As Amended by Senate Committee
Session of 2014

SENATE BILL No. 453

By Committee on Ways and Means

4-2

AN ACT concerning education funding; relating to mineral production;
creating the mineral production education fund; abolishing the oil and
gas valuation depletion trust fund; concerning local effort; making and
concerning appropriations for fiscal year 2017; amending K.S.A. 2013
Supp. 19-101a, 19-271, 72-6410, 72-6431 and 79-4227 and 79-4231
and repealing the existing sections; also repealing K.S.A. 2013 Supp.
19-271, as amended by section 5 of this act, and 79-4231, as amended
by section 9 of this act.

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

Section 1.

DEPARTMENT OF EDUCATION
(a) There is appropriated for the above agency from the following
special revenue fund or funds for the fiscal year ending June 30, 2017, all
moneys now or hereafter lawfully credited to and available in such fund or
funds, except that expenditures other than refunds authorized by law and
transfers to other state agencies shall not exceed the following:
Mineral production education fund...................................................
No limit

New Sec. 2. (a) There is hereby established in the state treasury the
mineral production education fund which shall be administered by the
department of education. On and after July 1, 2016, all moneys received
from that are to be credited to the mineral production education fund
pursuant to the provisions of K.S.A. 79-4227, and amendments thereto,
shall be deposited in the state treasury in accordance with the provisions of
K.S.A. 75-4215, and amendments thereto, and shall be credited to the
mineral production education fund. All expenditures from the mineral
production education fund shall be for school district finance. All
expenditures from the mineral production education fund shall be made in
accordance with appropriation acts upon warrants of the director of
accounts and reports issued pursuant to vouchers approved by the
commissioner of education or the designee of the commissioner.
(b) On January 15 and July 15 of each year, the director of accounts
and reports shall transfer a sum equal to the total amount of moneys
credited to the mineral production education fund during the six months
next preceding the date of transfer, from the mineral production education
fund to the state school district finance fund.
New Sec. 3. On July 1, 2016, the director of accounts and reports shall transfer all moneys in the oil and gas valuation depletion trust fund to the state general fund. On July 1, 2016, all liabilities of the oil and gas valuation depletion trust fund are hereby transferred to and imposed on the state general fund, and the oil and gas valuation depletion trust fund is hereby abolished.

New Sec. 4. On July 1, 2016, any moneys in each county's county oil and gas valuation depletion trust fund established pursuant to K.S.A. 2013 Supp. 19-271, as such statute existed prior to July 1, 2016, which have not been authorized for release to the county general fund by the director of taxation pursuant to subsection (b) of K.S.A. 2013 Supp. 79-4231, as such statute existed prior to July 1, 2016, or have not been released from a county's county oil and gas valuation depletion trust fund to the county general fund by the county treasurer pursuant to subsection (b) of K.S.A. 2013 Supp. 19-271, as such statute existed prior to July 1, 2016, are hereby authorized for release and shall be released by the county treasurer to the county general fund for expenditure as directed by the board.

Sec. 5. On and after July 1, 2016, K.S.A. 2013 Supp. 19-101a is hereby amended to read as follows: 19-101a. (a) The board of county commissioners may transact all county business and perform all powers of local legislation and administration it deems appropriate, subject only to the following limitations, restrictions or prohibitions:

1. Counties shall be subject to all acts of the legislature which apply uniformly to all counties.
2. Counties may not affect the courts located therein.
3. Counties shall be subject to acts of the legislature prescribing limits of indebtedness.
4. In the exercise of powers of local legislation and administration authorized under provisions of this section, the home rule power conferred on cities to determine their local affairs and government shall not be superseded or impaired without the consent of the governing body of each city within a county which may be affected.
5. Counties may not legislate on social welfare administered under state law enacted pursuant to or in conformity with public law No. 271 – 74th congress, or amendments thereof.
6. Counties shall be subject to all acts of the legislature concerning elections, election commissioners and officers and their duties as such officers and the election of county officers.
7. Counties shall be subject to the limitations and prohibitions imposed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto, prescribing limitations upon the levy of retailers' sales taxes by counties.
8. Counties may not exempt from or effect changes in statutes made
nonuniform in application solely by reason of authorizing exceptions for
counties having adopted a charter for county government.

(9) No county may levy ad valorem taxes under the authority of this
section upon real property located within any redevelopment project area
established under the authority of K.S.A. 12-1772, and amendments
thereto, unless the resolution authorizing the same specifically authorized
a portion of the proceeds of such levy to be used to pay the principal of
and interest upon bonds issued by a city under the authority of K.S.A. 12-
1774, and amendments thereto.

(10) Counties shall have no power under this section to exempt from
any statute authorizing or requiring the levy of taxes and providing
substitute and additional provisions on the same subject, unless the
resolution authorizing the same specifically provides for a portion of the
proceeds of such levy to be used to pay a portion of the principal and
interest on bonds issued by cities under the authority of K.S.A. 12-1774,
and amendments thereto.

(11) Counties may not exempt from or effect changes in the
provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

(12) Except as otherwise specifically authorized by K.S.A. 12-1,101
through 12-1,109, and amendments thereto, counties may not levy and
collect taxes on incomes from whatever source derived.

(13) Counties may not exempt from or effect changes in K.S.A. 19-
430, and amendments thereto.

(14) Counties may not exempt from or effect changes in K.S.A. 19-
302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

(15) Counties may not exempt from or effect changes in K.S.A. 19-

(16) Counties may not exempt from or effect changes in the
provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-
1260 through 12-1270 and 12-1276, and amendments thereto.

(17) Counties may not exempt from or effect changes in the
provisions of K.S.A. 19-211, and amendments thereto.

(18) Counties may not exempt from or effect changes in the
provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

(19) Counties may not regulate the production or drilling of any oil or
gas well in any manner which would result in the duplication of regulation
by the state corporation commission and the Kansas department of health
and environment pursuant to chapter 55 and chapter 65 of the Kansas
Statutes Annotated, and amendments thereto, and any rules and regulations
adopted pursuant thereto. Counties may not require any license or permit
for the drilling or production of oil and gas wells. Counties may not
impose any fee or charge for the drilling or production of any oil or gas
(20) Counties may not exempt from or effect changes in K.S.A. 79-41a04, and amendments thereto.

(21) Counties may not exempt from or effect changes in K.S.A. 79-1611, and amendments thereto.

(22) Counties may not exempt from or effect changes in K.S.A. 79-1494, and amendments thereto.

(23) Counties may not exempt from or effect changes in subsection (b) of K.S.A. 19-202, and amendments thereto.

(24) Counties may not exempt from or effect changes in subsection (b) of K.S.A. 19-204, and amendments thereto.

(25) Counties may not levy or impose an excise, severance or any other tax in the nature of an excise tax upon the physical severance and production of any mineral or other material from the earth or water.

(26) Counties may not exempt from or effect changes in K.S.A. 79-2017 or 79-2101, and amendments thereto.

(27) Counties may not exempt from or effect changes in K.S.A. 2-3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-1,178 through 65-1,199, 65-3001 through 65-3028, and amendments thereto.

(28) Counties may not exempt from or effect changes in K.S.A. 2013 Supp. 80-121, and amendments thereto.

(29) Counties may not exempt from or effect changes in K.S.A. 19-228, and amendments thereto.

(30) Counties may not exempt from or effect changes in the wireless enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of K.S.A. 12-5301 through 12-5308, and amendments thereto.

(31) Counties may not exempt from or effect changes in K.S.A. 2013 Supp. 26-601, and amendments thereto.

(32) (A) Counties may not exempt from or effect changes in the Kansas liquor control act except as provided by paragraph (B).

(B) Counties may adopt resolutions which are not in conflict with the Kansas liquor control act.

(33) (A) Counties may not exempt from or effect changes in the Kansas cereal malt beverage act except as provided by paragraph (B).

(B) Counties may adopt resolutions which are not in conflict with the Kansas cereal malt beverage act.

(34) Counties may not exempt from or effect changes in the Kansas lottery act.

(35) Counties may not exempt from or effect changes in the Kansas expanded lottery act.

(36) Counties may neither exempt from nor effect changes to the eminent domain procedure act.
(37) Any county granted authority pursuant to the provisions of K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be subject to the limitations and prohibitions imposed under K.S.A. 19-5001 through 19-5005, and amendments thereto.

(38) Except as otherwise specifically authorized by K.S.A. 19-5001 through 19-5005, and amendments thereto, counties may not exercise any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and amendments thereto, including the imposition or levy of any retailers' sales tax.

(39) Counties may not exempt from or effect changes in K.S.A. 2013 Supp. 19-271, and amendments thereto.

(b) Counties shall apply the powers of local legislation granted in subsection (a) by resolution of the board of county commissioners. If no statutory authority exists for such local legislation other than that set forth in subsection (a) and the local legislation proposed under the authority of such subsection is not contrary to any act of the legislature, such local legislation shall become effective upon passage of a resolution of the board and publication in the official county newspaper. If the legislation proposed by the board under authority of subsection (a) is contrary to an act of the legislature which is applicable to the particular county but not uniformly applicable to all counties, such legislation shall become effective by passage of a charter resolution in the manner provided in K.S.A. 19-101b, and amendments thereto.

(c) Any resolution adopted by a county which conflicts with the restrictions in subsection (a) is null and void.

Sec. 5. On and after July 1, 2014, K.S.A. 2013 Supp. 19-271 is hereby amended to read as follows: 19-271. (a) The board of county commissioners of each county shall establish a county oil and gas valuation depletion trust fund if the county is to receive moneys from the oil and gas valuation depletion trust fund created under the provisions of K.S.A. 2013 Supp. 79-4231, and amendments thereto. The county treasurer shall be responsible for the administration of such fund.

(b) Upon receipt of an authorization for distribution of county oil and gas valuation depletion trust fund moneys pursuant to K.S.A. 2013 Supp. 79-4231, and amendments thereto, the county treasurer shall release 20% of the moneys credited to such county's trust account to the county general fund for expenditure as directed by the board. On and after July 1, 2014, the moneys in the county's oil and gas valuation depletion trust fund shall be expended as directed by the board.

(c) Moneys credited to the county oil and gas valuation depletion trust fund shall be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budgets of such county, the amounts credited to, and the amount on hand in, such fund and the
amount expended therefrom shall be shown thereon for the information
of the taxpayers of such county. Moneys in such fund may be invested in
accordance with the provisions of K.S.A. 10-131, and amendments
thereto, with interest thereon credited to such fund.

Sec. 6. On and after July 1, 2014, K.S.A. 2013 Supp. 72-6410 is
hereby amended to read as follows: 72-6410. (a) "State financial aid"
means an amount equal to the product obtained by multiplying base state
aid per pupil by the adjusted enrollment of a district.

(b) (1) "Base state aid per pupil" means an amount of state financial
aid per pupil. Subject to the other provisions of this subsection, the amount
of base state aid per pupil is $4,433 in school year 2008-2009 and $4,492
in school year 2009-2010 and each school year thereafter.

(2) The amount of base state aid per pupil is subject to reduction
commensurate with any reduction under K.S.A. 75-6704, and amendments
thereto, in the amount of the appropriation from the state general fund for
general state aid. If the amount of appropriations for general state aid is
insufficient to pay in full the amount each district is entitled to receive for
any school year, the amount of base state aid per pupil for such school year
is subject to reduction commensurate with the amount of the insufficiency.

(c) "Local effort" means the sum of an amount equal to the proceeds
from the tax levied under authority of K.S.A. 72-6431, and amendments
thereto, and an amount equal to any unexpended and unencumbered
balance remaining in the general fund of the district, except amounts
received by the district and authorized to be expended for the purposes
specified in K.S.A. 72-6430, and amendments thereto, and an amount
equal to any unexpended and unencumbered balances remaining in the
program weighted funds of the district, except any amount in the
vocational education fund of the district if the district is operating an area
vocational school, and an amount equal to any remaining proceeds from
taxes levied under authority of K.S.A. 72-7056 and 72-7072, and
amendments thereto, prior to the repeal of such statutory sections, and an
amount equal to the amount deposited in the general fund in the current
school year from amounts received in such year by the district under the
provisions of subsection (a) of K.S.A. 72-1046a, and amendments thereto,
and an amount equal to the amount deposited in the general fund in the
current school year from amounts received in such year by the district
pursuant to contracts made and entered into under authority of K.S.A. 72-
6757, and amendments thereto, and an amount equal to the amount
credited to the general fund in the current school year from amounts
distributed in such year to the district under the provisions of articles 17
and 34 of chapter 12 of Kansas Statutes Annotated, and amendments
thereto, and under the provisions of articles 42 and 51 of chapter 79 of
Kansas Statutes Annotated, and amendments thereto, and an amount equal
to the amount of payments received by the district under the provisions of K.S.A. 72-979, and amendments thereto, and an amount equal to the amount of a grant, if any, received by the district under the provisions of K.S.A. 72-983, and amendments thereto, and an amount equal to 70% of the federal impact aid of the district.

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

Sec. 7. On and after July 1, 2014, K.S.A. 2013 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

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

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

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

(b) The tax required under subsection (a) shall be levied at a rate of 20 mills in the school year 2013-2014 and school year 2014-2015.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state school district finance fund.

(d) On June 6 of each year, the amount, if any, by which a district's
local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

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

Sec. 8. K.S.A. 2013 Supp. 79-4227 is hereby amended to read as follows: 79-4227. (a) All revenue collected or received by the director from the tax imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. The state treasurer shall first credit such amount as the director shall order to the mineral production tax refund fund created under subsection (b) of this section. Except as otherwise provided by this section, the state treasurer shall credit the remainder of such amounts as follows: (1) Seven percent to the special county mineral production tax fund created under subsection (c) of this section; and (2) the remainder shall be credited to the state general fund.

Second, the state treasurer shall credit 7% of the remainder of such amounts to the special county mineral production tax fund created in subsection (c).
Finally, the state treasurer shall credit the remainder of such amounts collected or received from the tax imposed by this act during fiscal years 2013, 2014 and 2015 for oil and gas for any county which had $100,000 or more in receipts of the excise tax upon the severance and production of oil and gas as follows: (1) Seven percent to the special county mineral production tax fund created under subsection (c); (2) 12.41% to the oil and gas valuation depletion trust fund; and (3) the remainder shall be credited to the state general fund. The state treasurer shall credit the remainder of such amounts collected or received from the tax imposed by this act during fiscal year 2016, and thereafter, and distributed during fiscal year 2017, and thereafter, for oil and gas for any county which had $100,000 or more in receipts of the excise tax upon the severance and production of oil and gas as follows: (1) Seven percent to the special county mineral production tax fund created under subsection (c); (2) 20% to the mineral production education fund created in section 2, and amendments thereto; and (3) the remainder shall be credited to the state general fund.

(b) A refund fund designated as "mineral production tax refund fund" not to exceed $50,000 is hereby created for the prompt payment of all tax refunds. The mineral production tax refund fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act.

(c) There is hereby created a special county mineral production tax fund. On December 1, 1983, and quarterly thereafter, the director of taxation shall distribute all moneys credited to such fund to the county treasurers of all counties in which taxes were levied under K.S.A. 79-4217, and amendments thereto, for the severing and producing of coal, oil or gas from property within the county, in the proportion that the taxes levied upon production in each county bears to the total of all of such taxes levied in all of such counties. Such distribution shall be based on returns filed, with any adjustments or corrections thereto made by the director of taxation.

(d) The secretary of revenue shall make provision for the determination of the counties within which taxes are levied under K.S.A. 79-4217, and amendments thereto, for the severance of coal, oil or gas and shall certify the same to the director of accounts and reports.

(e) The director of accounts and reports shall draw warrants on the state treasurer payable to the county treasurer of each county entitled to payment from the special county mineral production tax fund upon vouchers approved by the director of taxation. Upon receipt of such warrant, each county treasurer shall credit 50% of the amount thereof to the county general fund and shall distribute the remaining 50% thereof to the treasurer of each school district all or any portion of which is located
within the county in the proportion that the assessed value of coal, oil and
gas properties within each district bears to the total of the assessed value of
all coal, oil and gas properties within the county. Such assessed valuation
shall be determined upon the basis of the most recent November 1 tax roll.
The treasurer of each school district shall credit the entire amount of the
moneys so received to the general fund of the school district.

Sec. 9. On and after July 1, 2014, K.S.A. 2013 Supp. 79-4231 is
hereby amended to read as follows: 79-4231. (a) There is hereby created
in the state treasury the oil and gas valuation depletion trust fund. The
director of taxation shall administer the oil and gas valuation depletion
trust fund. All amounts credited to the oil and gas valuation depletion
trust fund pursuant to the provisions of K.S.A. 79-4227, and
amendments thereto, less the administration fee imposed under
subsection (c), shall be credited to a separate trust account which
shall be established within such fund for each county which in any fiscal
year had $100,000 or more in receipts of the excise tax upon the
severance and production of oil and gas. Each county's trust account
shall be credited in the proportion that the amount of oil and gas
valuation depletion trust fund receipts collected from that county bears
to the total amount of moneys credited to the oil and gas valuation
depletion trust fund pursuant to K.S.A. 79-4227, and amendments
thereto. Commencing July 1, 2012, and thereafter on an annual basis,
the director of taxation shall certify to the director of accounts and
reports the amount due the county from the county's oil and gas
depletion trust account on October 1 based on all amounts credited
thereto, and the director of accounts and reports shall draw a warrant
upon the state treasurer in favor of each such county for the amount
credited to such county's trust account. Upon receipt of such warrant,
the treasurer of the county shall credit the same to the oil and gas
valuation depletion trust fund of the county established in K.S.A. 2013
Supp. 19-271, and amendments thereto. Except that the director of
taxation shall transfer all of the moneys credited to the Wilson county
trust account to the Wilson county capital improvement fund in any such
tax year until the payment of all costs of financing projects authorized
pursuant to K.S.A. 2013 Supp. 74-8961, and amendments thereto, has
been completed, and at that time the provisions of this subsection related
to distributions to the Wilson county treasurer shall be applicable as
provided in this subsection.

(b) For any tax year that the oil and gas leasehold ad valorem
valuation of any county, which has a trust account established and
maintained in a county oil and gas valuation depletion trust fund as
provided by K.S.A. 2013 Supp. 19-271, and amendments thereto, is less
than 50% of the oil and gas leasehold ad valorem valuation of such county
for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the county had $100,000 or more in receipts of the excise tax upon the production of oil and gas, as certified by the property valuation division, on or before January 15 of the year following such tax year, the director of taxation shall certify the oil and gas leasehold ad valorem valuation amounts for each county and shall authorize the county treasurer to release 20% of the moneys credited to such county’s oil and gas valuation depletion trust fund to the county general fund of such county. In any year in which a county’s oil and gas leasehold valuation is 50% or more of the oil and gas leasehold valuation of such county for tax year as described in this subsection, such county shall not receive an authorization for distribution of trust fund moneys pursuant to this section for such tax year.  

(e) The director of taxation shall impose and collect an administration fee for the administration of the oil and gas valuation depletion trust fund, this section and the provisions of K.S.A. 2013 Supp. 79-4227, and amendments thereto, equal to 2% of the amount credited to the oil and gas valuation depletion trust fund. The administration fee shall be imposed and collected prior to crediting any amount to any trust account established and maintained for a county in the oil and gas valuation depletion trust fund. All amounts collected for the administration fee shall be transferred from the oil and gas valuation depletion trust fund to the state general fund.

(d) All moneys credited to the oil and gas valuation depletion trust fund upon the effective date of this act shall be distributed to each county not later than 30 days following the effective date of this act for deposit in the county’s oil and gas valuation depletion trust fund established pursuant to the provisions of K.S.A. 2013 Supp. 19-271, and amendments thereto.

Sec. 10. K.S.A. 2013 Supp. 79-4227 is hereby repealed.


Sec. 12. On and after July 1, 2016, K.S.A. 2013 Supp. 19-101a, 19-271, as amended by section 5 of this act, and 79-4231, as amended by section 9 of this act, are hereby repealed.

Sec. 13. This act shall take effect and be in force on and after its publication in the statute book Kansas register.