HOUSE BILL No. 2400

By Committee on Taxation

3-5


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

Section 1. K.S.A. 65-163j is hereby amended to read as follows: 65-163j. (a) The dedicated source of revenue for repayment of a loan to a municipality may include service charges, connection fees, special assessments, property taxes, grants or any other source of revenue lawfully available to the municipality for such purpose. In order to ensure repayment by municipalities of the amounts of loans provided under this act, the secretary, after consultation with the governing body of any municipality which receives a loan, may adopt charges to be levied against individuals and entities served by the project. Any such charges shall remain in effect until the total amount of the loan, and any interest thereon, has been repaid. The charges shall, insofar as is practicable, be equitably assessed and may be in the form of a surcharge to the existing charges of the municipality. The governing body of any municipality which receives a loan under this act shall collect any charges established by the secretary and shall pay the moneys collected therefrom to the secretary in accordance with procedures established by the secretary. (b) Upon the failure of a municipality to meet the repayment terms and conditions of the agreement, the secretary may order the treasurer of the county in which the municipality is located to pay to the secretary such portion of the municipality’s share of the local ad valorem tax reduction fund as may be necessary to meet the terms of the agreement, notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and amendments thereto. Upon the issuance of such an order, the municipality shall not be required to make the tax levy reductions otherwise required by K.S.A. 79-2960 and 79-2961, and amendments thereto. (e) Municipalities which are provided with loans under this act shall maintain project accounts in accordance with generally accepted government accounting standards.
(d)(c) Any loans received by a municipality under the provisions of this act shall be construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028, and amendments thereto, and the amount of such loans shall not be included within any limitation on the bonded indebtedness of the municipality.

Sec. 2. K.S.A. 65-3306 is hereby amended to read as follows: 65-3306. The secretary's annual request for appropriations to the water pollution control account shall be based on an estimate of the fiscal needs for the ensuing budget year, less any amounts received by the secretary from any public or private grants or contributions and moneys in such account shall be used solely for the purposes provided for by this act. Moneys allocated to a municipality shall be encumbered as an expenditure of this account upon the formal letting of a contract for the improvement notwithstanding the date on which actual payment is made of the state financial assistance. Any municipality may contribute moneys to the state water pollution control account. If there are no uncommitted or unencumbered moneys in the water pollution control account, any municipality applying for any water pollution control project as defined in K.S.A. 65-3302, and amendments thereto, shall as a condition of such application certify in writing to the secretary that a contribution in the amount of twenty-five percent (25%) of the eligible cost of such project will be made to the water pollution control account by such municipality prior to formal letting of a construction contract. Upon receipt by the secretary, each such contribution shall be retained in a subaccount of the water pollution control account for use solely in the project for which the municipality has made application.

Notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, any municipality applying for such a water pollution control project may make such contribution from all or such part of its share of the local ad valorem tax reduction fund as may be necessary for such purpose, and to the extent such fund is pledged and used for such purpose the municipality shall not be required to make the tax levy reductions otherwise required by K.S.A. 79-2960 and 79-2961. Taxes levied by any municipality by reason of its failure to make such reduction in its levies shall not be subject to or be considered in computing the aggregate limitation upon the levy of taxes by such municipality under the provisions of K.S.A. 79-5003.

Sec. 3. K.S.A. 65-3327 is hereby amended to read as follows: 65-3327. (a) The dedicated source of revenue for repayment of the loans may include service charges, connection fees, special assessments, property taxes, grants or any other source of revenue lawfully available to the municipality for such purpose. In order to ensure repayment by municipalities of the amounts of loans provided under K.S.A. 65-3321 through 65-3329, and amendments thereto, the secretary, after consultation
with the governing body of any municipality which receives a loan, may
adopt charges to be levied against users of the project. Any such charges
shall remain in effect until the total amount of the loan, and any interest
thereon, has been repaid. The charges shall, insofar as is practicable, be
equitably assessed and may be in the form of a surcharge to the existing
charges of the municipality. The governing body of any municipality
which receives a loan under K.S.A. 65-3321 through 65-3329, and
amendments thereto, shall collect any charges established by the secretary
and shall pay the moneys collected therefrom to the secretary in
accordance with procedures established by the secretary.

(b) Upon the failure of a municipality to meet the repayment terms
and conditions of the agreement, the secretary may order the treasurer of
the county in which the municipality is located to pay to the secretary such
portion of the municipality’s share of the local ad valorem tax reduction
fund as may be necessary to meet the terms of the agreement, notwithstan-
ding the provisions of K.S.A. 79-2960 and 79-2961 and amendments thereto. Upon the issuance of such an order, the municipality
shall not be required to make the tax levy reductions otherwise required by
K.S.A. 79-2960 and 79-2961 and amendments thereto.

(e) Municipalities which are provided with loans under K.S.A. 65-
3321 through 65-3329, and amendments thereto, shall maintain project
accounts in accordance with generally accepted government accounting
standards.

(d)(c) Municipalities which receive a grant and an allowance under
the federal act with respect to project costs for which a loan was provided
under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall
promptly repay such loan to the extent of the allowance received under the
federal act.

(e)(d) Any loans received by a municipality under the provisions of
K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be
construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028,
and amendments thereto, and the amount of such loans shall not be
included within any limitation on the bonded indebtedness of the
municipality.

Sec. 4. K.S.A. 2014 Supp. 74-8768 is hereby amended to read as
follows: 74-8768. (a) There is hereby created the expanded lottery act
revenues fund in the state treasury. All expenditures and transfers from
such fund shall be made in accordance with appropriation acts. All moneys
credited to such fund shall be expended or transferred only for the
purposes of reduction of state debt, state infrastructure improvements, the
university engineering initiative act, reduction of local ad valorem tax in
the same manner as provided for allocation of amounts in the local ad
valorem tax reduction fund in subsection (c) and reduction of the unfunded
actuarial liability of the system attributable to the state of Kansas and
participating employers under K.S.A. 74-4931, and amendments thereto,
by the Kansas public employees retirement system.
(b) On July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July 1,
2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1,
2021, or as soon thereafter such date as moneys are available, the first
$10,500,000 credited to the expanded lottery act revenues fund shall be
transferred by the director of accounts and reports from the expanded
lottery act revenues fund in one or more substantially equal amounts, to
each of the following: The Kan-grow engineering fund – KU, Kan-grow
engineering fund – KSU and Kan-grow engineering fund – WSU. Each
such special revenue fund shall receive $3,500,000 annually in each of
such years. Commencing in fiscal year 2014, after such transfer has been
made, 50% of the remaining moneys credited to the fund shall be
transferred on a quarterly basis by the director of accounts and reports
from the fund to the Kansas public employees retirement system fund to
be applied to reduce the unfunded actuarial liability of the system
attributable to the state of Kansas and participating employers under
K.S.A. 74-4931 et seq., and amendments thereto, until the system as a
whole attains an 80% funding ratio as certified by the board of trustees of
the Kansas public employees retirement system.
(c) Moneys credited to the fund and expended or transferred for the
purposes of reducing local ad valorem taxes shall be allocated as follows:
(1) Sixty-five percent of the amount to be distributed shall be apportioned
on the basis of the population figures of the counties certified to the
secretary of state pursuant to K.S.A. 11-201, and amendments thereto, on
July 1 of the preceding year; and (2) thirty-five percent of such amount
shall be apportioned on the basis of the equalized assessed tangible
valuations on the tax rolls of the counties on November 1 of the preceding
year as certified by the director of property valuation.
Sec. 5. K.S.A. 2014 Supp. 75-2556 is hereby amended to read as
follows: 75-2556. (a) The state librarian shall determine the amount of the
grant-in-aid each eligible local public library is to receive based on the
latest population census figures as certified by the division of the budget.
(b) Except as provided by subsection (d), no local public library shall
be eligible for any state grants-in-aid if the total amount of the following
paragraphs is less than the total amount produced from such sources for
the same library for the previous year, based on the information contained
in the official annual budgets of municipalities that are filed with the
division of accounts and reports in accordance with K.S.A. 79-2930, and
amendments thereto:
(1) The amount produced by the local ad valorem tax levies for the
current year expenses for such library;
(2) the amount of moneys received from the local ad valorem tax reduction fund for current year expenses for such library;
(3) the amount of moneys received from taxes levied upon motor vehicles under the provisions of K.S.A. 79-5101 et seq., and amendments thereto, for current year expenses for such library; and
(4) the amount of moneys received in the current year from collections of unpaid local ad valorem tax levies for prior year expenses for such library.

(c) Local public library districts in which the assessed valuation decreases shall remain eligible for state grants-in-aid so long as the ad valorem tax mill rate for the support of such library has not been reduced below the mill rate imposed for such purpose for the previous year.

(d) If a local public library fails to qualify for eligibility for any state grants-in-aid under subsection (b), the state librarian shall have the power to continue the eligibility of a local public library for any state grants-in-aid if the state librarian, after evaluation of all the circumstances, determines that the legislative intent for maintenance of local tax levy support for the on-going operations of the library is being met by the library district.

(e) The distribution so determined shall be apportioned and paid on February 15 of each year.

Sec. 6. K.S.A. 2014 Supp. 79-1479 is hereby amended to read as follows: 79-1479. (a) On or before January 15, 1992, and quarterly thereafter, the county or district appraiser shall submit to the director of property valuation a progress report indicating actions taken during the preceding quarter calendar year to implement the appraisal of property in the county or district. Whenever the director of property valuation shall determine that any county has failed, neglected or refused to properly provide for the appraisal of property or the updating of the appraisals on an annual basis in substantial compliance with the provisions of law and the guidelines and timetables prescribed by the director, the director shall file with the state board of tax appeals a complaint stating the facts upon which the director has made the determination of noncompliance as provided by K.S.A. 79-1413a, and amendments thereto. If, as a result of such proceeding, the state board of tax appeals finds that the county is not in substantial compliance with the provisions of law and the guidelines and timetables of the director of property valuation providing for the appraisal of all property in the county or the updating of the appraisals on an annual basis, it shall order the immediate assumption of the duties of the office of county appraiser by the director of the division of property valuation until such time as the director of property valuation determines that the county is in substantial compliance with the provisions of law. In addition, the board shall order the state treasurer to withhold all or a portion of the
county's entitlement to moneys from either or both of the local ad valorem tax reduction fund and the city and county revenue sharing fund for the year following the year in which the order is issued. Upon service of any such order on the board of county commissioners, the appraiser shall immediately deliver to the director of property valuation, or the director's designee, all books, records and papers pertaining to the appraiser's office.

Any county for which the director of the division of property valuation is ordered by the state board of tax appeals to assume the responsibility and duties of the office of county appraiser shall reimburse the state for the actual costs incurred by the director of the division of property valuation in the assumption and carrying out of such responsibility and duties, including any contracting costs in the event it is necessary for the director of property valuation to contract with private appraisal firms to carry out such responsibilities and duties.

(b) On or before June 1 of each year, the director of property valuation shall review the appraisal of property in each county or district to determine if property within the county or district is being appraised or valued in accordance with the requirements of law. If the director determines the property in any county or district is not being appraised in accordance with the requirements of law, the director of property valuation shall notify the county or district appraiser and the board of county commissioners of any county or counties affected that the county has 30 days within which to submit to the director a plan for bringing the appraisal of property within the county into compliance.

If a plan is submitted and approved by the director the county or district shall proceed to implement the plan as submitted. The director shall continue to monitor the program to insure that the plan is implemented as submitted. If no plan is submitted or if the director does not approve the plan, the director shall petition the state board of tax appeals for a review of the plan or, if no plan is submitted, for authority for the division of property valuation to assume control of the appraisal program of the county and to proceed to bring the same into compliance with the requirements of law.

If the state board of tax appeals approves the plan, the county or district appraiser shall proceed to implement the plan as submitted. If no plan has been submitted or the plan submitted is not approved, the board shall fix a time within which the county may submit a plan or an amended plan for approval. If no plan is submitted and approved within the time prescribed by the board, the board shall order the division of property valuation to assume control of the appraisal program of the county and shall certify its order to the state treasurer who shall withhold distributions of the county's share of moneys from the county and city revenue sharing fund and the local ad valorem tax reduction fund and credit the same to the general fund.
of the state for the year following the year in which the board's order is made. The director of property valuation shall certify the amount of the cost incurred by the division in bringing the program in compliance to the state board of tax appeals. The board shall order the county commissioners to reimburse the state for such costs.

(c) The state board of tax appeals shall within 60 days after the publication of the Kansas assessment/sales ratio study review such publication to determine county compliance with K.S.A. 79-1439, and amendments thereto. If in the determination of the board one or more counties are not in substantial compliance and the director of property valuation has not acted under subsection (b), the board shall order the director of property valuation to take such corrective action as is necessary or to show cause for noncompliance.

Sec. 7. K.S.A. 79-2965 is hereby amended to read as follows: 79-2965. (a) The state treasurer shall make a determination of the total amount of each county's entitlement from the county and city revenue sharing fund for each year prior to the first distribution from the fund in that year.

(b) In making the determination, the state treasurer shall allocate the total amount to be transferred to the county and city revenue sharing fund for distribution in that year, exclusive of $600,000 which amount shall be designated as the deficiency equalization amount, in the following manner:

(1) Sixty-five percent of such amount shall be allocated on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201, and amendments thereto, on July 1 of the preceding year; and (2) the remaining 35% shall be allocated on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property valuation.

(c) In any year when a county's portion determined under the formula in subsection (b) added to the amount that county receives from the local ad valorem tax reduction fund for such year is less than the total of each distribution made to that county in the state's fiscal year 1977 from the local ad valorem tax reduction fund, the alcoholic liquor control enforcement fund and revenue collected from the sale of cigarette tax indicia, the difference between such amounts shall be allocated to that county from the deficiency equalization amount.

(d) Any portion of the deficiency equalization amount not allocated as provided in subsection (c) shall be allocated among all of the counties according to the formula using population and equalized assessed tangible valuation as prescribed in subsection (b).

(e)(d) The total amount allocated to a county under the provisions of this section for any year shall be deemed to be that county's entitlement
from the county and city revenue sharing fund for that year.

2961, 79-2962 and 79-2965 and K.S.A. 2014 Supp. 74-8768, 75-2556, 79-
1479 and 79-2959 are hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its
publication in the statute book.