102, 72-978, 72-
25 1046b, 72-1398, 72-1414, 72-1923, 72-3715, 72-5333b, 72-5413, 72-6482,
26 72-64b01, 72-64b03, 72-64c03, 72-64c05, 72-6624, 72-6625, 72-6757, 72-
27 6760, 72-67,115, 72-7535, 72-8187, 72-8230, 72-8233, 72-8236, 72-8251,
28 72-8254, 72-8316, 72-8415b, 72-8801, 72-8804, 72-8908, 72-99a02, 72-
29 99a03, 72-99a04, 72-99a07, 74-4939a, 74-8925, 74-99b43, 75-2319, 75-
30 6506, 75-6508, 75-6509, 79-201x, 79-213, 79-2001, 79-2925b and 79-
31 32,117 are hereby repealed.

32 Sec. 106. This act shall take effect and be in force from and after its
33 publication in the statute book.