

# Journal of the Senate

EIGHTY-THIRD DAY

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SENATE CHAMBER, TOPEKA, KANSAS  
Monday, June 5, 2017, 10:00 a.m.

The Senate was called to order by Vice President Jeff Longbine.  
The roll was called with 40 senators present.  
Senator Randall Hardy delivered the invocation:

Our gracious God, we come today with thanks and gratitude for Your presence, with thanks for this beautiful place we call home, and with thanks for Your guidance as we seek to serve our fellow citizens. We ask Your blessings on those in this chamber who have chosen to take up the difficult task of governing, and also on the members of the legislative staff who work diligently to complete the work of our Senate. Strengthen all of us and help us to show forth the fruits of Your spirit of love, joy, peace, and generosity as we go about our work. Grant us a spirit of compassion and cooperation. May the peace that passes all understanding guide our hearts and minds in the days to come. Amen

The Pledge of Allegiance was led by Vice President Longbine.

## MESSAGE FROM THE HOUSE

The House nonconcurrs in Senate amendments to **HB 2407**, requests a conference and has appointed Representatives Sutton, Weber and Burroughs as conferees on the part of the House.

The House nonconcurrs in Senate amendments to **HB 2409**, requests a conference and has appointed Representatives Sutton, Weber and Burroughs as conferees on the part of the House.

## ORIGINAL MOTION

On motion of Senator McGinn, the Senate acceded to the request of the House for a conference on **HB 2407**.

The Vice President appointed Senators McGinn, Billinger and Kelly as conferees on the part of the Senate.

On motion of Senator Estes, the Senate acceded to the request of the House for a conference on **HB 2409**.

The Vice President appointed Senators Estes, Olson and Faust-Goudeau as conferees on the part of the Senate.

On motion of Senator Denning, the Senate recessed until the sound of the gavel.

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

#### **MESSAGE FROM THE HOUSE**

The House not adopts the Conference Committee report on **SB 19**, requests a conference and appoints Representatives Campbell, Aurand and Trimmer as Third conferees on the part of the House.

#### **ORIGINAL MOTION**

On motion of Senator Petersen, the Senate acceded to the request of the House for a conference on **SB 19**.

The President appointed Senators Denning, McGinn and Hensley as conferees on the part of the Senate.

On motion of Senator Petersen, the Senate recessed until the sound of the gavel.

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

#### **MESSAGE FROM THE HOUSE**

The House adopts the Conference Committee report on **SB 19**.

On motion of Senator Denning, the Senate recessed until the sound of the gavel.

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

#### **CONFERENCE COMMITTEE REPORT**

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 19** submits the following report:

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

On page 1, by striking all in lines 5 through 36;

By striking all on pages 2 through 14;

On page 15, by striking lines 1 through 26; following line 26, by inserting:  
"Section 1.

#### **DEPARTMENT OF EDUCATION**

(A) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2018, the following:

Operating expenditures (including official hospitality)

(652-00-1000-0053) .....\$12,586,611

*Provided*, That any unencumbered balance in the operating expenditures (including official hospitality) account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Special education services aid (652-00-1000-0700).....\$435,980,455

*Provided*, That any unencumbered balance in the special education services aid account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018: *Provided further*, That expenditures shall not be made from the special education

services aid account for the provisions of instruction for any homebound or hospitalized child, unless the categorization of such child as exceptional is conjoined with the categorization of the child within one or more of the other categories of exceptionality: *And provided further*, That expenditures shall be made from this account for grants to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-983, and amendments thereto: *And provided further*, That expenditures shall be made from the amount remaining in this account, after deduction of the expenditures specified in the foregoing provisos, for payments to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-978, and amendments thereto.

State foundation aid (652-00-1000-0820) .....\$1,991,268,237

*Provided*, That any unencumbered balance in the block grants to USDs account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Supplemental state aid (652-00-1000-0840) .....\$480,920,922

*Provided*, That any unencumbered balance in the supplemental general stat aid account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Mentor teacher (652-00-1000-0440) .....\$800,000

Professional development .....\$1,700,000

Information technology education opportunities (652-00-1000-0600).....\$500,000

Kansas reading success (652-00-1000-0070) .....\$2,100,000

Discretionary grants (652-00-1000-0400) .....\$322,457

*Provided*, That the above agency shall make expenditures from the discretionary grants account during the fiscal year 2018, in the amount not less than \$125,000 for after school programs for middle school students in the sixth, seventh and eighth grades: *Provided further*, That the after school programs may also include fifth and ninth grade students, if they attend a junior high: *And provided further*, That such discretionary grants shall be awarded to after school programs that operate for a minimum of two hours a day, every day that school is in session, and a minimum of six hours a day for a minimum of five weeks during the summer: *And provided further*, That the discretionary grants awarded to after school programs shall require a \$1 for \$1 local match: *And provided further*, That the aggregate amount of discretionary grants awarded to any one after school program shall not exceed \$25,000.

School food assistance (652-00-1000-0320) .....\$2,510,486

School safety hotline (652-00-1000-0230) .....\$10,000

KPERS – employer contributions – USDs .....\$261,569,312

KPERS – employer contributions (652-00-1000-0100) .....\$19,707,072

*Provided*, That any unencumbered balance in the KPERS – employer contributions account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018: *Provided further*, That all expenditures from the KPERS – employer contributions account shall be for payment of participating employers' contributions to the Kansas public employees retirement system as provided in K.S.A. 74-4939, and amendments thereto: *And provided further*, That expenditures from this account for the payment of participating employers' contributions to the Kansas public employees retirement system may be made regardless of when the liability was incurred.

Educable deaf-blind and severely handicapped children's programs

aid (652-00-1000-0630) .....\$110,000

School district juvenile detention facilities and Flint Hills job

corps center grants (652-00-1000-0290) .....\$4,771,500

*Provided*, That any unencumbered balance in the school district juvenile detention facilities and Flint Hills job corps center grants account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018: *Provided further*, That expenditures shall be made from the school district juvenile detention facilities and Flint Hills job corps center grants account for grants to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-8187, and amendments thereto.

Governor's teaching excellence scholarships and

awards (652-00-1000-0770) .....\$327,500

*Provided*, That any unencumbered balance in the governor's teaching excellence scholarships and awards account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018: *Provided further*, That all expenditures from the governor's teaching excellence scholarships and awards account for teaching excellence scholarships shall be made in accordance with K.S.A. 72-1398, and amendments thereto: *And provided further*, That each such grant shall be required to be matched on a \$1 for \$1 basis from nonstate sources: *And provided further*, That award of each such grant shall be conditioned upon the recipient entering into an agreement requiring the grant to be repaid if the recipient fails to complete the course of training under the national board for professional teaching standards certification program: *And provided further*, That all moneys received by the department of education for repayment of grants for governor's teaching excellence scholarships shall be deposited in the state treasury and credited to the governor's teaching excellence scholarships program repayment fund (652-00-7221-7200).

Incentive for technical education (652-00-1000-0110) .....\$50,000

*Provided*, That, on July 1, 2017, notwithstanding the provisions of K.S.A. 72-4489, and amendments thereto, or any other statute, the department of education shall grant an award in an amount equal to \$1,000 for each pupil graduating from a high school in a school district having obtained an industry-recognized credential either prior to graduation from high school or by December 31 immediately following graduation in an occupation that has been identified by the secretary of labor, in consultation with the state board of regents and the state board of education, as an occupation in highest need of additional skilled employees at the time the pupil entered the career technical education course or program in the school district: *Provided further*, That, if the amount of moneys appropriated for the above agency for fiscal year 2018 is less than the amount of moneys to be awarded to such school districts, the department of education shall prorate the available moneys to such school districts accordingly.

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2018, 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:

State school district finance fund (652-00-7393-7000) .....No limit

School district capital improvements fund (652-00-2880-2880) .....No limit

*Provided*, That expenditures from the school district capital improvements fund shall be made only for the payment of general obligation bonds approved by voters under the

authority of K.S.A. 72-6761, and amendments thereto.

Mineral production education fund (652-00-7669-7669) .....	No limit
School district capital outlay state aid fund .....	No limit
Conversion of materials and equipment fund (652-00-2420-2020) .....	No limit
State safety fund (652-00-2538-2030) .....	No limit

*Provided*, That notwithstanding the provisions of K.S.A. 8-272, and amendments thereto, or any other statute, funds shall be distributed during fiscal year 2018 as soon as moneys are available.

School bus safety fund (652-00-2532-2300) .....	No limit
Motorcycle safety fund (652-00-2633-2050) .....	No limit
Federal indirect cost reimbursement fund (652-00-2312-2200) .....	No limit
Teacher and administrator fee fund (652-00-2728-2700) .....	No limit
Food assistance – federal fund (652-00-3230-3020) .....	No limit
Food assistance – school breakfast program – federal fund (652-00-3529-3490) .....	No limit
Food assistance – national school lunch program – federal fund (652-00-3530-3500) .....	No limit
Food assistance – child and adult care food program – federal fund (652-00-3531-3510) .....	No limit
Community-based child abuse prevention – federal fund (652-00-3319-7400) .....	No limit
Family and children investment fund (652-00-7375) .....	No limit
Elementary and secondary school aid – federal fund (652-00-3233-3040) .....	No limit
Educationally deprived children – state operations – federal fund (652-00-3131-3130) .....	No limit
Elementary and secondary school – educationally deprived children – LEA's fund (652-00-3532-3520) .....	No limit
Education of handicapped children fund – federal (652-00-3234-3050) .....	No limit
Education of handicapped children fund – state operations – federal fund (652-00-3534-3540) .....	No limit
Education of handicapped children fund – preschool – federal fund (652-00-3535-3550) .....	No limit
Education of handicapped children fund – preschool state operations – federal (652-00-3536-3560) .....	No limit
Elementary and secondary school aid – federal fund – migrant education fund (652-00-3537-3570) .....	No limit
Elementary and secondary school aid – federal fund – migrant education – state operations (652-00-3538-3580) .....	No limit
Vocational education title II – federal fund (652-00-3539-3590) .....	No limit
Vocational education title II – federal fund – state operations (652-00-3540-3600) .....	No limit
Educational research grants and projects fund (652-00-3592-3070) .....	No limit
Inservice education workshop fee fund (652-00-2230-2010) .....	No limit

*Provided*, That expenditures may be made from the inservice education workshop fee fund for operating expenditures, including official hospitality, incurred for inservice

workshops and conferences: *Provided further*, That the state board of education is hereby authorized to fix, charge and collect fees for inservice workshops and conferences: *And provided further*, That such fees shall be fixed in order to recover all or part of such operating expenditures incurred for inservice workshops and conferences: *And provided further*, That all fees received for inservice workshops and conferences 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 inservice education workshop fee fund.

Private donations, gifts, grants and bequests fund (652-00-7307-5000) .....No limit  
 Reimbursement for services fund (652-00-3056-3200) .....No limit  
 Communities in schools program fund (652-00-2221-2400) .....No limit  
 Governor's teaching excellence scholarships program repayment  
 fund (652-00-7221-7200) .....No limit

*Provided*, That all expenditures from the governor's teaching excellence scholarships program repayment fund shall be made in accordance with K.S.A. 72-1398, and amendments thereto: *Provided further*, That each such grant shall be required to be matched on a \$1 for \$1 basis from nonstate sources: *And provided further*, That award of each such grant shall be conditioned upon the recipient entering into an agreement requiring the grant to be repaid if the recipient fails to complete the course of training under the national board for professional teaching standards certification program: *And provided further*, That all moneys received by the department of education for repayment of grants made under the governor's teaching excellence scholarships program 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 governor's teaching excellence scholarships program repayment fund.

State grants for improving teacher quality – federal fund  
 (652-00-3526-3860) .....No limit  
 State grants for improving teacher quality – federal fund –  
 state operations (652-00-3527-3870) .....No limit  
 21st century community learning centers – federal fund  
 (652-00-3519-3890) .....No limit  
 State assessments – federal fund (652-00-3520-3800) .....No limit  
 Rural and low-income schools program – federal fund  
 (652-00-3521-3810) .....No limit  
 TANF children's programs – federal fund (652-00-3323-0530) .....No limit  
 ESSA – student support academic enrichment – federal fund .....No limit  
 Language assistance state grants – federal fund (652-00-3522-3820) .....No limit  
 Service clearing fund (652-00-2869-2800) .....No limit  
 Helping schools license plate program fund (652-00-2606-2600) .....No limit  
 General state aid transportation weighting – state highway  
 fund (652-00-2222-2222) .....No limit

*Provided*, That on July 1, 2017, October 1, 2017, January 1, 2018, and April 1, 2018, the director of accounts and reports shall transfer \$24,150,000 from the state highway fund of the department of transportation to the general state aid transportation weighting – state highway fund of the department of education.

Special education transportation weighting – state highway  
 fund (652-00-2223-2223) .....No limit

*Provided*, That on July 1, 2017, October 1, 2017, January 1, 2018, and April 1, 2018, the director of accounts and reports shall transfer \$2,500,000 from the state highway fund of the department of transportation to the special education transportation weighting – state highway fund of the department of education

Career and technical education transportation – state highway fund (652-00-2139-2139) .....No limit

*Provided*, That on July 1, 2017, the director of accounts and reports shall transfer \$650,000 from the state highway fund of the department of transportation to the career and technical education transportation – state highway fund of the department of education.

Local school district contribution program checkoff fund .....No limit

Educational technology coordinator fund (652-00-2157-2157) .....No limit

*Provided*, That expenditures shall be made by the above agency for the fiscal year ending June 30, 2018, from the educational technology coordinator fund of the department of education to provide data on the number of school districts served and cost savings for those districts in fiscal year 2018 in order to assess the cost effectiveness of the position of educational technology coordinator.

School district extraordinary declining enrollment fund .....\$2,593,452

(c) There is appropriated for the above agency from the children's initiatives fund for the fiscal year ending June 30, 2018, the following:

Parent education program (652-00-2000-2510) .....\$7,237,635

*Provided*, That any unencumbered balance in the parent education program account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018:

*Provided further*, That expenditures from the parent education program account for each such grant shall be matched by the school district in an amount that is equal to not less than 65% of the grant.

Children's cabinet accountability fund (652-00-2000-2402) .....\$375,000

*Provided*, That any unencumbered balance in the children's cabinet accountability fund account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

CIF grants (652-00-2000-2408) .....\$15,782,638

*Provided*, That any unencumbered balance in the CIF grants account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Quality initiative infants and toddlers (652-00-2000-2420) .....\$430,466

*Provided*, That any unencumbered balance in the quality initiative infants and toddlers account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Early childhood block grant autism diagnosis .....\$43,047

*Provided*, That any unencumbered balance in the early childhood block grant autism diagnosis account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

(d) On July 1, 2017, or as soon thereafter as moneys are available, notwithstanding the provisions of K.S.A. 8-1,148 or 38-1808, and amendments thereto, or any other statute, the director of accounts and reports shall transfer \$50,000 from the family and children trust account of the family and children investment fund (652-00-7375-7900) of the Kansas department of education to the communities in schools program fund (652-00-2221-2400) of the department of education.

(e) On March 30, 2018, and June 30, 2018, or as soon thereafter as moneys are available, notwithstanding the provisions of K.S.A. 8-267 or 8-272, and amendments thereto, or any other statute, the director of accounts and reports shall transfer \$550,000 from the state safety fund (652-00-2538-2030) to the state general fund: *Provided*, That the transfer of such amount shall be in addition to any other transfer from the state safety fund to the state general fund as prescribed by law: *Provided further*, That the amount transferred from the state safety fund to the state general fund pursuant to this subsection is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services that are performed on behalf of the department of education by other state agencies that receive appropriations from the state general fund to provide such services.

(f) On July 1, 2017, and quarterly thereafter, the director of accounts and reports shall transfer \$56,250 from the state highway fund of the department of transportation to the school bus safety fund (652-00-2532-2300) of the department of education.

(g) On July 1, 2017, the director of accounts and reports shall transfer an amount certified by the commissioner of education from the motorcycle safety fund (652-00-2633-2050) of the department of education to the motorcycle safety fund (561-00-2366-2360) of the state board of regents: *Provided*, That the amount to be transferred shall be determined by the commissioner of education based on the amounts required to be paid pursuant to K.S.A. 8-272(b)(2), and amendments thereto.

(h) There is appropriated for the above agency from the expanded lottery act revenues fund for the fiscal year ending June 30, 2018, the following:

KPERS – school employer contribution (652-00-1700-1700) .....\$39,883,000

(i) On July 1, 2017, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$89,323 from the USAC E-rate program federal fund (561-00-3920-3920) of the state board of regents to the education technology coordinator fund (652-00-2157-2157) of the department of education: *Provided*, That the department of education shall provide information and data regarding the number of school districts served and cost savings attained by such school districts in order to assess the cost effectiveness of having this education technology coordinator position: *Provided further*, That such information and data shall be available by the department of education by the end of the fiscal year 2018.

(j) There is appropriated for the above agency from the Kansas endowment for youth fund for the fiscal year ending June 30, 2018, the following:

Children's cabinet administration .....\$248,206

*Provided*, That any unencumbered balance in the children's cabinet administration account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

Sec. 2.

#### DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2019, the following:

Operating expenditures (including official hospitality)

(652-00-1000-0053) .....\$12,685,361

*Provided*, That any unencumbered balance in the operating expenditures (including official hospitality) account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.



Special education services aid (652-00-1000-0700) .....\$447,980,455  
*Provided*, That any unencumbered balance in the special education services aid account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019: *Provided further*, That expenditures shall not be made from the special education services aid account for the provision of instruction for any homebound or hospitalized child, unless the categorization of such child as exceptional is conjoined with the categorization of the child within one or more of the other categories of exceptionality: *And provided further*, That expenditures shall be made from this account for grants to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-983, and amendments thereto: *And provided further*, That expenditures shall be made from the amount remaining in this account, after deduction of the expenditures specified in the foregoing provisos, for payments to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-978, and amendments thereto.

State foundation aid (652-00-1000-0820) .....\$2,046,657,545  
*Provided*, That any unencumbered balance in the state foundation aid account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

Supplemental state aid (652-00-1000-0840) .....\$486,109,284  
*Provided*, That any unencumbered balance in the supplemental state aid account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

Mentor teacher (652-00-1000-0440) .....\$800,000  
Professional development .....\$1,700,000  
Information technology education opportunities (652-00-1000-0600) .....\$500,000  
Kansas reading success (652-00-1000-0070) .....\$2,100,000  
Discretionary grants (652-00-1000-0400) .....\$322,457  
*Provided*, That the above agency shall make expenditures from the discretionary grants account during the fiscal year 2019, in the amount not less than \$125,000 for after school programs for middle school students in the sixth, seventh and eighth grades: *Provided further*, That the after school programs may also include fifth and ninth grade students, if they attend a junior high: *And provided further*, That such discretionary grants shall be awarded to after school programs that operate for a minimum of two hours a day, every day that school is in session, and a minimum of six hours a day for a minimum of five weeks during the summer: *And provided further*, That the discretionary grants awarded to after school programs shall require a \$1 for \$1 local match: *And provided further*, That the aggregate amount of discretionary grants awarded to any one after school program shall not exceed \$25,000.

School food assistance (652-00-1000-0320) .....\$2,510,486  
School safety hotline (652-00-1000-0230) .....\$10,000  
KPERS – employer contributions – USDs (652-00-1000-0100) .....\$26,885,049  
KPERS – employer contributions (652-00-1000-0100) .....\$259,742,946  
*Provided*, That any unencumbered balance in the KPERS – employer contributions account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019: *Provided further*, That all expenditures from the KPERS – employer contributions account shall be for payment of participating employers' contributions to the Kansas public employees retirement system as provided in K.S.A. 74-4939, and amendments thereto: *And provided further*, That expenditures from this account for the payment of participating employers' contributions to the Kansas public employees retirement

system may be made regardless of when the liability was incurred.

Educable deaf-blind and severely handicapped children's programs  
aid (652-00-1000-0630) .....\$110,000

School district juvenile detention facilities and Flint Hills  
job corps center grants (652-00-1000-0290) .....\$4,771,500

*Provided*, That any unencumbered balance in the school district juvenile detention facilities and Flint Hills job corps center grants account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019: *Provided further*, That expenditures shall be made from the school district juvenile detention facilities and Flint Hills job corps center grants account for grants to school districts in amounts determined pursuant to and in accordance with the provisions of K.S.A. 72-8187, and amendments thereto.

Governor's teaching excellence scholarships and awards  
(652-00-1000-0770) .....\$327,500

*Provided*, That any unencumbered balance in the governor's teaching excellence scholarships and awards account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019: *Provided further*, That all expenditures from the governor's teaching excellence scholarships and awards account for teaching excellence scholarships shall be made in accordance with K.S.A. 72-1398, and amendments thereto: *And provided further*, That each such grant shall be required to be matched on a \$1 for \$1 basis from nonstate sources: *And provided further*, That award of each such grant shall be conditioned upon the recipient entering into an agreement requiring the grant to be repaid if the recipient fails to complete the course of training under the national board for professional teaching standards certification program: *And provided further*, That all moneys received by the department of education for repayment of grants for governor's teaching excellence scholarships shall be deposited in the state treasury and credited to the governor's teaching excellence scholarships program repayment fund (652-00-7221-7200).

Incentive for technical education (652 - 00 - 1000 - 0110) .....\$50,000

*Provided*, That, on July 1, 2018, notwithstanding the provisions of K.S.A. 72-4489, and amendments thereto, or any other statute, the department of education shall grant an award in an amount equal to \$1,000 for each pupil graduating from a high school in a school district having obtained an industry-recognized credential either prior to graduation from high school or by December 31 immediately following graduation in an occupation that has been identified by the secretary of labor, in consultation with the state board of regents and the state board of education, as an occupation in highest need of additional skilled employees at the time the pupil entered the career technical education course or program in the school district: *Provided further*, That, if the amount of moneys appropriated for the above agency for fiscal year 2019 is less than the amount of moneys to be awarded to such school districts, the department of education shall prorate the available moneys to such school districts accordingly.

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2019, 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:

State school district finance fund (652-00-7393-7000) .....No limit

School district capital improvements fund (652-00-2880-2880) .....No limit  
*Provided*, That expenditures from the school district capital improvements fund shall be made only for the payment of general obligation bonds approved by voters under the authority of K.S.A. 72-6761, and amendments thereto.

Mineral production education fund (652-00-7669-7669) .....No limit

School district capital outlay state aid fund .....No limit

Conversion of materials and equipment fund (652-00-2420-2020) .....No limit

State safety fund (652-00-2538-2030) .....No limit

School bus safety fund (652-00-2532-2300) .....No limit

Motorcycle safety fund (652-00-2633-2050) .....No limit

Federal indirect cost reimbursement fund (652-00-2312-2200) .....No limit

Teacher and administrator fee fund (652-00-2728-2700) .....No limit

Food assistance – federal fund (652-00-3230-3020) .....No limit

Food assistance – school breakfast program – federal fund  
 (652-00-3529-3490) .....No limit

Food assistance – national school lunch program – federal fund  
 (652-00-3530-3500) .....No limit

Food assistance – child and adult care food program – federal fund  
 (652-00-3531-3510) .....No limit

Community-based child abuse prevention – federal fund  
 (652-00-3319-7400) .....No limit

Family and children investment fund (652-00-7375) .....No limit

Elementary and secondary school aid – federal fund  
 (652-00-3233-3040) .....No limit

Educationally deprived children – state operations – federal fund  
 (652-00-3131-3130) .....No limit

Elementary and secondary school – educationally deprived children –  
 LEA's fund (652-00-3532-3520) .....No limit

Education of handicapped children fund – federal (652-00-3234-3050) .....No limit

Education of handicapped children fund – state operations –  
 federal fund (652-00-3534-3540) .....No limit

Education of handicapped children fund – preschool – federal  
 fund (652-00-3535-3550) .....No limit

Education of handicapped children fund – preschool state operations –  
 federal (652-00-3536-3560) .....No limit

Elementary and secondary school aid – federal fund – migrant  
 education fund (652-00-3537-3570) .....No limit

Elementary and secondary school aid – federal fund – migrant education –  
 state operations (652-00-3538-3580) .....No limit

Vocational education title II – federal fund (652-00-3539-3590) .....No limit

Vocational education title II – federal fund – state operations  
 (652-00-3540-3600) .....No limit

Educational research grants and projects fund (652-00-3592-3070) .....No limit

Inservice education workshop fee fund (652-00-2230-2010) .....No limit

*Provided*, That expenditures may be made from the inservice education workshop fee fund for operating expenditures, including official hospitality, incurred for inservice workshops and conferences: *Provided further*, That the state board of education is

hereby authorized to fix, charge and collect fees for inservice workshops and conferences: *And provided further*, That such fees shall be fixed in order to recover all or part of such operating expenditures incurred for inservice workshops and conferences: *And provided further*, That all fees received for inservice workshops and conferences 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 inservice education workshop fee fund.

Private donations, gifts, grants and bequests fund (652-00-7307-5000) .....No limit  
 Reimbursement for services fund (652-00-3056-3200) .....No limit  
 Communities in schools program fund (652-00-2221-2400) .....No limit  
 Governor's teaching excellence scholarships program repayment  
 fund (652-00-7221-7200) .....No limit

*Provided*, That all expenditures from the governor's teaching excellence scholarships program repayment fund shall be made in accordance with K.S.A. 72-1398, and amendments thereto: *Provided further*, That each such grant shall be required to be matched on a \$1 for \$1 basis from nonstate sources: *And provided further*, That award of each such grant shall be conditioned upon the recipient entering into an agreement requiring the grant to be repaid if the recipient fails to complete the course of training under the national board for professional teaching standards certification program: *And provided further*, That all moneys received by the department of education for repayment of grants made under the governor's teaching excellence scholarships program 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 governor's teaching excellence scholarships program repayment fund.

State grants for improving teacher quality – federal fund  
 (652-00-3526-3860) .....No limit  
 State grants for improving teacher quality – federal fund –  
 state operations (652-00-3527-3870) .....No limit  
 21st century community learning centers – federal fund  
 (652-00-3519-3890) .....No limit  
 State assessments – federal fund (652-00-3520-3800) .....No limit  
 Rural and low-income schools program – federal fund (652-00-3521-3810) ..No limit  
 TANF children's programs – federal fund (652-00-3323-0530) .....No limit  
 ESSA – student support academic enrichment – federal fund .....No limit  
 Language assistance state grants – federal fund (652-00-3522-3820) .....No limit  
 Service clearing fund (652-00-2869-2800) .....No limit  
 Helping schools license plate program fund (652-00-2606-2600) .....No limit  
 General state aid transportation weighting – state highway fund  
 (652-00-2222-2222) .....No limit

*Provided*, That on July 1, 2018, October 1, 2018, January 1, 2019, and April 1, 2019, the director of accounts and reports shall transfer \$24,150,000 from the state highway fund of the department of transportation to the general state aid transportation weighting – state highway fund of the department of education.

Special education transportation weighting – state highway fund  
 (652-00-2223-2223) .....No limit

*Provided*, That on July 1, 2018, October 1, 2018, January 1, 2019, and April 1, 2019, the director of accounts and reports shall transfer \$2,500,000 from the state highway

fund of the department of transportation to the special education transportation weighting – state highway fund of the department of education.

Career and technical education transportation – state highway fund

(652-00-2139-2139) .....No limit

*Provided*, That on July 1, 2018, the director of accounts and reports shall transfer \$650,000 from the state highway fund of the department of transportation to the career and technical education transportation – state highway fund of the department of education.

Local school district contribution program checkoff fund .....No limit

Educational technology coordinator fund (652-00-2157-2157) .....No limit

*Provided*, That expenditures shall be made by the above agency for the fiscal year ending June 30, 2019, from the educational technology coordinator fund of the department of education to provide data on the number of school districts served and cost savings for those districts in fiscal year 2019 in order to assess the cost effectiveness of the position of educational technology coordinator.

(c) There is appropriated for the above agency from the children's initiatives fund for the fiscal year ending June 30, 2019, the following:

Parent education program (652-00-2000-2510) .....\$7,237,635

*Provided*, That any unencumbered balance in the parent education program account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019:

*Provided further*, That expenditures from the parent education program account for each such grant shall be matched by the school district in an amount that is equal to not less than 65% of the grant.

Children's cabinet accountability fund (652-00-2000-2402) .....\$375,000

*Provided*, That any unencumbered balance in the children's cabinet accountability fund account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

CIF grants (652-00-2000-2408) .....\$15,782,786

*Provided*, That any unencumbered balance in the CIF grants account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

Quality initiative infants and toddlers (652-00-2000-2420) .....\$430,466

*Provided*, That any unencumbered balance in the quality initiative infants and toddlers account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

Early childhood block grant autism diagnosis .....\$43,047

*Provided*, That any unencumbered balance in the early childhood block grant autism diagnosis account in excess of \$100 as of June 30, 2018, is hereby reappropriated for fiscal year 2019.

(d) On July 1, 2018, or as soon thereafter as moneys are available, notwithstanding the provisions of K.S.A. 8-1,148 or 38-1808, and amendments thereto, or any other statute, the director of accounts and reports shall transfer \$50,000 from the family and children trust account of the family and children investment fund (652-00-7375-7900) of the Kansas department for children and families to the communities in schools program fund (652-00-2221-2400) of the department of education.

(e) On March 30, 2019, and June 30, 2019, or as soon thereafter as moneys are available, notwithstanding the provisions of K.S.A. 8-267 or 8-272, and amendments thereto, or any other statute, the director of accounts and reports shall transfer \$550,000

from the state safety fund (652-00-2538-2030) to the state general fund: *Provided*, That the transfer of such amount shall be in addition to any other transfer from the state safety fund to the state general fund as prescribed by law: *Provided further*, That the amount transferred from the state safety fund to the state general fund pursuant to this subsection is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services that are performed on behalf of the department of education by other state agencies that receive appropriations from the state general fund to provide such services.

(f) On July 1, 2018, and quarterly thereafter, the director of accounts and reports shall transfer \$56,250 from the state highway fund of the department of transportation to the school bus safety fund (652-00-2532-2300) of the department of education.

(g) On July 1, 2018, the director of accounts and reports shall transfer an amount certified by the commissioner of education from the motorcycle safety fund (652-00-2633-2050) of the department of education to the motorcycle safety fund (561-00-2366-2360) of the state board of regents: *Provided*, That the amount to be transferred shall be determined by the commissioner of education based on the amounts required to be paid pursuant to K.S.A. 8-272(b)(2), and amendments thereto.

(h) There is appropriated for the above agency from the expanded lottery act revenues fund for the fiscal year ending June 30, 2019, the following:

KPERS – school employer contribution (652-00-1700-1700) .....\$40,084,000

(i) On July 1, 2018, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$89,323 from the USAC E-rate program federal fund (561-00-3920-3920) of the state board of regents to the education technology coordinator fund (652-00-2157-2157) of the department of education: *Provided*, That the department of education shall provide information and data regarding the number of school districts served and cost savings attained by such school districts in order to assess the cost effectiveness of having this education technology coordinator position: *Provided further*, That such information and data shall be available by the department of education by the end of the fiscal year 2019.

(j) There is appropriated for the above agency from the Kansas endowment for youth fund for the fiscal year ending June 30, 2019, the following:

Children's cabinet administration .....\$248,571

*Provided*, That any unencumbered balance in the children's cabinet administration account in excess of \$100 as of June 30, 2017, is hereby reappropriated for fiscal year 2018.

New Sec. 3. Sections 3 through 48, and amendments thereto, shall be known and may be cited as the Kansas school equity and enhancement act.

New Sec. 4. As used in the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto:

(a) "Adjusted enrollment" means the enrollment of a school district adjusted by adding the following weightings, if any, to the enrollment of a school district: At-risk student weighting; bilingual weighting; career technical education weighting; declining enrollment weighting; high-density at-risk student weighting; high enrollment weighting; low enrollment weighting; school facilities weighting; ancillary school facilities weighting; cost-of-living weighting; special education and related services weighting; and transportation weighting.

(b) "Ancillary school facilities weighting" means an addend component assigned to

the enrollment of school districts pursuant to section 30, and amendments thereto, on the basis of costs attributable to commencing operation of one or more new school facilities by such school districts.

(c) (1) "At-risk student" means a student who is eligible for free meals under the national school lunch act, and who is enrolled in a school district that maintains an approved at-risk student assistance program.

(2) The term "at-risk student" shall not include any student enrolled in any of the grades one through 12 who is in attendance less than full time, or any student who is over 19 years of age. The provisions of this paragraph shall not apply to any student who has an individualized education program.

(d) "At-risk student weighting" means an addend component assigned to the enrollment of school districts pursuant to section 23(a), and amendments thereto, on the basis of costs attributable to the maintenance of at-risk educational programs by such school districts.

(e) "Base aid for student excellence" or "BASE aid" means an amount appropriated by the legislature in a fiscal year for the designated year. The amount of BASE aid shall be as follows:

(1) For school year 2017-2018, \$4,006;

(2) for school year 2018-2019, \$4,128; and

(3) for school year 2019-2020, and each school year thereafter, the BASE aid shall be the BASE aid amount for the immediately preceding school year plus an amount equal to the average percentage increase in the consumer price index for all urban consumers in the midwest region as published by the bureau of labor statistics of the United States department of labor during the three immediately preceding school years.

(f) "Bilingual weighting" means an addend component assigned to the enrollment of school districts pursuant to section 22, and amendments thereto, on the basis of costs attributable to the maintenance of bilingual educational programs by such school districts.

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

(h) "Budget per student" means the general fund budget of a school district divided by the enrollment of the school district.

(i) "Categorical fund" means and includes the following funds of a school district: Adult education fund; adult supplementary education fund; at-risk education fund; bilingual education fund; career and postsecondary education fund; driver training fund; educational excellence grant program fund; extraordinary school program fund; food service fund; parent education program fund; preschool-aged at-risk education fund; professional development fund; special education fund; and summer program fund.

(j) "Cost-of-living weighting" means an addend component assigned to the enrollment of school districts pursuant to section 31, and amendments thereto, on the basis of costs attributable to the cost of living in such school districts.

(k) "Current school year" means the school year during which state foundation aid is determined by the state board under section 6, and amendments thereto.

(l) "Declining enrollment weighting" means an addend component assigned to the enrollment of school districts pursuant to section 32, and amendments thereto, on the basis of costs attributable to the declining enrollment of such school districts.

(m) "Enrollment" means:

(1) The number of students regularly enrolled in kindergarten and grades one

through 12 in the school district on September 20 of the preceding school year plus the number of preschool-aged at-risk students regularly enrolled in the school district on September 20 of the current school year, except a student who is a foreign exchange student shall not be counted unless such student is regularly enrolled in the school district on September 20 and attending kindergarten or any of the grades one through 12 maintained by the school district for at least one semester or two quarters, or the equivalent thereof.

(2) If the enrollment in a school district in the preceding school year has decreased from enrollment in the second preceding school year, the enrollment of the school district in the current school year means the sum of:

(A) The enrollment in the second preceding school year, excluding students under paragraph (2)(B), minus enrollment in the preceding school year of preschool-aged at-risk students, if any, plus enrollment in the current school year of preschool-aged at-risk students, if any; and

(B) the adjusted enrollment in the second preceding school year of any students participating in the tax credit for low income students scholarship program pursuant to K.S.A. 2016 Supp. 72-99a01 et seq., and amendments thereto, in the preceding school year, if any, plus the adjusted enrollment in the preceding school year of preschool-aged at-risk students who are participating in the tax credit for low income students scholarship program pursuant to K.S.A. 2016 Supp. 72-99a01 et seq., and amendments thereto, in the current school year, if any.

(3) For any school district that has a military student, as that term is defined in section 11, and amendments thereto, enrolled in such district, and that received federal impact aid for the preceding school year, if the enrollment in such school district in the preceding school year has decreased from enrollment in the second preceding school year, the enrollment of the school district in the current school year means whichever is the greater of:

(A) The enrollment determined under subsection (m)(2); or

(B) the sum of the enrollment in the preceding school year of preschool-aged at-risk students, if any, and the arithmetic mean of the sum of:

(i) The enrollment of the school district in the preceding school year minus the enrollment in such school year of preschool-aged at-risk students, if any;

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

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

(4) (A) For school year 2017-2018, the enrollment determined under paragraph (1), (2) or (3), except if the school district offers kindergarten on a full-time basis in such school year, students regularly enrolled in kindergarten in the school district in the preceding school year shall be counted as one student regardless of actual attendance during such preceding school year.

(B) For school year 2018-2019 and each school year thereafter, the enrollment determined under paragraph (1), (2) or (3), except if the school district begins to offer kindergarten on a full-time basis in such school year, students regularly enrolled in kindergarten in the school district in the preceding school year shall be counted as one student regardless of actual attendance during such preceding school year.

(n) "February 20" has its usual meaning, except that in any year in which February



20 is not a day on which school is maintained, it means the first day after February 20 on which school is maintained.

(o) "Federal impact aid" means an amount equal to the federally qualified percentage of the amount of moneys a school 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 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.

(p) "General fund" means the fund of a school district from which operating expenses are paid and in which is deposited all amounts of state foundation aid provided under this act, payments under K.S.A. 72-7105a, and amendments thereto, payments of federal funds made available under the provisions of title I of public law 874, except amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program and such other moneys as are provided by law.

(q) "General fund budget" means the amount budgeted for operating expenses in the general fund of a school district.

(r) "High-density at-risk student weighting" means an addend component assigned to the enrollment of school districts pursuant to section 23(b), and amendments thereto, on the basis of costs attributable to the maintenance of at-risk educational programs by such school districts.

(s) "High enrollment weighting" means an addend component assigned to the enrollment of school districts pursuant to section 21(b), and amendments thereto, on the basis of costs attributable to maintenance of educational programs by such school districts.

(t) "Juvenile detention facility" means the same as such term is defined in K.S.A. 72-8187, and amendments thereto.

(u) "Local foundation aid" means the sum of the following amounts:

(1) An amount equal to any unexpended and unencumbered balance remaining in the general fund of the school district, except moneys received by the school district and authorized to be expended for the purposes specified in section 40, and amendments thereto;

(2) 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 their repeal;

(3) an amount equal to the amount deposited in the general fund in the current school year from moneys received in such school year by the school district under the provisions of K.S.A. 72-1046a(a), and amendments thereto;

(4) an amount equal to the amount deposited in the general fund in the current school year from moneys received in such school year by the school district pursuant to contracts made and entered into under authority of K.S.A. 72-6757, and amendments thereto;

(5) an amount equal to the amount credited to the general fund in the current school year from moneys distributed in such school year to the school district under the provisions of articles 17 and 34 of chapter 12 of the Kansas Statutes Annotated, and amendments thereto, and under the provisions of articles 42 and 51 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto;

(6) an amount equal to the amount of payments received by the school district under the provisions of K.S.A. 72-979, and amendments thereto;

(7) an amount equal to the amount of any grant received by the school district under the provisions of K.S.A. 72-983, and amendments thereto; and

(8) an amount equal to 70% of the federal impact aid of the school district.

(v) "Low enrollment weighting" means an addend component assigned to the enrollment of school districts pursuant to section 21(a), and amendments thereto, on the basis of costs attributable to maintenance of educational programs by such school districts.

(w) "Operating expenses" means the total expenditures and lawful transfers from the general fund of a school district during a school year for all purposes, except expenditures for the purposes specified in section 40, and amendments thereto.

(x) "Preceding school year" means the school year immediately before the current school year.

(y) "Preschool-aged at-risk student" means an at-risk student who has attained the age of four years, is under the age of eligibility for attendance at kindergarten, and has been selected by the state board in accordance with guidelines governing the selection of students for participation in head start programs.

(z) "Preschool-aged exceptional children" means exceptional children, except gifted children, who have attained the age of three years but are under the age of eligibility for attendance at kindergarten. The terms "exceptional children" and "gifted children" have the same meaning as those terms are defined in K.S.A. 72-962, and amendments thereto.

(aa) "Psychiatric residential treatment facility" means the same as such term is defined in K.S.A. 72-8187, and amendments thereto.

(bb) "School district" means a school district organized under the laws of this state that is maintaining public school for a school term in accordance with the provisions of K.S.A. 72-1106, and amendments thereto.

(cc) "School facilities weighting" means an added component assigned to the enrollment of school districts pursuant to section 28, and amendments thereto, on the basis of costs attributable to commencing operation of one or more new school facilities by such school districts.

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

(ee) "September 20" has its usual meaning, except that in any year in which September 20 is not a day on which school is maintained, it means the first day after September 20 on which school is maintained.

(ff) "Special education and related services weighting" means an addend component assigned to the enrollment of school districts pursuant to section 29, and amendments thereto, on the basis of costs attributable to the maintenance of special education and related services by such school districts.

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

(hh) "State foundation aid" means the amount of aid distributed to school district as determined by the state board pursuant to section 6, and amendments thereto.

(ii) (1) "Student" means any person who is regularly enrolled in a school district and attending kindergarten or any of the grades one through 12 maintained by the school district or who is regularly enrolled in a school district and attending kindergarten or any of the grades one through 12 in another school district in

accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a school district and attending special education services provided for preschool-aged exceptional children by the school district.

(2) (A) Except as otherwise provided in this subsection, the following shall be counted as one student:

- (i) A student in attendance full-time; and
- (ii) a student enrolled in a school district and attending special education and related services, provided for by the school district.

(B) The following shall be counted as  $\frac{1}{2}$  student:

- (i) A student enrolled in a school district and attending special education and related services for preschool-aged exceptional children provided for by the school district; and

- (ii) a preschool-aged at-risk student enrolled in a school district and receiving services under an approved at-risk student assistance plan maintained by the school district.

(C) A student in attendance part-time shall be counted as that proportion of one student (to the nearest  $\frac{1}{10}$ ) that the student's attendance bears to full-time attendance.

(D) A student enrolled in and attending an institution of postsecondary education that is authorized under the laws of this state to award academic degrees shall be counted as one student if the student's postsecondary education enrollment and attendance together with the student's attendance in either of the grades 11 or 12 is at least  $\frac{5}{6}$  time, otherwise the student shall be counted as that proportion of one student (to the nearest  $\frac{1}{10}$ ) that the total time of the student's postsecondary education attendance and attendance in grades 11 or 12, as applicable, bears to full-time attendance.

(E) A student enrolled in and attending a technical college, a career technical education program of a community college or other approved career technical education program shall be counted as one student, if the student's career technical education attendance together with the student's attendance in any of grades nine through 12 is at least  $\frac{5}{6}$  time, otherwise the student shall be counted as that proportion of one student (to the nearest  $\frac{1}{10}$ ) that the total time of the student's career technical education attendance and attendance in any of grades nine through 12 bears to full-time attendance.

(F) A student enrolled in a school district and attending a non-virtual school and also attending a virtual school shall be counted as that proportion of one student (to the nearest  $\frac{1}{10}$ ) that the student's attendance at the non-virtual school bears to full-time attendance.

(G) A student enrolled in a school district and attending special education and related services provided for by the school district and also attending a virtual school shall be counted as that proportion of one student (to the nearest  $\frac{1}{10}$ ) that the student's attendance at the non-virtual school bears to full-time attendance.

(H) (i) Except as provided in clause (ii), a student enrolled in a school district who is not a resident of Kansas shall be counted as follows:

- (a) For school years 2017-2018 and 2018-2019, one student;
  - (b) for school year 2019-2020 and 2020-2021,  $\frac{3}{4}$  of a student; and
  - (c) for school year 2021-2022 and each school year thereafter,  $\frac{1}{2}$  of a student.
- (ii) This subparagraph (H) shall not apply to:
- (a) A student whose parent or legal guardian is an employee of the school district

where such student is enrolled; or

(b) a student who attended public school in Kansas during school year 2016-2017 and who attended public school in Kansas during the immediately preceding school year.

(3) The following shall not be counted as a student:

(A) An individual residing at the Flint Hills job corps center;

(B) except as provided in subsection (ii)(2), an individual confined in and receiving educational services provided for by a school district at a juvenile detention facility; and

(C) an individual enrolled in a school district but housed, maintained and receiving educational services at a state institution or a psychiatric residential treatment facility.

(4) A student enrolled in virtual school pursuant to K.S.A. 72-3711 et seq., and amendments thereto, shall be counted in accordance with the provisions of K.S.A. 2016 Supp. 72-3715, and amendments thereto.

(jj) "Total foundation aid" means an amount equal to the product obtained by multiplying the BASE aid by the adjusted enrollment of a school district.

(kk) "Transportation weighting" means an addend component assigned to the enrollment of school districts pursuant to section 20, and amendments thereto, on the basis of costs attributable to the provision or furnishing of transportation.

(ll) "Virtual school" means the same as such term is defined in K.S.A. 2016 Supp. 72-3712, and amendments thereto.

New Sec. 5. (a) The state school district finance fund, established by K.S.A. 1991 Supp. 72-7081, prior to its repeal, is hereby continued in existence and shall consist of: (1) All moneys credited to such fund under K.S.A. 2016 Supp. 72-6463 through 72-6481, prior to their expiration; and (2) all amounts transferred to such fund under sections 8, 14, 15, 30, 31 and 32, and amendments thereto.

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

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

New Sec. 6. In each school year, the state board shall determine the amount of state foundation aid for each school district for such school year. The state board shall determine the amount of the school district's local foundation aid for the school year. If the amount of the school district's local foundation aid is greater than the amount of total foundation aid determined for the school district for the school year, the school district shall not receive state foundation aid in any amount. If the amount of the school district's local foundation aid is less than the amount of total foundation aid determined for the school district for the school year, the state board shall subtract the amount of the school district's local foundation aid from the amount of total foundation aid. The remainder is the amount of state foundation aid the school district shall receive for the school year.

New Sec. 7. (a) The distribution of state foundation aid under this act shall be made in accordance with appropriation acts each year as provided in this section.

(b) (1) In the months of July through May of each school year, the state board shall

determine the amount of state foundation aid that will be required by each school district to maintain operations in each such month. In making such determination, the state board shall take into consideration the school district's access to local foundation aid and the obligations of the general fund that must be satisfied during the month. The amount determined by the state board under this provision is the amount of state foundation aid that will be distributed to the school district in the months of July through May.

(2) In the month of June of each school year, payment shall be made of the full amount of the state foundation aid determined for the school year less the sum of the monthly payments made in the months of July through May pursuant to subsection (b) (1).

(c) Payments of state foundation aid shall be distributed to school districts once each month on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due as state foundation aid to each school district in each of the months of July through June. Such certification, and the amount of state foundation aid payable from the state general fund, shall be approved by the director of the budget. The director of accounts and reports shall draw warrants on the state treasurer payable to the school district treasurer of each school district, pursuant to vouchers approved by the state board. Upon receipt of such warrant, each school district treasurer shall deposit the amount of state foundation aid in the general fund of the school district, except that an amount equal to the amount of federal impact aid not included in the local foundation aid of a school district may be disposed of as provided in section 38(a), and amendments thereto.

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

New Sec. 8. In the event any school district is paid more than it is entitled to receive under any distribution made under this act or under any statute repealed by this act, the state board shall notify the school district of the amount of such overpayment, and such school district shall remit the same to the state board. The state board shall remit any moneys so received 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. If any school district fails to remit, the state board shall deduct the excess amounts paid from future payments becoming due to the school district. In the event any school district is paid less than the amount it is to receive under any distribution made under this act, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within 60 days after the end of such school year.

New Sec. 9. On or before October 10 of each school year, the clerk or superintendent of each school district shall certify under oath to the state board a report showing the total enrollment of the school district by grades maintained in the schools of the school district and such other reports as the state board may require. Each such

report shall show postsecondary education enrollment, career technical education enrollment, special education enrollment, bilingual education enrollment, at-risk student enrollment and virtual school enrollment in such detail and form as is specified by the state board. Upon receipt of such reports, the state board shall examine the reports and if the state board finds any errors in any such report, the state board shall consult with the school district officer furnishing the report and make any necessary corrections in the report. On or before August 25 of each year, each such clerk or superintendent shall also certify to the state board a copy of the budget adopted by the school district.

New Sec. 10. (a) If the state board determines that the enrollment of a school district in the preceding school year decreased from the enrollment in the second preceding school year and that a disaster contributed to such decrease, the enrollment of such school district in the second school year following the school year in which the enrollment of the school district was first affected by the disaster shall be the greater of:

(1) The enrollment of preschool-aged at-risk students, if any, plus the average of the enrollment for the current and the preceding three school years, excluding the enrollment of preschool-aged at-risk students in each such year; or

(2) the enrollment of the school district, as defined in section 4, and amendments thereto.

(b) As used in this section, "disaster" means the occurrence of widespread or severe damage, injury or loss of life or property resulting from flood, earthquake, tornado, wind, storm, drought, blight or infestation.

New Sec. 11. (a) Each school year, the state board shall:

(1) Determine the number of students enrolled in each school district on September 20; and

(2) determine the number of military students enrolled in each school district on February 20, who were not enrolled on the preceding September 20.

(b) If the number obtained under subsection (a)(2) is 25 or more, or such number is at least 1% of the number determined under subsection (a)(1), an amount equal to the number obtained under subsection (a)(2) shall be added to the number determined under subsection (a)(1). The resulting sum is the enrollment of the school district.

(c) The state board shall recompute the adjusted enrollment of the school district and the general fund budget of the school district based on the enrollment as determined under this section.

(d) School districts desiring to determine enrollment under this section shall submit any documentation or information required by the state board.

(e) As used in this section, the term "military student" means a person who is a dependent of a full-time active duty member of the military service or a dependent of a member of any of the United States military reserve forces who has been ordered to active duty under 10 U.S.C. §§ 12301, 12302 or 12304, or ordered to full-time active duty for a period of more than 30 consecutive days under 32 U.S.C. §§ 502(f) or 512 for the purposes of mobilizing for war, international peacekeeping missions, national emergency or homeland defense activities.

New Sec. 12. Whenever a new school district has been established or the boundaries of a school district have been changed, the state board shall make appropriate revisions concerning the affected school districts as may be necessary for the purposes of this act to reflect such establishment of a school district or changes in boundaries. Such revisions shall be based on the most reliable data obtainable from the

superintendent of the school district and the county clerk.

New Sec. 13. (a) (1) For the purposes of this act, the total foundation aid for any school district formed by consolidation in accordance with the statutory provisions contained in article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, shall be computed by the state board by determining the amount of the total foundation aid each of the former school districts that comprise the consolidated school district received in the school year preceding the date the consolidation was completed, and calculating the sum of such amounts. The sum is the total foundation aid of the consolidated school district for the school year in which the consolidation was completed.

(2) If any of the former school districts had an enrollment of less than 150 students in the school year preceding the consolidation, the total foundation aid of the newly consolidated school district for the two school years following the school year in which the consolidation was completed shall be the greater of: (A) The amount received in the school year in which the consolidation was completed; or (B) the amount the school district would receive under this act.

(3) If all of the former school districts had an enrollment of at least 150 students, but any had less than 200 students in the school year preceding the consolidation, the total foundation aid of the newly consolidated school district for the three school years following the school year in which the consolidation was completed shall be the greater of: (A) The amount received in the school year in which the consolidation was completed; or (B) the amount the school district would receive under this act.

(4) If all of the former school districts had an enrollment of 200 or more students in the school year preceding the consolidation, the total foundation aid of the newly consolidated school district for the four school years following the school year in which the consolidation was completed shall be the greater of: (A) The amount received in the school year in which the consolidation was completed; or (B) the amount the school district would receive under this act.

(5) If the consolidation involved the consolidation of three or more school districts, regardless of the number of students enrolled in the school districts, the total foundation aid of the newly consolidated school district for the four school years following the school year in which the consolidation was completed shall be the greater of: (A) The amount received in the school year in which the consolidation was completed; or (B) the amount the school district would receive under this act.

(b) (1) The provisions of this subsection shall apply to school districts that have been enlarged by the attachment of territory pursuant to the procedure established in article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto.

(2) For the purposes of this act, the total foundation aid for any school district to which this subsection applies shall be computed by the state board of education as follows: (A) Determine the amount of the total foundation aid each of the former school districts that comprise the enlarged school district received in the school year preceding the date the attachment was completed; and (B) add the amounts determined under subparagraph (A). The sum is the total foundation aid of the enlarged school district for the school year in which the attachment is completed.

(3) If any of the former school districts had an enrollment of less than 150 students in the school year preceding the attachment, the total foundation aid of the enlarged school district for the two school years following the school year in which the

attachment was completed shall be the greater of: (A) The amount received in the school year in which the attachment was completed; or (B) the amount the school district would receive under this act.

(4) If all of the former school districts had an enrollment of at least 150 students, but any had less than 200 students in the school year preceding the attachment, the total foundation aid of the enlarged school district for the three school years following the school year in which the attachment was completed shall be the greater of: (A) The amount received in the school year in which the attachment was completed; or (B) the amount the school district would receive under this act.

(5) If all of the former school districts had an enrollment of 200 or more students in the school year preceding the attachment, the total foundation aid of the enlarged school district for the four school years following the school year in which the attachment was completed shall be the greater of: (A) The amount received in the school year in which the attachment was completed; or (B) the amount the school district would receive under this act.

(6) If three or more school districts, regardless of the number of students enrolled in the school districts, are disorganized and attached to a single school district, the total foundation aid of the enlarged school district for the four school years following the school year in which the attachment was completed shall be the greater of: (A) The amount received in the school year in which the attachment was completed; or (B) the amount the school district would receive under this act.

(7) Except as specifically provided by this paragraph for the allocation of total foundation aid among school districts, the provisions of paragraphs (1) through (6) shall be applicable to school districts to which this paragraph applies. If a school district is disorganized in accordance with article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, and the territory of such school district is attached to more than one school district, the total foundation aid for each school district to which any territory from the disorganized school district is attached, shall be computed by the state board as follows: (A) Determine the amount of total foundation aid received by the former school district in the school year preceding the date the disorganization and attachment was completed; (B) determine the amount of total foundation aid received by the enlarged school district in the school year preceding the date the disorganization and attachment was completed; (C) determine the assessed valuation of the former school district in the school year preceding the date the disorganization and attachment was completed; (D) determine the assessed valuation of the territory attached to each enlarged school district; (E) allocate the amount of the total foundation aid received by the former school district in the school year preceding the date the disorganization and attachment was completed to each of the enlarged school districts in the same proportion the assessed valuation of the territory attached to each school district bears to the assessed valuation of the former school district; and (F) add the amounts determined under subparagraphs (B) and (E). The sum is the total foundation aid of the enlarged school district for the school year in which the attachment is completed.

New Sec. 14. (a) The board of education of each school district shall levy an ad valorem tax upon the taxable tangible property of the school district in the school years specified in subsection (b) for the purpose of:

(1) Financing that portion of the school district's general fund budget that 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 school 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 school district.

(b) The tax required under subsection (a) shall be levied at a rate of 20 mills in the school years 2017-2018 and 2018-2019.

(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 described in subsection (a)(3), 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 to the credit of the state school district finance fund.

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

New Sec. 15. (a) In each school year, the board of education of a school district may adopt, by resolution, a local option budget that does not exceed the state prescribed percentage.

(b) Subject to the limitations of subsection (a), in each school year, the board of education of a school district may adopt, by resolution, a local option budget in an amount that does not exceed:

(1) The amount that the board was authorized to adopt under any resolution adopted pursuant to K.S.A. 2016 Supp. 72-6471, prior to its expiration; or

(2) the state-wide average for the preceding school year as determined by the state board pursuant to subsection (i).

The adoption of a resolution pursuant to this section shall require a majority vote of the members of the board. Such resolution shall be effective upon adoption and shall require no other procedure, authorization or approval.

(c) If the board of a school district desires to increase its local option budget authority above the amount authorized under subsection (b), the board may adopt, by resolution, such budget in an amount not to exceed the state prescribed percentage. The adoption of a resolution pursuant to this subsection shall require a majority vote of the members of the board. The resolution shall be published at least once in a newspaper having general circulation in the school district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. \_\_\_\_\_,

\_\_\_\_\_ County, Kansas.

#### RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in each school year in an amount not to exceed \_\_\_\_% of the amount of total foundation aid. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5%

of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

#### CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of unified school district No. \_\_\_\_\_, \_\_\_\_\_ County, Kansas, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Clerk of the board of education.

All of the blanks in the resolution shall be filled appropriately. If a sufficient petition is not filed, the board may adopt a local option budget. If a sufficient petition is filed, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. Any such election shall be noticed, called and held in the manner provided by K.S.A. 10-120, and amendments thereto. If the board fails to notify the county election officer within 30 days after a sufficient petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(d) Unless specifically stated otherwise in the resolution, the authority to adopt a local option budget shall be continuous and permanent. The board of any school district that is authorized to adopt a local option budget may choose not to adopt such a budget or may adopt a budget in an amount less than the amount authorized. If the board of any school district whose authority to adopt a local option budget is not continuous and permanent refrains from adopting a local option budget, the authority of such school district to adopt a local option budget shall not be extended by such refrainment beyond the period specified in the resolution authorizing adoption of such budget.

(e) The board of any school district may initiate procedures to renew or increase the authority to adopt a local option budget at any time during a school year after the tax levied pursuant to section 19, and amendments thereto, is certified to the county clerk under any existing authorization.

(f) The board of any school district authorized to adopt a local option budget prior to July 1, 2017, under a resolution that authorized the adoption of such budget in accordance with the provisions of K.S.A. 2016 Supp. 72-6471, prior to its expiration, may continue to operate under such resolution for the period of time specified in the resolution or may abandon the resolution and operate under the provisions of this section. Any such school district shall operate under the provisions of this section after the period of time specified in any previously adopted resolution has expired.

(g) Any resolution adopted pursuant to this section may revoke or repeal any resolution previously adopted by the board. If the resolution does not revoke or repeal previously adopted resolutions, all resolutions that are in effect shall expire on the same date. The maximum amount of the local option budget of a school district under all resolutions in effect shall not exceed the state prescribed percentage in any school year.

(h) (1) There is hereby established in each school district that adopts a local option budget a supplemental general fund, which shall consist of all amounts deposited

therein or credited thereto according to law.

(2) Subject to the limitations imposed under subsection (h)(3), amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to any categorical fund of the school district. Amounts in the supplemental general fund attributable to any percentage over 25% of total foundation aid determined for the current school year may be transferred to the capital improvements fund of the school district and the capital outlay fund of the school district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of 25%.

(3) Amounts in the supplemental general fund may not be expended for the purpose of making payments under any lease-purchase agreement involving the acquisition of land or buildings that is entered into pursuant to the provisions of K.S.A. 72-8225, and amendments thereto.

(4) (A) Except as provided in subsection (h)(4)(B), any unexpended moneys remaining in the supplemental general fund of a school district at the conclusion of any school year in which a local option budget is adopted shall be maintained in such fund.

(B) If the school district received supplemental state aid in the school year, the state board shall determine the ratio of the amount of supplemental general state aid received to the amount of the local option budget of the school district for the school year and multiply the total amount of the unexpended moneys remaining by such ratio. An amount equal to the amount of the product shall be transferred to the general fund of the school district or remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. 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.

(i) Each year, the state board shall determine the statewide average percentage of local option budgets legally adopted by school districts for the preceding school year.

(j) The provisions of this section shall be subject to the provisions of section 16, and amendments thereto.

(k) As used in this section:

(1) "Authorized to adopt a local option budget" means that a school district has adopted a resolution pursuant to subsection (c).

(2) "State prescribed percentage" means 33% of the total foundation aid of the school district in the current school year.

(3) "Total foundation aid" means the same as such term is defined in section 4, and amendments thereto.

New Sec. 16. (a) (1) Subject to the provisions of subsection (e), the provisions of this subsection shall apply in any school year in which the amount of BASE aid is \$4,490 or less.

(2) The board of education of a school district may adopt a local option budget that does not exceed the local option budget calculated as if the BASE aid was \$4,490, or that does not exceed the local option budget as calculated pursuant to section 15, and amendments thereto, whichever is greater.

(b) The board of education of a school district may adopt a local option budget that does not exceed the local option budget calculated as if the school district received state aid for special education and related services equal to the amount of state aid for special education and related services received in school year 2008-2009, or that does not

exceed the local option budget as calculated pursuant to section 15, and amendments thereto, whichever is greater.

(c) The board of any school district may exercise the authority granted under subsection (a) or (b) or both subsections (a) and (b).

(d) To the extent that the provisions of section 15, and amendments thereto, conflict with this section, this section shall control.

(e) For school year 2019-2020, and each school year thereafter, the specified dollar amount used in subsection (a) for purposes of determining the local option budget of a school district shall be the specified dollar amount used for the immediately preceding school year plus an amount equal to the average percentage increase in the consumer price index for all urban consumers in the midwest region as published by the bureau of labor statistics of the United States department of labor during the three immediately preceding school years.

New Sec. 17. (a) In each school year, each school district that has adopted a local option budget is eligible to receive supplemental state aid. Except as provided by section 18, and amendments thereto, supplemental state aid shall be determined by the state board as provided in subsection (b).

(b) The state board shall:

(1) (A) For school year 2017-2018, determine the amount of the assessed valuation per student in the preceding school year of each school district; and

(B) for school year 2018-2019 and each school year thereafter, determine the average assessed valuation per student of each school district by adding the assessed valuation per student for each of the three immediately preceding school years and dividing the resulting sum by three;

(2) rank the school districts from low to high on the basis of the amounts of assessed valuation per student determined under subsection (b)(1);

(3) identify the amount of the assessed valuation per student located at the 81.2 percentile of the amounts ranked under subsection (b)(2);

(4) divide the assessed valuation per student of the school district as determined under subsection (b)(1) by the amount identified under subsection (b)(3); and

(5) (A) if the quotient obtained under subsection (b)(4) equals or exceeds one, the school district shall not receive supplemental state aid; or

(B) if the quotient obtained under subsection (b)(4) is less than one, subtract the quotient obtained under subsection (b)(4) from one, and multiply the difference by the amount of the local option budget of the school district for the immediately preceding school year. The resulting product is the amount of supplemental state aid the school district is to receive for the school year.

(c) Payments of supplemental state aid shall be distributed to school districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the supplemental general fund of the school district to be used for the purposes of such fund.

(d) For the purposes of determining the total amount of state moneys paid to school districts, all moneys appropriated as supplemental state aid shall be deemed to be state moneys for educational and support services for school districts.

New Sec. 18. (a) (1) For the purposes of determining the amount of supplemental state aid, the state board shall determine the ranking of each of the former school districts of which the school district is composed as required by section 17(b)(2), and amendments thereto, for the school year prior to the effectuation of the consolidation or attachment.

(2) For the school year in which the consolidation or attachment is effectuated and the next succeeding two school years, the ranking of the school district for the purposes of section 17(b)(2), and amendments thereto, shall be the ranking of the school district receiving the highest amount of supplemental state aid determined under subsection (a) (1).

(b) The provisions of this section shall apply to school districts that have consolidated or disorganized on and after July 1, 2004.

(c) As used in this section, "school district" means:

(1) Any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto; or

(2) any school district formed by disorganization and attachment in accordance with article 73 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, if all the territory which comprised a disorganized school district is attached to a single school district.

New Sec. 19. (a) In each school year, the board of each school district that has adopted a local option budget may levy an ad valorem tax on the taxable tangible property of the school district for the purposes of:

(1) Financing that portion of the school district's local option budget that is not financed from any other source provided by law;

(2) 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 school district; and

(3) funding transfers to the capital improvement fund of the school district and the capital outlay fund of the school district if such transfers are specified in the resolution authorizing the adoption of a local option budget in excess of 25% of the total foundation aid determined for the current school year.

(b) The proceeds from the tax levied by a school 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 school district, shall be deposited in the supplemental general fund of the school district.

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

New Sec. 20. (a) The transportation weighting of each school district shall be determined by the state board as follows:

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

(2) determine the sum of: (A) The number of students who were included in the enrollment of the school district in the preceding school year who resided less than  $2\frac{1}{2}$  miles by the usually traveled road from the school building such students attended and

for whom transportation was made available by the school district; and (B) the number of nonresident students who were included in the enrollment of the school district for the preceding school year and for whom transportation was made available by the school district;

(3) determine the number of students who were included in the enrollment of the district in the preceding school year who resided  $2\frac{1}{2}$  miles or more by the usually traveled road from the school building such students attended and for whom transportation was made available by the school district;

(4) multiply the number of students determined under subsection (a)(3) by 2.8;

(5) divide the amount determined under subsection (a)(2) by the product obtained under subsection (a)(4);

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

(7) multiply the sum obtained under subsection (a)(6) by the amount determined under subsection (a)(3);

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

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

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

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

(12) divide the formula per-student cost of transportation of the school district by the BASE aid; and

(13) multiply the quotient obtained under subsection (a)(12) by the number of students who are included in the enrollment of the school district, are residing  $2\frac{1}{2}$  miles or more by the usually traveled road to the school building they attend, and for whom transportation is being made available by, and at the expense of, the district.

(b) (1) For school years 2017-2018 through 2020-2021, the transportation weighting of the school district shall be either the product determined under subsection (a)(13), or that portion of such school district's general state aid for school year 2016-2017 that was attributable to the school district's transportation weighting, whichever is greater.

(2) For school year 2021-2022, and each school year thereafter, the transportation weighting of the school district shall be the product determined under subsection (a)(13).

(c) For the purpose of providing accurate and reliable data on student transportation, the state board is authorized to adopt rules and regulations prescribing procedures that school districts shall follow in reporting pertinent information, including uniform reporting of expenditures for transportation.

(d) As used in this section:

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

(2) "Density-cost graph" means a drawing having: (A) A horizontal or base line

divided into equal intervals of density, beginning with zero on the left; and (B) a scale for per-student cost of transportation to be shown on a line perpendicular to the base line at the left end thereof, such scale to begin with zero dollars at the base line ascending by equal per-student cost intervals.

(3) "Index of density" means the number of students who are included in the enrollment of a school district in the current school year, are residing the designated distance or more by the usually traveled road from the school building they attend, and for whom transportation is being made available on regular school routes by the school district, divided by the number of square miles of territory in the school district.

New Sec. 21. (a) The low enrollment weighting of each school district shall be determined by the state board as follows:

(1) For school districts with an enrollment of fewer than 100 students, multiply the enrollment of the school district by 1.014331. The resulting product is the low enrollment weighting of the school district;

(2) for school districts with an enrollment of at least 100 students, but fewer than 300 students:

(A) Subtract 100 from the enrollment of the school district;  
 (B) multiply the difference obtained under subsection (a)(2)(A) by 9.655;  
 (C) subtract the product obtained under subsection (a)(2)(B) from 7,337;  
 (D) divide the difference obtained under subsection (a)(2)(C) by 3,642.4;  
 (E) subtract one from the quotient obtained under subsection (a)(2)(D); and  
 (F) multiply the difference obtained under subsection (a)(2)(E) by the enrollment of the school district. The resulting product is the low enrollment weighting of the school district;

(3) for school districts with an enrollment of at least 300 students, but fewer than 1,622 students:

(A) Subtract 300 from the enrollment of the school district;  
 (B) multiply the difference obtained under subsection (a)(3)(A) by 1.2375;  
 (C) subtract the product obtained under subsection (a)(3)(B) from 5,406;  
 (D) divide the difference obtained under subsection (a)(3)(C) by 3,642.4;  
 (E) subtract one from the quotient obtained under subsection (a)(3)(D); and  
 (F) multiply the difference obtained under subsection (a)(3)(E) by the enrollment of the school district. The resulting product is the low enrollment weighting of the school district.

(b) For school districts with an enrollment of at least 1,622 students, multiply the enrollment of the school district by 0.03504. The resulting product is the high enrollment weighting of the school district.

New Sec. 22. The bilingual weighting of each school district shall be determined by the state board as follows:

(a) Determine the full-time equivalent enrollment in approved programs of bilingual education during the preceding school year and multiply such enrollment by 0.395;

(b) determine the number of students enrolled in approved programs of bilingual education during the preceding school year and multiply such enrollment by 0.185; and

(c) the bilingual weighting shall be either the amount determined under subsection (a) or (b), whichever is greater.

New Sec. 23. (a) The at-risk student weighting of each school district shall be

determined by the state board as follows:

(1) Determine the number of at-risk students included in the enrollment of the school district; and

(2) for a school district with an enrollment that consists of 10% or more at-risk students, multiply the number determined under subsection (a)(1) by 0.484. The resulting sum is the at-risk student weighting of the school district; or

(3) for a school district with an enrollment that consists of less than 10% at-risk students, multiply the number of students equal to 10% of such school district's enrollment by 0.484. The resulting sum is the at-risk student weighting of the school district. A school district whose at-risk student weighting is determined pursuant to this paragraph shall submit a report to the state board in such form and manner as required by the state board that identifies those students enrolled in such school district who are receiving at-risk program services and the criteria each such student satisfies in order to receive at-risk program services. The state board shall adopt rules and regulations that establish the criteria for eligibility for at-risk program services. The provisions of this paragraph shall only apply to those school districts that offer instruction in kindergarten and grades one through 12.

(b) Except as provided in subsection (b)(4), the high-density at-risk student weighting of each school district shall be determined by the state board as follows:

(1) (A) If the enrollment of the school district is at least 35% at-risk students, but less than 50% at-risk students:

(i) Subtract 35% from the percentage of at-risk students included in the enrollment of the school district;

(ii) multiply the difference determined under subsection (b)(1)(A)(i) by 0.7; and

(iii) multiply the product determined under subsection (b)(1)(A)(ii) by the number of at-risk students included in the enrollment of the school district; or

(B) if the enrollment of the school district is 50% or more at-risk students, multiply the number of at-risk students included in the enrollment of the school district by 0.105; or

(2) (A) if the enrollment of a school in the school district is at least 35% at-risk students, but less than 50% at-risk students:

(i) Subtract 35% from the percentage of at-risk students included in the enrollment of such school;

(ii) multiply the difference determined under subsection (b)(2)(A)(i) by 0.7; and

(iii) multiply the product determined under subsection (b)(2)(A)(ii) by the number of at-risk students included in the enrollment of such school; or

(B) if the enrollment of a school in the school district is 50% or more at-risk students, multiply the number of at-risk students included in the enrollment of such school by 0.105; and

(C) add the products determined under subsections (b)(2)(A)(iii) and (b)(2)(B) for each such school in the school district, respectively.

(3) The high-density at-risk weighting of the school district shall be the greater of the product determined under subsection (b)(1) or the sum determined under subsection (b)(2)(C).

(4) Commencing in school year 2018-2019, school districts that qualify to receive the high-density at-risk weighting pursuant to this section shall spend any money attributable to the school district's high-density at-risk weighting on the at-risk best



practices developed by the state board pursuant to section 25(d), and amendments thereto. If a school district that qualifies for the high-density at-risk weighting does not spend such money on such best practices, the state board shall notify the school district that it shall either spend such money on such best practices or shall show improvement within five years of notification. Improvement shall include, but not be limited to, the following: (A) The percentage of students at grade level on state math and English language arts assessments; (B) the percentage of students that are college and career ready on state math and English language arts assessments; (C) the average composite ACT score; or (D) the four-year graduation rate. If a school district does not spend such money on such best practices and does not show improvement within five years, the school district shall not qualify to receive the high-density at-risk weighting in the succeeding school year.

(5) The provisions of this subsection shall expire on July 1, 2019.

New Sec. 24. (a) If a student submits an application for free meals under the national school lunch act on or before the date on which the enrollment of the school district is calculated and it is later determined by the school district or the department of education that the student should not have been eligible for free meals, the school district or the department shall notify the state board of such determination. Except as provided in subsection (b), upon receipt of such notice, the state board shall recompute the adjusted enrollment of the school district and the general fund budget of the school district based on the adjusted enrollment of the school district excluding the at-risk student weighting and high-density at-risk student weighting, if any, assigned to such student.

(b) If a student becomes ineligible to receive free meals under the national school lunch act for failure to submit, in a timely manner, any documentation necessary for verification of eligibility as required by the national school lunch act, but subsequently submits such documentation, such student shall not be excluded from the calculation of the adjusted enrollment of the school district if the school district forwards a copy of such documentation to the state board no later than January 14 of the school year.

New Sec. 25. (a) There is hereby established in every school district an at-risk education fund, which shall consist of all moneys deposited therein or transferred thereto according to law. The expenses of a school district directly attributable to providing at-risk student assistance or programs shall be paid from the at-risk education fund.

(b) Any balance remaining in the at-risk education fund at the end of the budget year shall be carried forward into the at-risk education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the at-risk education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Commencing in school year 2018-2019, expenditures from the at-risk education fund of a school district shall only be made for the following purposes:

(1) At-risk educational programs based on best practices identified pursuant to subsection (d);

(2) personnel providing educational services in conjunction with such programs; or

(3) services contracted for by the school district to provide at-risk educational programs based on best practices identified pursuant to subsection (d).

(d) On or before July 1, 2018, the state board shall identify and approve evidence-based best practices for at-risk programs and instruction of students receiving at-risk program services. The state board shall review and update such best practices as part of its five-year accreditation system review process.

(e) Each year the board of education of each school district shall prepare and submit to the state board a report on the assistance or programs provided by the school district for students identified as at-risk. Such report shall include the number of students identified as at-risk who were served or provided assistance, the type of service provided, the research upon which the school district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

(f) In order to achieve uniform reporting of the number of students provided service or assistance by school districts in at-risk student programs, school districts shall report the number of students served or assisted in the manner required by the state board.

New Sec. 26. (a) There is hereby established in every school district a preschool-aged at-risk education fund, which shall consist of all moneys deposited therein or transferred thereto according to law. The expenses of a school district directly attributable to providing preschool-aged at-risk assistance or programs shall be paid from the preschool-aged at-risk education fund.

(b) Any balance remaining in the preschool-aged at-risk education fund at the end of the budget year shall be carried forward into the preschool-aged at-risk education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the preschool-aged at-risk education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

(c) Each year the board of each school district shall prepare and submit to the state board a report on the preschool-aged at-risk student assistance or programs provided by the school district. Such report shall include the number of students who were served or provided assistance, the type of service provided, the research upon which the school district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

New Sec. 27. (a) The career technical education weighting of each school district shall be determined by the state board by multiplying the full-time equivalent enrollment in approved career technical education programs during the preceding school year by 0.5. The resulting product is the career technical education weighting of the school district.

(b) The provisions of this section shall expire on July 1, 2019.

New Sec. 28. (a) For each school year in which the school facilities weighting may be assigned to the enrollment of the school district, such weighting of such school district shall be determined by the state board as follows:

(1) Determine the number of students included in the enrollment of the school district who are attending a new school facility;

(2) multiply the number of students determined under subsection (a)(1) by 0.25. The resulting product is the school facilities weighting of the school district.

(b) The school facilities weighting may be assigned to the enrollment of a school district only if:

(1) The school district adopted a local option budget for school year 2014-2015 in an amount equal to at least 25% of the amount of the state financial aid determined for the school district in such school year pursuant to K.S.A. 72-6433, prior to its repeal;

(2) the contractual bond obligations incurred by the school district were approved by the electors of the school district at an election held on or before July 1, 2015; and

(3) (A) the school district commences operation of a new school facility and the construction of such facility was financed primarily with such contractual bond obligations; or

(B) the school district commences operation of a new school facility and the construction of such facility was financed primarily with federal funds and such facility is located on a military reservation.

(c) The school facilities weighting may be assigned to the enrollment of the school district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

New Sec. 29. The special education and related services weighting of each school district shall be determined by the state board as follows:

(a) Add the amount of payments received by the school district under the provisions of K.S.A. 72-979, and amendments thereto, to the amount of any grants received by the school district under the provisions of K.S.A. 72-983, and amendments thereto; and

(b) divide the sum obtained under subsection (a) by the BASE aid. The resulting quotient is the special education and related services weighting of the school district.

New Sec. 30. (a) (1) The board of education of a school district to which the provisions of this section apply may levy an ad valorem tax on the taxable tangible property of the school district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state board of tax appeals under this subsection for the purpose of financing the costs incurred by the state that are directly attributable to assignment of ancillary school facilities weighting to the enrollment of the school district. The state board of tax appeals may authorize the school district to make a levy that will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose. If the school district is not eligible, or will be ineligible, for ancillary school facilities weighting in any one or more years during the two-year period for which the school district is authorized to levy a tax under this subsection, the state board of tax appeals may authorize the school district to make a levy, in such year or years of ineligibility, that will produce an amount that is not greater than the actual amount of costs attributable to commencing operation of the facility or facilities.

(2) The state board of tax appeals shall certify to the state board the amount authorized to be produced by the levy of a tax under this subsection.

(3) The state board of tax appeals may adopt rules and regulations necessary to effectuate the provisions of this subsection, including rules and regulations relating to

the evidence required in support of a school district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.

(b) The board of education of a school district that has levied an ad valorem tax on the taxable tangible property of the school district each year for a period of two years under authority of subsection (a) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed six years in an amount not to exceed the amount computed by the state board as provided in this subsection if the board of the school district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the school district. The tax authorized under this subsection may be levied at a rate that will produce an amount that is not greater than the amount computed by the state board as provided in this subsection. In computing such amount, the state board shall:

(1) Determine the amount produced by the tax levied by the school district under authority of subsection (a) in the second year for which such tax was levied and add to such amount the amount of state foundation aid directly attributable to ancillary school facilities weighting that was received by the school district in the same year;

(2) compute 90% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the first year of the six-year period for which the school district may levy a tax under authority of this subsection;

(3) compute 75% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the second year of the six-year period for which the school district may levy a tax under authority of this subsection;

(4) compute 60% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the third year of the six-year period for which the school district may levy a tax under authority of this subsection;

(5) compute 45% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the fourth year of the six-year period for which the school district may levy a tax under authority of this subsection;

(6) compute 30% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the fifth year of the six-year period for which the school district may levy a tax under authority of this subsection; and

(7) compute 15% of the amount of the sum obtained under subsection (b)(1), which computed amount is the amount the school district may levy in the sixth year of the six-year period for which the school district may levy a tax under authority of this subsection.

In determining the amount produced by the tax levied by the school district under authority of subsection (a), the state board shall include any moneys apportioned to the ancillary school facilities fund of the school district from taxes levied under the provisions of K.S.A. 79-5101 et seq. and 79-5118 et seq., and amendments thereto.

(c) The proceeds from any tax levied by a school district under authority of this

section 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 to the credit of the state school district finance fund.

(d) The ancillary school facilities weighting may be assigned to the enrollment of a school district only if the school district has levied a tax under the authority of subsection (a), and remitted the proceeds from such tax to the state treasurer. The ancillary school facilities weighting of each school district shall be determined in each school year in which such weighting may be assigned to the enrollment of the school district as follows:

(1) Add the amount to be produced by a tax levy as authorized under subsection (a) and certified to the state board by the state board of tax appeals to the amount computed under subsection (b) to be produced by a tax levy, if any; and

(2) divide the sum obtained under subsection (d)(1) by the BASE aid. The resulting quotient is the ancillary school facilities weighting of the school district.

(e) The provisions of this section apply to any school district that:

(1) Commenced operation of one or more new school facilities in the school year preceding the current school year or has commenced or will commence operation of one or more new school facilities in the current school year;

(2) adopted a local option budget; and

(3) is experiencing extraordinary enrollment growth as determined by the state board.

New Sec. 31. (a) Subject to subsection (b), the board of education of a school district may levy a tax on the taxable tangible property within the school district for the purpose of financing the costs incurred by the state that are attributable directly to assignment of the cost-of-living weighting to the enrollment of the school district.

(b) The state board shall determine whether a school district may levy a tax under this section as follows:

(1) Determine the statewide average appraised value of single family residences for the calendar year preceding the current school year;

(2) multiply the amount determined under subsection (b)(1) by 1.25;

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

(4) subtract the amount determined under subsection (b)(2) from the amount determined under subsection (b)(3). If the amount determined for the school district is a positive number and the school district has adopted a local option budget in an amount equal to at least 31% of the total foundation aid for the school district, the school district qualifies for assignment of cost-of-living weighting and may levy a tax on the taxable tangible property of the school district for the purpose of financing the costs that are attributable directly to assignment of the cost-of-living weighting to the enrollment of the school district.

(c) (1) No tax may be levied under this section unless the board of education adopts a resolution authorizing such a tax levy and publishes the resolution at least once in a newspaper having general circulation in the school district. Except as provided by subsection (e), the resolution shall be published in substantial compliance with the following form:

Unified School District No. \_\_\_\_\_,

\_\_\_\_\_ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to levy an ad valorem tax in an amount not to exceed the amount necessary to finance the costs attributable directly to the assignment of cost-of-living weighting to the enrollment of the school district. The ad valorem tax authorized by this resolution may be levied unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after the publication of this resolution. If a petition is filed, the county election officer shall submit the question of whether the levy of such a tax shall be authorized in accordance with the provisions of this resolution to the electors of the school district at the next general election of the school district, as is specified by the board of education of the school district.

CERTIFICATE

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

\_\_\_\_\_  
Clerk of the board of education.

(2) All of the blanks in the resolution shall be filled appropriately. If no petition as specified above is filed in accordance with the provisions of the resolution, the resolution authorizing the ad valorem tax levy shall become effective. If a petition is filed as provided in the resolution, the board may notify the county election officer to submit the question of whether such tax levy shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and of no force and effect and no like resolution shall be adopted by the board within the nine months following publication of the resolution. If a majority of the votes cast in an election conducted pursuant to this provision is in favor of the resolution, such resolution shall be effective on the date of such election. If a majority of the votes cast is not in favor of the resolution, the resolution shall be deemed of no force and effect and no like resolution shall be adopted by the board within the nine months following such election.

(d) There is hereby established in every school district a cost-of-living fund, which shall consist of all moneys deposited therein or transferred thereto in accordance with law. All moneys derived from a tax imposed pursuant to this section shall be credited to the cost-of-living fund. The proceeds from the tax levied by a school district credited to the cost-of-living fund 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 to the credit of the state school district finance fund.

(e) In determining the amount produced by the tax levied by the school district under the authority of this section, the state board shall include any moneys apportioned to the cost-of-living fund of the school district from taxes levied under the provisions of K.S.A. 79-5101 et seq. and 79-5118 et seq., and amendments thereto.

(f) The cost-of-living weighting of a school district shall be determined by the state board in each school year in which such weighting may be assigned to the enrollment of

the school district as follows:

(1) Divide the amount determined under subsection (b)(4) by the amount determined under subsection (b)(2);

(2) multiply the quotient determined under subsection (f)(1) by 0.095;

(3) multiply the school district's total foundation aid for the current school year, excluding the amount determined under this provision, by the lesser of the product determined under subsection (f)(2) or 0.05; and

(4) divide the product determined under subsection (f)(3) by the BASE aid for the current school year. The quotient is the cost-of-living weighting of the school district.

New Sec. 32. (a) (1) (A) The board of education of a school district may levy an ad valorem tax on the taxable tangible property of the school district each year for a period of time not to exceed two years, unless authority to make such levy is renewed by the state board of tax appeals, in an amount not to exceed the amount authorized by the state board of tax appeals under this section for the purpose of financing the costs incurred by the state that are directly attributable to assignment of declining enrollment weighting to the enrollment of the school district. The state board of tax appeals may authorize the school district to make a levy that will produce an amount that is not greater than the amount of revenues lost as a result of the declining enrollment of the school district. Such amount shall not exceed 5% of the general fund budget of the school district in the school year in which the school district applies to the state board of tax appeals for authority to make a levy pursuant to this subsection. The state board of tax appeals may renew the authority to make such levy for periods of time not to exceed two years.

(B) For school year 2017-2018, as an alternative to the authority provided in subsection (a)(1)(A), if a school district was authorized to make a levy pursuant to K.S.A. 72-6451, prior to its repeal, in school year 2006-2007, such school district shall remain authorized to make a levy at a rate necessary to generate revenue equal to  $\frac{1}{2}$  of the amount that was generated in school year 2007-2008.

(2) The state board of tax appeals shall certify to the state board the amount authorized to be produced by the levy of a tax under this section.

(3) The state board shall prescribe guidelines for the data that school districts shall include in cases before the state board of tax appeals pursuant to this section. The state board shall provide to the state board of tax appeals such school data and information requested by the state board of tax appeals and any other information deemed necessary by the state board.

(b) There is hereby established in every school district a declining enrollment fund, which shall consist of all moneys deposited therein or transferred thereto according to law. The proceeds from the tax levied by a school district under authority of this section shall be credited to the declining enrollment fund of the school district. The proceeds from the tax levied by a school district credited to the declining enrollment fund 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 to the credit of the state school district finance fund.

(c) In determining the amount produced by the tax levied by the school district under authority of this section, the state board shall include any moneys apportioned to the declining enrollment fund of the school district from taxes levied under the

provisions of K.S.A. 79-5101 et seq. and 79-5118 et seq., and amendments thereto.

(d) The declining enrollment weighting of a school district shall be determined by the state board in each school year in which such weighting may be assigned to the enrollment of the school district. The state board shall divide the amount certified under subsection (a)(2) by the BASE aid. The resulting quotient is the declining enrollment weighting of the school district.

(e) As used in this section:

(1) "Declining enrollment" means an enrollment that has declined in amount from that of the second preceding school year.

(2) "School district" means a school district that: (A) Has a declining enrollment; and (B) has adopted a local foundation budget in an amount that equals at least 31% of the total foundation aid for the school district at the time the school district applies to the state board of tax appeals for authority to make a levy pursuant to this section.

(f) The provisions of this section shall expire on July 1, 2018.

New Sec. 33. For the purpose of determining the general fund budget of a school district, weightings shall not be assigned to a student enrolled in and attending KAMS. Moneys in the general fund that are attributable to a student enrolled in and attending KAMS shall not be included in the computation of the local option budget of the school district.

New Sec. 34. (a) There is hereby established in every school district a career and postsecondary education fund, which shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by a school district for any course or program authorized and approved under the provisions of article 44 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, except for courses and programs conducted in an area vocational school, shall be credited to the career and postsecondary education fund. All moneys received by the school district from tuition, fees or charges or from any other source for career technical education courses or programs, except for courses and programs conducted in an area vocational school, shall be credited to the career and postsecondary education fund. All moneys received by the school district from tuition, fees or charges or from any other source for postsecondary education courses or programs shall be credited to the career and postsecondary education fund.

(b) Expenditures made by a school district that are directly attributable to the following shall be paid from the career and postsecondary education fund:

- (1) Career technical education;
- (2) postsecondary education courses; and
- (3) courses provided through distance-learning technology.

(c) Any balance remaining in the career and postsecondary education fund at the end of the budget year shall be carried forward into the career and postsecondary education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the career and postsecondary education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district.

New Sec. 35. There is hereby established in every school district a driver training fund, which shall consist of all moneys deposited therein or transferred thereto



according to law. All moneys received by the school district from distributions made from the state safety fund and the motorcycle safety fund and from tuition, fees or charges for driver training courses shall be credited to the driver training fund. The expenses of a school district directly attributable to driver training shall be paid from the driver training fund.

New Sec. 36. There is hereby established in every school district a food service fund, which shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the school district for food service and from charges for food service shall be credited to the food service fund. The expenses of a school district attributable to food service shall be paid from the food service fund.

New Sec. 37. There is hereby established in every school district a contingency reserve fund, which shall consist of all moneys deposited therein or transferred thereto according to law. The fund shall be maintained for payment of expenses of a school district attributable to financial contingencies as determined by the board.

New Sec. 38. (a) Except as otherwise provided in this section, any revenues of a school district, not required by law to be deposited in or credited to a specific fund, shall be deposited in or credited to any categorical fund of the school district or to the capital outlay fund of the school district.

(b) At the discretion of the board of education of a school district, revenues earned from the investment of an activity fund of the school district in accordance with the provisions of K.S.A. 12-1675, and amendments thereto, may be deposited in or credited to such activity fund.

(c) (1) At the discretion of the board and subject to subsection (c)(2), any revenues specified in subsections (a) and (b) may be deposited in or credited to the general fund of the school district in any school year for which the allotment system authorized under K.S.A. 75-3722, and amendments thereto, has been inaugurated and applied to appropriations made for state foundation aid, or in any school year for which any portion of the appropriations made for state foundation aid are lapsed by an act of the legislature.

(2) In no event may the amount of revenues deposited in or credited to the general fund of the school district under authority of subsection (c)(1) exceed an amount equal to the amount of the reduction in state foundation aid paid to the school district determined by the state board to be the result of application of the allotment system to the appropriations made for state foundation aid or of the lapse of any portion thereof by an act of the legislature.

(d) At the discretion of the board, revenues received by the school district from the federal government as the school district's share of the proceeds derived from sale by the federal government of its rights to oil, gas and other minerals located beneath the surface of lands within the school district's boundaries may be deposited in the bond and interest fund of the school district and used for the purposes of such fund. If at any time all indebtedness and obligations of such fund have been fully paid and canceled, the revenues authorized by this subsection to be deposited in such fund shall be disposed of as provided in subsection (a).

(e) To the extent that K.S.A. 72-1623, 72-8804 and 79-2958, and amendments thereto, conflict with this section, this section shall control.

New Sec. 39. (a) Any lawful transfer of moneys from the general fund of a school district to any other fund shall be an operating expense in the year the transfer is made.

The board of education of a school district may transfer moneys from the general fund to any categorical fund of the school district in any school year.

(b) The board may transfer moneys from the general fund to the contingency reserve fund of the school district, subject to any limitations imposed upon the amount authorized to be maintained in the contingency reserve fund.

(c) The board may transfer moneys from the general fund to the:

- (1) Capital outlay fund;
- (2) special reserve fund;
- (3) special liability expense fund; and
- (4) textbook and student materials revolving fund.

(d) In each school year, the board may transfer to its general fund from any fund to which transfers from the general fund are authorized an amount not to exceed an amount equal to the amount transferred from the general fund to any such fund in the same school year.

New Sec. 40. Expenditures of a school district for the following purposes are not operating expenses:

(a) Payments to another school district in an adjustment of rights as provided in K.S.A. 72-6776, and amendments thereto, or upon transfer of territory as provided in K.S.A. 72-7105, 72-7106 or 72-7107, and amendments thereto, if paid from any fund other than the general fund;

(b) payments to another school district under K.S.A. 72-7105a, and amendments thereto;

(c) the maintenance of student activities that are reimbursed;

(d) expenditures from any lawfully authorized fund of a school district other than its general fund;

(e) the provision of educational services for students residing at the Flint Hills job corps center, students housed at a psychiatric residential treatment facility or students confined in a juvenile detention facility for which the school district is reimbursed by a grant of state moneys as provided in K.S.A. 72-8187, and amendments thereto; and

(f) programs financed, in part or in whole, by federal funds that may be expended although not included in the budget of the school district, excluding funds received under the provisions of title I of public law 874, but not including in such exclusion amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program, to the extent of the federal funds to be provided.

New Sec. 41. If in any school year a school district expends an amount for operating expenses that exceeds its general fund budget, the state board shall determine the excess and deduct the same from amounts of state foundation aid payable to the school district during the next succeeding school year.

New Sec. 42. (a) In order to accomplish the mission for Kansas education, the state board shall design and adopt a school district accreditation system based upon improvement in performance that equals or exceeds the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto, and is measurable. On or before January 15, 2018, and each January 15 thereafter, the state board shall prepare and submit a report on the school district accreditation system to the governor and the legislature.

(b) The state board shall establish curriculum standards that reflect high academic standards for the core academic areas of mathematics, science, reading, writing and

social studies. The curriculum standards shall be reviewed at least every seven years. Nothing in this subsection shall be construed in any manner so as to impinge upon any school district's authority to determine its own curriculum.

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

(d) Each school year, on such date as specified by the state board, each school district shall submit the Kansas education system accreditation report to the state board in such form and manner as prescribed by the state board.

(e) Whenever the state board determines that a school district has failed either to meet the accreditation requirements established by rules and regulations or standards adopted by the state board or provide curriculum based on state standards and courses required by state law, the state board shall so notify the school district. Such notice shall specify the accreditation requirements that the school district has failed to meet and the curriculum that it has failed to provide. Upon receipt of such notice, the board of education of such school district is encouraged to reallocate the resources of the school district to remedy all deficiencies identified by the state board.

(f) Each school in every school district shall establish a school site council composed of the principal and representatives of teachers and other school personnel, parents of students attending the school, the business community and other community groups. School site councils shall be responsible for providing advice and counsel in evaluating state, school district, and school site performance goals and objectives and in determining the methods that should be employed at the school site to meet these goals and objectives. Site councils may make recommendations and proposals to the school board regarding budgetary items and school district matters, including, but not limited to, identifying and implementing the best practices for developing efficient and effective administrative and management functions. Site councils also may help school boards analyze the unique environment of schools, enhance the efficiency and maximize limited resources, including outsourcing arrangements and cooperative opportunities as a means to address limited budgets.

New Sec. 43. (a) On or before January 15 of each year, the state department of education shall prepare and submit reports on school district funding for each school district to the governor and the legislature.

(b) Each report shall contain the information described in subsection (c) for the school district in terms of actual dollar amounts for the second and immediately preceding school years and budgeted dollar amounts for the current school year.

(c) Each report shall contain the following information for the school district:

- (1) Full-time equivalent enrollment;
- (2) demographic information, including, but not limited to, gender, race, ethnicity, students who are economically disadvantaged, migrants, English language learners and students with disabilities;

(3) total general and supplemental general funds, including a showing of funding provided by federal sources, state sources and local sources, and total funds per student;

(4) total capital outlay funds, including a showing of such funding provided by federal sources, state sources and local sources, and capital outlay funds per student;

(5) total bond and interest funds, including a showing of such funding provided by federal sources, state sources and local sources, and bond and interest funds per student;

(6) total of all other funds not described in paragraphs (3), (4) and (5), excluding fund transfers, including a showing of such funding provided by federal sources, state sources and local sources, and total funds per student;

(7) total funds per student of all funds described in paragraphs (3) through (6);

(8) general fund moneys attributable to the following:

(A) BASE aid;

(B) high enrollment weighting;

(C) low enrollment weighting;

(D) school facilities weighting;

(E) transportation weighting;

(F) at-risk student weighting;

(G) preschool-aged at-risk student weighting;

(H) high-density at-risk student weighting;

(I) career technical education weighting;

(J) special education and related services weighting;

(K) bilingual weighting;

(L) ancillary school facilities weighting;

(M) cost-of-living weighting;

(N) declining enrollment weighting; and

(O) virtual school state aid;

(9) total expenditures on the following:

(A) At-risk education programs and services;

(B) preschool-aged at-risk education programs and services;

(C) bilingual education programs and services;

(D) career and technical education programs and services;

(E) special education and related services; and

(F) virtual school programs and services; and

(10) total expenditures from the special retirement contributions fund.

(d) The state board shall provide uniform guidelines for what constitutes total expenditures for the programs and services listed under subsection (c)(9).

New Sec. 44. (a) On or before July 1, 2021, the legislature shall:

(1) Consider the information reviewed pursuant to subsection (b), and determine if any provisions of this act are not reasonably calculated to provide adequate educational opportunities to every K-12 public education student in Kansas.

(2) (A) Review the school year 2020-2021 BASE aid amount and evaluate whether such BASE aid amount is reasonably calculated to have all students meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

(B) Such evaluation shall be based on a successful school model that identifies successful school districts based on the percentage of at-risk students in such districts in relation to the following outcomes:

(i) The percentage of students at grade level on state math and English/language

arts assessments;

(ii) the percentage of students that are college and career ready on state math and English/language arts assessments;

(iii) the average composite ACT score; and

(iv) the four-year graduation rate.

(C) Such evaluation shall identify school districts that exceed expected outcomes and shall also identify school districts that have an average scaled difference on the outcome measures greater than or equal to one standard deviation from the average scaled difference of all districts. Those school districts that are identified as successful school districts in relation to other similarly situated districts may be used to evaluate whether the BASE aid amount is reasonably calculated to ensure that students will continue to meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

(b) (1) On or before July 1, 2018, the house and senate standing committees on education shall review the low enrollment weighting and the high enrollment weighting, as such terms are defined in section 4, and amendments thereto, and alternatives to such weightings, including, but not limited to, a sparsity weighting. Such review shall be to ensure that the weightings are reasonably calculated to have students meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

(2) On or before July 1, 2019, the house and senate standing committees on education shall review the following:

(A) Reports submitted to the legislature pursuant to sections 42, 43 and 49, and amendments thereto; and

(B) the legislative post audit reports conducted pursuant to section 45, and amendments thereto, that were completed prior to July 1, 2019.

(3) On or before July 1, 2020, the house and senate standing committees on education shall review virtual school programs and the virtual school state aid calculation as described in K.S.A. 2016 Supp. 72-3715, and amendments thereto.

(4) On or before July 1, 2021, the house and senate standing committees on education shall review the at-risk student weighting, as such term is defined in section 4, and amendments thereto, to ensure that such weighting is reasonably calculated to have students meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

(5) On or before July 1, 2023, and on or before July 1, 2026, the house and senate standing committees on education shall review the successful school model described in this subsection (a) to review whether it is an effective model in determining successful schools and to ensure the BASE aid amount is reasonably calculated to meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

(6) On or before July 1, 2024, the house and senate standing committees on education shall review the bilingual student weighting, as such term is defined in section 4, and amendments thereto, to ensure that such weighting is reasonably calculated to have students meet or exceed the educational goal set forth in K.S.A. 2016 Supp. 72-1127(c), and amendments thereto.

New Sec. 45. The legislative post audit committee shall direct the legislative division of post audit to conduct the following performance audits in the fiscal year specified:

(a) A performance audit of transportation services funding. The audit should include a comparison of the amount of transportation services funding school districts receive to the cost of providing transportation services. This performance audit shall be conducted during fiscal year 2018, and the final audit report shall be submitted to the legislature on or before January 15, 2018.

(b) A performance audit of at-risk education funding. The audit should evaluate the method of counting students for at-risk education funding, the level of the at-risk student weighting and high-density at-risk student weighting under the act and how school districts are expending moneys provided for at-risk education. This performance audit shall be conducted during fiscal year 2020, and the final audit report shall be submitted to the legislature on or before January 15, 2020.

(c) A performance audit of bilingual education funding. The audit should evaluate the method of counting students for bilingual education funding, the level of the bilingual weighting under the act and how school districts are expending moneys provided for bilingual education. This performance audit shall be conducted during fiscal year 2023, and the final audit report shall be submitted to the legislature on or before January 15, 2023.

(d) A study of statewide virtual school programs administered in other states. The study shall include, but not be limited to, the following:

(1) The aggregate cost incurred by each state administering a virtual school program, and the cost incurred by individual school districts or schools within each state;

(2) the resources necessary for the implementation of each virtual school program, including, but not limited to, personnel, equipment, software and facility usage;

(3) the scope of each virtual school program; and

(4) the effectiveness of each virtual school program with respect to student performance and outcomes.

The audit shall be conducted during fiscal year 2024, and the final audit report shall be submitted to the legislature on or before January 15, 2024.

(e) (1) A performance audit to provide a reasonable estimate of the cost of providing educational opportunities for every public school student in Kansas to achieve the performance outcome standards adopted by the state board of education. This performance audit shall be conducted three times as follows:

(A) During fiscal year 2019, and the final report submitted to the legislature on or before January 15, 2019;

(B) during fiscal year 2022, and the final report submitted to the legislature on or before January 15, 2022; and

(C) during fiscal year 2025, and the final report submitted to the legislature on or before January 15, 2025.

(2) Each performance audit required under this subsection shall:

(A) Include reasonable estimates of the costs of providing specialized education services as required by law, including, but not limited to, special education and related services, bilingual education and at-risk programs; and

(B) account for other factors which may contribute to variations in costs incurred by school districts, including, but not limited to, total district enrollment and geographic location within the state.

(3) In conducting each performance audit required under this subsection:

(A) Any examination of historical data and expenditures shall correct any recognized inadequacy of such data or expenditure through a statistically valid method of extrapolation; and

(B) subject to the limitations of the division of legislative post audit budget and appropriations therefor, the legislative post auditor may enter into contracts with consultants as the post auditor deems necessary.

(f) A performance audit to identify best practices in successful schools. The audit should include a comparison of the educational methods and other practices of demographically similar school districts that achieve significantly different student outcomes based on performance outcome standards adopted by the state board of education. This performance audit shall be conducted during fiscal year 2021, and the final audit report shall be submitted to the legislature on or before January 15, 2021. The audit shall be conducted a second time during fiscal year 2026, and the final audit report shall be submitted to the legislature on or before January 15, 2026.

New Sec. 46. The state board may adopt rules and regulations for the administration of this act, including the classification of expenditures of school districts to ensure uniform reporting of operating expenses.

New Sec. 47. The provisions of the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, shall not be severable. If any provision of the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, is held to be invalid or unconstitutional by court order, all provisions of the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, shall be null and void.

New Sec. 48. The Kansas school equity and enhancement act, sections 3 through 48, and amendments thereto, shall expire on July 1, 2027.

New Sec. 49. (a) The state department of education shall conduct a study of the cost of career technical education programs offered by school districts, including, but not limited to, the following:

- (1) The career technical education programs offered by school districts;
- (2) the costs associated with offering such programs, including salaries and wages, materials, equipment and facilities; and
- (3) the coordination between school districts, community colleges and technical colleges in offering such programs.

(b) On or before January 15, 2018, the state department of education shall prepare a report on its findings and shall make recommendations on amendments to the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, for the financing of career technical education programs using a tiered technical education model or other funding model. The report shall be submitted to the governor and the legislature.

(c) The provisions of this section shall expire on July 1, 2018.

New Sec. 50. (a) There is hereby established in the state treasury the school district capital outlay state aid fund. Such fund shall consist of all moneys transferred thereto under the provisions of subsection (d).

(b) Each school district that levies a tax pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive payment from the school district capital outlay state aid fund in an amount determined by the state board of education as provided in this section.

(c) The state board shall:

(1) Determine the amount of the assessed valuation per student of each school district in the state for the preceding school year and round such amount to the nearest \$1,000. The rounded amount is the assessed valuation per student of a school district for the purposes of this subsection;

(2) determine the median assessed valuation per student of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median assessed valuation per student of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the assessed valuation per student of the school district with the highest assessed valuation per student of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the assessed valuation per student of the school district with the lowest assessed valuation per student of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median assessed valuation per student shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median assessed valuation per student by one percentage point for each \$1,000 interval above the amount of the median assessed valuation per student, and increasing the state aid computation percentage assigned to the amount of the median assessed valuation per student by one percentage point for each \$1,000 interval below the amount of the median assessed valuation per student. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the assessed valuation per student of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

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

(6) multiply the amount computed under subsection (c)(5), but not to exceed eight mills, by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive from the school district capital outlay state aid fund in the school year.

(d) The state board shall certify to the director of accounts and reports the amount of school district capital outlay state aid determined under the provisions of subsection (c), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital outlay state aid fund for distribution to school districts. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.

(e) Payments from the school district capital outlay state aid fund shall be distributed to school districts at times determined by the state board of education. The state board of education shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the capital outlay fund of the school district to be used for the purposes of such fund.

New Sec. 51. (a) Each school district may submit an application to the state board



of education for approval of extraordinary declining enrollment state aid. Such application shall be submitted in such form and manner as prescribed by the state board, and shall include a description of the extraordinary decline in enrollment of the school district that is the basis for the application.

(b) The state board shall review all submitted applications and approve or deny any such application based on whether the applicant school district has demonstrated extraordinary declining enrollment since school year 2014-2015. As part of its review of an application, the state board may conduct a hearing and provide the applicant school district an opportunity to present testimony as to such school district's extraordinary declining enrollment. In reviewing the application, the state board shall consider the decrease in enrollment of the school district since school year 2014-2015.

(c) If the state board approves an application, it shall determine the amount of extraordinary declining enrollment state aid to be disbursed to the applicant school district from the school district extraordinary declining enrollment fund. In approving any application for extraordinary declining enrollment state aid, the state board may approve an amount of extraordinary declining enrollment state aid that is less than the amount the school district requested in the application. If the state board denies an application, then, within 15 days of such denial, the state board shall send written notice of such denial to the superintendent of such school district. All administrative proceedings pursuant to this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act. Any action by the state board pursuant to this section shall be subject to review in accordance with the Kansas judicial review act.

(d) There is hereby established in the state treasury the school district extraordinary declining enrollment fund, which shall be administered by the state department of education. All expenditures from the school district extraordinary declining enrollment fund shall be used for the disbursement of extraordinary declining enrollment state aid as approved by the state board under this section. All expenditures from the school district extraordinary declining enrollment 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 state board of education, or the designee of the state board of education.

(e) The provisions of this section shall expire on July 1, 2018.

New Sec. 52. No ad valorem tax exemption for real or personal property granted after the effective date of this act by the board of tax appeals pursuant to the provisions of either: (a) Section 13 of article 11 of the constitution of the state of Kansas; or (b) K.S.A. 12-1740 et seq. and 79-201a *Second or Twenty-Fourth*, and amendments thereto, for any property purchased with the proceeds of revenue bonds shall be deemed to exempt any such property from the ad valorem property tax levied by a school district pursuant to the provisions of K.S.A. 72-8801, and amendments thereto. The provisions of this section shall not apply to exemptions granted by the board of tax appeals when the associated resolution of intent, letter of intent or inducement resolution to issue revenue bonds and grant property tax abatement was approved by any governing body of any city or the board of commissioners of any county or the public hearing required by K.S.A. 79-251, and amendments thereto, was conducted prior to May 1, 2017.

Sec. 53. K.S.A. 2016 Supp. 10-1116a is hereby amended to read as follows: 10-1116a. The limitations on expenditures imposed under the cash-basis law shall not

apply to:

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

(b) Expenditures in any month by school districts which are in excess of current revenues if the deficit or shortage in revenues is caused by, or a result of, the payment of state aid after the date prescribed for the payment of state aid during such month under ~~K.S.A. 2016 Supp. 72-6466~~ section 7, and amendments thereto.

Sec. 54. K.S.A. 2016 Supp. 12-1677 is hereby amended to read as follows: 12-1677. (a) Except as otherwise required by state or federal law, all moneys earned and collected from investments by counties, area vocational-technical schools and quasi-municipal corporations authorized in this act shall be credited to the general fund of such county, area vocational-technical school or quasi-municipal corporation by the treasurer thereof, and all moneys earned and collected from investments by school districts authorized in this act shall be credited ~~to the general fund of the school district in accordance with the provisions of section 38, and amendments thereto.~~

(b) The treasurer of each county, school district, area vocational-technical school or quasi-municipal corporation shall maintain a complete record of all investments authorized in this act and shall make a quarterly written report of such record to the governing body of such county, school district, area vocational-technical school or quasi-municipal corporation.

Sec. 55. K.S.A. 2016 Supp. 12-1742 is hereby amended to read as follows: 12-1742. Such agreements shall provide for a rental sufficient to repay the principal of and the interest on the revenue bonds. Such agreements also may provide that the lessee shall reimburse the city or county for its actual costs of administering and supervising the issue. The city or county may charge an origination fee. Such fee shall not be deemed a payment in lieu of taxes hereunder. Such fee shall be used exclusively for local economic development activities but shall not be used to pay any administrative costs of the city or county. Except for the origination fee, all other fees paid in excess of such actual costs and any other obligation assumed under the contract shall be deemed payments in lieu of taxes and distributed as provided herein. If the agreement provides for a payment in lieu of taxes to the city or county, such payment, immediately upon receipt of same, shall be transmitted by the city or county to the county treasurer of the

county in which the city is located. Payments in lieu of taxes received pursuant to agreements entered into after the effective date of this act shall include all fees or charges paid for services normally and customarily paid from the proceeds of general property tax levies, except for extraordinary services provided for the facility or an extraordinary level of services required by a facility. Payments in lieu of taxes may be required only upon property for which an exemption from ad valorem property taxes has been granted by the state board of tax appeals. The county treasurer shall apportion such payment among the taxing subdivisions of this state in the territory in which the facility is located. Any payment in lieu of taxes shall be divided by the county treasurer among such taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision bears to the aggregate of such levies of all the taxing subdivisions among which the division is to be made. For purposes of this section, the total mill levy shall not include the mill levy imposed pursuant to K.S.A. 72-8801, and amendments thereto. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them. Based upon the assessed valuation which such facility would have if it were upon the tax rolls of the county, the county clerk shall compute the total of the property taxes which would be levied upon such facility by all taxing subdivisions within which the facility is located if such property were taxable.

Sec. 56. K.S.A. 2016 Supp. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the content:

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

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

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

(1) Because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use:

- (A) A substantial number of deteriorated or deteriorating structures;
- (B) predominance of defective or inadequate street layout;
- (C) unsanitary or unsafe conditions;
- (D) deterioration of site improvements;
- (E) tax or special assessment delinquency exceeding the fair market value of the real property;
- (F) defective or unusual conditions of title including, but not limited to, cloudy or defective titles, multiple or unknown ownership interests to the property;
- (G) improper subdivision or obsolete platting or land uses;
- (H) the existence of conditions which endanger life or property by fire or other causes; or

(1) conditions which create economic obsolescence;  
(2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action;

(3) a majority of the property is a 100-year floodplain area; or

(4) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 et seq., and amendments thereto.

(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

(1) Dilapidation, obsolescence or deterioration of the structures;

(2) illegal use of individual structures;

(3) the presence of structures below minimum code standards;

(4) building abandonment;

(5) excessive vacancies;

(6) overcrowding of structures and community facilities; or

(7) inadequate utilities and infrastructure.

(e) "De minimus" means an amount less than 15% of the land area within a redevelopment district.

(f) "Developer" means any person, firm, corporation, partnership or limited liability company, other than a city and other than an agency, political subdivision or instrumentality of the state or a county when relating to a bioscience development district.

(g) "Eligible area" means a blighted area, conservation area, enterprise zone, intermodal transportation area, major tourism area or a major commercial entertainment and tourism area, bioscience development area or a building or buildings which are 65 years of age or older and any contiguous vacant or condemned lots.

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

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

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

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

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

(B) the effect, if any, the redevelopment project costs or bioscience development project will have on any outstanding special obligation bonds payable from the

revenues described in K.S.A. 12-1774(a)(1)(D), and amendments thereto.

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

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

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

(i) The percentage of sales and use taxes collected that are so committed; and  
(ii) the date or dates on which the local sales and use taxes pledged to other uses can be pledged for repayment of special obligation bonds;

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

(D) following approval of the redevelopment plan, the feasibility study shall be supplemented to include a copy of the minutes of the governing body meeting or meetings of any city whose bonding authority will be utilized in the project, evidencing that a redevelopment plan has been created, discussed, and adopted by the city in a regularly scheduled open public meeting; and

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

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

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

(1) Property taxes levied for schools, by school districts pursuant to K.S.A. 2016 Supp. 72-6470, section 14, and amendments thereto, when relating to a bioscience development district; and

(2) property taxes levied by school districts pursuant to K.S.A. 72-8801, and amendments thereto, when relating to a bioscience development district or a redevelopment district established on or after July 1, 2017.

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

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

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

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

(C) site preparation including utility relocations;

(D) sanitary and storm sewers and lift stations;

- (E) drainage conduits, channels, levees and river walk canal facilities;
  - (F) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
  - (G) street light fixtures, connection and facilities;
  - (H) underground gas, water, heating and electrical services and connections located within the public right-of-way;
  - (I) sidewalks and pedestrian underpasses or overpasses;
  - (J) drives and driveway approaches located within the public right-of-way;
  - (K) water mains and extensions;
  - (L) plazas and arcades;
  - (M) major multi-sport athletic complex;
  - (N) museum facility;
  - (O) parking facilities including multilevel parking facilities;
  - (P) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;
  - (Q) related expenses to redevelop and finance the redevelopment project;
  - (R) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city in its resolution establishing such redevelopment district or a bioscience development district;
  - (S) costs for the acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district; and
  - (T) costs for infrastructure located outside the redevelopment district but contiguous to any portion of the redevelopment district and such infrastructure is necessary for the implementation of the redevelopment plan as determined by the city.
- (2) Redevelopment project costs shall not include: (A) Costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the "redevelopment project costs" shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or a multilevel parking facility.
- (B) In addition, for a redevelopment project financed with special obligation bonds payable from the revenues described in K.S.A. 12-1774(a)(1)(D), and amendments thereto, redevelopment project costs shall not include:
- (i) Fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a redevelopment district;
  - (ii) salaries for local government employees;
  - (iii) moving expenses for employees of the businesses locating within the redevelopment district;
  - (iv) property taxes for businesses that locate in the redevelopment district;
  - (v) lobbying costs;
  - (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-1742, and amendments thereto;
  - (vii) any personal property, as defined in K.S.A. 79-102, and amendments thereto; and

(viii) travel, entertainment and hospitality.

(p) "Redevelopment district" means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

(q) "Redevelopment district plan" or "district plan" means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area or, if the redevelopment district is established for an intermodal transportation area, in or outside of the redevelopment district.

(r) "Redevelopment project" means the approved project to implement a project plan for the development of the established redevelopment district.

(s) "Redevelopment project plan" means the plan adopted by a municipality for the development of a redevelopment project or projects which conforms with K.S.A. 12-1772, and amendments thereto, in a redevelopment district.

(t) "Substantial change" means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the district plan or project plan was approved.

(u) "Tax increment" means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

(v) "Taxing subdivision" means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district including a bioscience development district.

(w) "River walk canal facilities" means a canal and related water features which flows through a redevelopment district and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(x) "Major commercial entertainment and tourism area" may include, but not be limited to, a major multi-sport athletic complex.

(y) "Major multi-sport athletic complex" means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

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

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

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

- (2) is or shall be used and maintained by a bioscience company; or
- (3) includes a bioscience facility.
- (bb) "Bioscience development district" means the specific area, created under K.S.A. 12-1771, and amendments thereto, where one or more bioscience development projects may be undertaken.
- (cc) "Bioscience development project" means an approved project to implement a project plan in a bioscience development district.
- (dd) "Bioscience development project plan" means the plan adopted by the authority for a bioscience development project pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience development district.
- (ee) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.
- (ff) "Bioscience project area" means an area designated by the authority within a bioscience development district.
- (gg) "Biotechnology" means those fields focusing on technological developments in such areas as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.
- (hh) "Board" means the board of directors of the Kansas bioscience authority.
- (ii) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.
- (jj) "Revenue increase" means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.
- (kk) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.
- (ll) "Floodplain increment" means the increment determined pursuant to K.S.A. 2016 Supp. 12-1771e(b), and amendments thereto.
- (mm) "100-year floodplain area" means an area of land existing in a 100-year floodplain as determined by either an engineering study of a Kansas certified engineer or by the United States federal emergency management agency.
- (nn) "Major motorsports complex" means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.
- (oo) "Intermodal transportation area" means an area of not less than 800 acres to be



developed primarily to handle the transfer, storage and distribution of freight through railway and trucking operations.

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

Sec. 57. K.S.A. 2016 Supp. 12-1775a is hereby amended to read as follows: 12-1775a. (a) Prior to December 31, 1996, the governing body of each city which, pursuant to K.S.A. 12-1771, and amendments thereto, has established a redevelopment district prior to July 1, 1996, shall certify to the director of accounts and reports the amount equal to the amount of revenue realized from ad valorem taxes imposed pursuant to ~~K.S.A. 2016 Supp. 72-6470~~ section 14, and amendments thereto, within such redevelopment district. Prior to February 1, 1997, and annually on that date thereafter, the governing body of each such city shall certify to the director of accounts and reports an amount equal to the amount by which revenues realized from such ad valorem taxes imposed in such redevelopment district are estimated to be reduced for the ensuing calendar year due to legislative changes in the statewide school finance formula. Prior to March 1 of each year, the director of accounts and reports shall certify to the state treasurer each amount certified by the governing bodies of cities under this section for the ensuing calendar year and shall transfer from the state general fund to the city tax increment financing revenue fund the aggregate of all amounts so certified. Prior to April 15 of each year, the state treasurer shall pay from the city tax increment financing revenue fund to each city certifying an amount to the director of accounts and reports under this section for the ensuing calendar year the amount so certified.

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

Sec. 58. K.S.A. 2016 Supp. 12-1776a is hereby amended to read as follows: 12-1776a. (a) As used in this section:

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

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

(b) No later than November 1 of each year, the county clerk of each county shall certify to the state board of education the assessed valuation of any school district located within a redevelopment district in such county. For the purposes of this section and for determining the amount of state aid for school districts under section 17 and K.S.A. 75-2319, and amendments thereto, the base year assessed valuation of property

within the boundaries of a redevelopment district shall be used when determining the assessed valuation of a school district until the bonds issued pursuant to K.S.A. 12-1770 et seq., and amendments thereto, to finance redevelopment projects in the redevelopment district have been retired.

Sec. 59. K.S.A. 12-17,115 is hereby amended to read as follows: 12-17,115. As used in this act:

(a) "Dilapidated structure" means a residence or other building which is in deteriorating condition by reason of obsolescence, inadequate provision of ventilation, light, air or structural integrity or is otherwise in a condition detrimental to the health, safety or welfare of its inhabitants or a residence or other building which is in deteriorating condition and because of age, architecture, history or significance is worthy of preservation.

(b) "Municipality" means any municipality as defined by K.S.A. 10-1101, and amendments thereto.

(c) "Neighborhood revitalization area" means:

(1) An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;

(2) an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or

(3) an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

(d) "Governing body" means the governing body of any municipality.

(e) "Increment" means, except for any taxes levied by school districts pursuant to K.S.A. 72-8801, and amendments thereto, that amount of ad valorem taxes collected from real property located within the neighborhood revitalization area or from dilapidated structures outside the revitalization area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the neighborhood revitalization area was established or the structure was declared dilapidated pursuant to this act.

Sec. 60. K.S.A. 2016 Supp. 72-978 is hereby amended to read as follows: 72-978.

(a) Each year, the state board of education shall determine the amount of state aid for the provision of special education and related services each school district shall receive for the ensuing school year. The amount of such state aid shall be computed by the state

board as provided in this section. The state board shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) (A) except for those school districts ~~entitled to that~~ receive reimbursement under subsection (c) or (d), after subtracting the amounts of reimbursement under

subsections (a)(1), (a)(2) and (a)(3) from the total amount appropriated for special education and related services under this act, an amount which bears the same proportion to the remaining amount appropriated as the number of full-time equivalent special teachers who are qualified to provide special education or related services to exceptional children and are employed by the school district for approved special education or related services bears to the total number of such qualified full-time equivalent special teachers employed by all school districts for approved special education or related services.

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

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

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

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

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

(f) There is hereby established in every school district a fund which shall be called the special education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. Notwithstanding any other provision of law, all moneys received by the school district from whatever source for special education shall be credited to the special education fund established by this section, except that: (1)

Amounts of payments received by a school district under K.S.A. 72-979, and amendments thereto, and amounts of grants, if any, received by a school district under K.S.A. 72-983, and amendments thereto, shall be deposited in the general fund of the district and transferred to the special education fund; and (2) moneys received by a school district pursuant to lawful agreements made under K.S.A. 72-968, and amendments thereto, shall be credited to the special education fund established under the agreements.

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

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

Sec. 61. K.S.A. 2016 Supp. 72-1046b is hereby amended to read as follows: 72-1046b. (a) As used in this section:

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

(2) "Non-resident pupil" or "pupil" means a pupil who is enrolled and in attendance at a school located in a district in which such pupil is not a resident and who: (A) Lives 2½ or more miles from the attendance center the pupil would attend in the district in which the pupil resides and is not a resident of Johnson county, Sedgwick county, Shawnee county or Wyandotte county; or (B) is a member of the family of a pupil meeting the condition prescribed in ~~subpart~~ subparagraph (A).

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

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

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

~~(d) Any pupil who was not a resident of the district in school year 2014-2015, but was allowed to enroll in and attend school in such district in school year 2014-2015 by the board of education of such district and any member of the family of such pupil~~

~~regardless of whether such family member enrolled in and attended school in such district in school year 2014-2015, shall be allowed to enroll in and attend school in such district in school years 2015-2016 and 2016-2017 regardless of whether such pupil or family member of such pupil is a resident of the district in either school year, provided such pupil or such pupil's family member is in compliance with any attendance and behavior policies of the district. If transportation was furnished or provided to such pupil in school year 2014-2015 by the district, then transportation shall be furnished or provided by the district to such pupil and any family member of such pupil in school years 2015-2016 and 2016-2017, provided there is no change in such pupil's residence and no requirement for the district to furnish transportation to any additional residence.~~

Sec. 62. K.S.A. 2016 Supp. 72-1398 is hereby amended to read as follows: 72-1398. (a) The national board for professional teaching standards certification incentive program is hereby established for the purpose of rewarding teachers who have attained certification from the national board. Teachers who have attained certification from the national board shall be issued a master teacher's license by the state board of education. A master teacher's license shall be valid for 10 years and renewable thereafter every 10 years through compliance with continuing education and professional development requirements prescribed by the state board. Teachers who have attained certification from the national board and who are employed by a school district shall be paid an incentive bonus in the amount of \$1,000 each school year that the teacher remains employed by a school district and retains a valid master teacher's license.

(b) The board of education of each school district employing one or more national board certified teachers shall pay the incentive bonus to each such teacher in each school year that the teacher retains eligibility for such payment. Each board of education which has made payments of incentive bonuses to national board certified teachers under this subsection may file an application with the state board of education for state aid and shall certify to the state board the amount of such payments. The application and certification shall be on a form prescribed and furnished by the state board, shall contain such information as the state board shall require and shall be filed at the time specified by the state board.

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

(d) Moneys received by a board of education under this section shall be deposited in the general fund of the school district and shall be considered reimbursements to the district for the purpose of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, and may be expended whether the same have been budgeted or not.

(e) The state board of education is authorized to provide scholarships of \$1,100 each to teachers who are accepted to participate in the national board for professional teaching standards program for initial certification. The state board of education is

authorized to provide scholarships of \$500 each to teachers who are accepted to participate in the national board for professional teaching standards program for renewal of certification. Any teacher who has been accepted to participate in such program may file an application with the state board of education for a scholarship. The application shall be on a form prescribed and furnished by the state board, shall contain such information as the state board shall require and shall be filed at the time specified by the state board.

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

Sec. 63. K.S.A. 2016 Supp. 72-1414 is hereby amended to read as follows: 72-1414. (a) On or before January 1, 2001, the state board of education shall adopt rules and regulations for the administration of mentor teacher programs and shall:

(1) Establish standards and criteria for evaluating and approving mentor teacher programs and applications of school districts for grants;

(2) evaluate and approve mentor teacher programs;

(3) establish criteria for determination of exemplary teaching ability of certificated teachers for qualification as mentor teachers;

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

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

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

(b) Subject to the availability of appropriations for mentor teacher programs maintained by school districts, and within the limits of any such appropriations, the state board of education shall determine the amount of grants to be awarded school districts by multiplying an amount not to exceed \$1,000 by the number of mentor teachers participating in the program maintained by a school district. The product is the amount of the grant to be awarded to the district. Upon receipt of a grant of state moneys for maintenance of a mentor teacher program, the amount of the grant shall be deposited in the general fund of the school district. Moneys deposited in the general fund of a school district under this subsection shall be considered reimbursements for the purpose of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto. The full amount of the grant shall be allocated among the mentor teachers employed by the school district so as to provide a mentor teacher with an annual stipend in an amount not to exceed \$1,000. Such annual stipend shall be over and above the regular salary to which the mentor teacher is entitled for the school year.

Sec. 64. K.S.A. 2016 Supp. 72-1923 is hereby amended to read as follows: 72-1923. (a) Except as provided in K.S.A. 2016 Supp. 72-1925, and amendments thereto, the board of education of any school district may apply to the state board for a grant of authority to operate such school district as a public innovative district. The application shall be submitted in the form and manner prescribed by the state board, and shall be submitted not later than December 1 of the school year preceding the school year in which the school district intends to operate as a public innovative district.

(b) The application shall include the following:

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

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

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

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

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

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

(d) A public innovative district shall:

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

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

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

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

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

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

(2) A public innovative district shall be subject to the special education for exceptional children act, the virtual school act, the ~~classroom learning assuring student success act~~, K.S.A. 2016 Supp. 72-6463 Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, the provisions of K.S.A. 72-8801 et seq., and amendments thereto, all laws governing the issuance of general obligation bonds by school districts, the provisions of K.S.A. 74-4901 et seq., and amendments thereto, and all laws governing the election of members of the board of education, the open meetings act as provided in K.S.A. 75-4317 et seq., and amendments thereto, and the open records act as provided in K.S.A. 45-215 et seq., and amendments thereto.



Sec. 65. K.S.A. 2016 Supp. 72-3712 is hereby amended to read as follows: 72-3712. As used in the virtual school act:

(a) "Virtual school" means any school or educational program that: (1) Is offered for credit; (2) uses distance-learning technologies which predominately use internet-based methods to deliver instruction; (3) involves instruction that occurs asynchronously with the teacher and pupil student in separate locations; (4) requires the pupil student to make academic progress toward the next grade level and matriculation from kindergarten through high school graduation; (5) requires the pupil student to demonstrate competence in subject matter for each class or subject in which the pupil student is enrolled as part of the virtual school; and (6) requires age-appropriate pupils students to complete state assessment tests.

(b) "School district" means any school district which offers a virtual school.

(c) Except as provided by the virtual school act, words and phrases shall have the meanings ascribed thereto in ~~K.S.A. 2016 Supp. 72-6464~~ section 4, and amendments thereto.

Sec. 66. K.S.A. 2016 Supp. 72-3715 is hereby amended to read as follows: 72-3715. (a) In order to be included in the full-time equivalent enrollment of a virtual school, a pupil student shall be in attendance at the virtual school on: (1) A single school day on or before September 19 of each school year; and (2) on a single school day on or after September 20, but before October 4 of each school year.

(b) A school district which offers a virtual school shall determine the full-time equivalent enrollment of each pupil student enrolled in the virtual school on September 20 of each school year as follows:

(1) Determine the number of hours the pupil student was in attendance on a single school day on or before September 19 of each school year;

(2) determine the number of hours the pupil student was in attendance on a single school day on or after September 20, but before October 4 of each school year;

(3) add the numbers obtained under ~~paragraphs subsections~~ (b)(1) and (b)(2);

(4) divide the sum obtained under ~~paragraph subsection~~ (b)(3) by 12. The quotient is the full-time equivalent enrollment of the pupil student.

(c) The school days on which a district determines the full-time equivalent enrollment of a pupil student under subsections (b)(1) and (2) shall be the school days on which the pupil student has the highest number of hours of attendance at the virtual school. No more than six hours of attendance may be counted in a single school day. Attendance may be shown by a pupil's student's on-line activity or entries in the pupil's student's virtual school journal or log of activities.

(d) Subject to the availability of appropriations and within the limits of any such appropriations, each school year a school district which offers a virtual school shall receive virtual school state aid. The state board of education shall determine the amount of virtual school state aid a school district is to receive as follows:

(1) ~~For school year 2015-2016:~~

~~(A)~~ Determine the number of pupils students enrolled in virtual school on a full-time basis, excluding those pupils students who are over ~~18~~ 19 years of age, and multiply the total number of such pupils students by \$5,000;

~~(B)(2)~~ determine the full-time equivalent enrollment of pupils students enrolled in virtual school on a part-time basis, excluding those pupils who are over ~~18~~ 19 years of age, and multiply the total full-time equivalent enrollment of such pupils by ~~\$4,045~~

students by \$1,700;

~~(C)(3)~~ for pupils students enrolled in a virtual school who are over ~~18~~ 19 years of age, determine the number of one-hour credit courses such ~~pupils~~ students have passed, not to exceed six credit courses per school year, and multiply the total number of such courses by ~~\$933~~ \$709; and

~~(D)(4)~~ add the amounts calculated under subsections (d)(1)(A) through (d)(1)(C) ~~(4)~~. The resulting sum is the amount of virtual school state aid the school district shall receive.

~~(2)~~ For school year 2016-2017:

~~(A)~~ Determine the number of pupils enrolled in virtual school on a full-time basis, excluding those pupils who are over 18 years of age, and multiply the total number of such pupils by \$5,600;

~~(B)~~ determine the full-time equivalent enrollment of pupils enrolled in virtual school on a part-time basis, excluding those pupils who are over 18 years of age, and multiply the total full-time equivalent enrollment of such pupils by \$1,700;

~~(C)~~ for pupils enrolled in a virtual school who are over 18 years of age, determine the number of one-hour credit courses such pupils have passed and multiply the total number of such courses by ~~\$933~~; and

~~(D)~~ add the amounts calculated under subsections (d)(2)(A) through (d)(2)(C). The resulting sum is the amount of virtual school state aid the school district shall receive.

~~(3)~~ For purposes of this subsection:

~~(A)~~ "Full-time" means attendance in a virtual school for no less than six hours as determined pursuant to subsection (b);

~~(B)~~ "Part-time" means attendance in a virtual school for less than six hours as determined pursuant to subsection (b);

~~(e)(1)~~ There is hereby established in every school district a fund which shall be called the virtual school fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. The expenses of a school district directly attributable to virtual schools offered by a school district may be paid from the virtual school fund. The cost of an advance placement course provided to a pupil student by a virtual school shall be paid by the virtual school. Amounts deposited in the virtual school fund may be transferred to the general fund of the school district as approved by the board of education Moneys deposited in or otherwise transferred to the virtual school fund shall only be expended for those costs directly attributable to the provision of virtual instruction.

~~(2)~~ Any balance remaining in the virtual school fund at the end of the budget year shall be carried forward into the virtual school fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto.

~~(3)~~ In preparing the budget of such school district, the amounts credited to and the amount on hand in the virtual school fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

~~(f)~~ For the purposes of this section, a pupil student enrolled in a virtual school who is not a resident of the state of Kansas shall not be counted in the full-time equivalent enrollment of the virtual school. The virtual school shall record the permanent address

of any ~~pupil~~ student enrolled in such virtual school.

(g) For purposes of this section:

(1) "Full-time" means attendance in a virtual school for no less than six hours as determined pursuant to subsection (b).

(2) "Part-time" means attendance in a virtual school for less than six hours as determined pursuant to subsection (b).

Sec. 67. K.S.A. 2016 Supp. 72-5333b is hereby amended to read as follows: 72-5333b. (a) The unified school district maintaining and operating a school on the Fort Leavenworth military reservation, being unified school district No. 207 of Leavenworth county, state of Kansas, shall have a governing body, which shall be known as the "Fort Leavenworth school district board of education" and which shall consist of three members who shall be appointed by, and serve at the pleasure of the commanding general of Fort Leavenworth. One member of the board shall be the president and one member shall be the vice-president. The commanding general, when making any appointment to the board, shall designate which of the offices the member so appointed shall hold. Except as otherwise expressly provided in this section, the district board and the officers thereof shall have and may exercise all the powers, duties, authority and jurisdiction imposed or conferred by law on unified school districts and boards of education thereof, except such school district shall not offer or operate any of grades 10 through 12.

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

(c) Except as otherwise expressly provided in this subsection, the provisions of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463 Kansas school equity and enhancement act, section 3 et seq.,~~ and amendments thereto, apply to the school district. As applied to the school district, the terms "local foundation aid" and "federal impact aid" shall not include any moneys received by the school district under subsection (3)(d)(2)(b) of public law 81-874. Any such moneys received by the school district shall be deposited in the general fund of the school district or, at the discretion of the board of education, in the capital outlay fund of the school district.

Sec. 68. K.S.A. 2016 Supp. 72-64b01 is hereby amended to read as follows: 72-64b01. (a) No school district shall expend, use or transfer any moneys from the general fund of the district for the purpose of engaging in or supporting in any manner any litigation by the school district or any person, association, corporation or other entity against the state of Kansas, the state board of education, the state department of education, other state agency or any state officer or employee regarding the Kansas school equity and enhancement act or any other law concerning school finance. No such moneys shall be paid, donated or otherwise provided to any person, association, corporation or other entity and used for the purpose of any such litigation.

(b) Nothing in section 15, and amendments thereto, or this section shall be construed as prohibiting the expenditure, use or transfer of moneys from that portion of the proceeds of any tax levied by a school district pursuant to K.S.A. 2016 Supp. 72-6472 section 19, and amendments thereto, that was levied to finance a school district's local option budget, for the purposes specified in subsection (a).

Sec. 69. K.S.A. 2016 Supp. 72-64c03 is hereby amended to read as follows: 72-64c03. The appropriation of moneys necessary to pay general state aid and supplemental general state aid under the ~~classroom learning assuring student success~~

~~act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, and state aid for the provision of special education and related services under the special education for exceptional children act shall be given first priority in the legislative budgeting process and shall be paid first from existing state revenues.

Sec. 70. K.S.A. 2016 Supp. 72-64c05 is hereby amended to read as follows: 72-64c05. Article 6 of the constitution of the state of Kansas states that the legislature shall provide for intellectual, educational, vocational and scientific improvement by establishing and maintaining public schools; provide for a state board of education having general supervision of public schools, educational institutions and the educational interests of the state, except those delegated by law to the state board of regents; and make suitable provision for finance of the educational interests of the state. It is the purpose and intention of the legislature to provide a financing system for the education of kindergarten and grades one through 12 which provides students with the capacities set forth in K.S.A. 2016 Supp. 72-1127, and amendments thereto. Such financing system shall be sufficiently flexible for the legislature to consider and utilize financing methods from all available resources in order to satisfy the constitutional requirements under article 6. Such financing methods shall include, but are not limited to, the following:

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

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

(1) Financing to unified school districts through ~~the classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 71. K.S.A. 2016 Supp. 72-6622 is hereby amended to read as follows: 72-6622. In the event that all of the property acquired by any two cities under the provisions of K.S.A. 3-404 et seq., and amendments thereto, is included within the territory of a unified school district in which only one of such cities is located:

(a) One-half of the assessed valuation of such property shall be assigned to each of the two school districts in which such cities are located for the purposes of determining the assessed valuation of each district ~~for entitlement to:~~ (1) Supplemental state aid under section 17, and amendments thereto; and (2) payment from the school district capital improvements fund under K.S.A. 75-2319, and amendments thereto;

(b) The revenue to be received by each district under subsection (c) shall be used as a receipt by such district in computing its ad valorem tax requirement for each tax levy fund; and

(c) Such property shall be subject to taxation for school purposes at a rate equal to the aggregate of all rates imposed for school purposes upon property located within the school district in which such property is located, but one-half of the proceeds derived from such levy shall be allocated to each of the two school districts in which such cities are located.

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

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

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

(3) "State aid" means general state aid, supplemental state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, or other law, and any other state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

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

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

expanded lottery act.

Sec. 73. K.S.A. 2016 Supp. 72-6625 is hereby amended to read as follows: 72-6625. (a) As used in this section:

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

(2) "Property" means the following described property, and improvements thereon, comprised of 1,120 acres, more or less, located in Haskell county: All of Section 34, Township 29 South, Range 33 West and the West  $\frac{1}{2}$  of Section 3, Township 30 South, Range 33 West and the Northeast Quarter of Section 3, Township 30 South, Range 33 West.

(3) "State aid" means general state aid, supplemental state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, or other law, and any other state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

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

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

Sec. 74. K.S.A. 2016 Supp. 72-6757 is hereby amended to read as follows: 72-6757. (a) As used in this section:

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

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

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

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

(d) Pupils attending school in a receiving school district in accordance with a contract authorized by this section and made and entered into by such receiving school district with a sending school district located in this state shall be counted as regularly enrolled in and attending school in the sending school district for the purpose of computations under the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto.

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

(1) The contract shall be for the benefit of pupils who reside at inconvenient or unreasonable distances from the schools maintained by the sending school district or for pupils who, for any other reason deemed sufficient by the board of education of the

sending school district, should attend school in a receiving school district;

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

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

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

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

(g) The provisions of subsection (e)(3) do not apply to unified school district No. ~~104, Jewell county~~ 107, Rock Hills.

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

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

Sec. 75. K.S.A. 2016 Supp. 72-67,115 is hereby amended to read as follows: 72-67,115. (a) The board of education of any school district may:

(1) Offer and teach courses and conduct preschool programs for children under the age of eligibility to attend kindergarten.

(2) Enter into cooperative or interlocal agreements with one or more other boards for the establishment, operation and maintenance of such preschool programs.

(3) Contract with private, nonprofit corporations or associations or with any public or private agency or institution, whether located within or outside the state, for the establishment, operation and maintenance of such preschool programs.

(4) Prescribe and collect fees for providing such preschool programs.

(b) Fees for providing preschool programs shall be prescribed and collected only to recover the costs incurred as a result of and directly attributable to the establishment, operation and maintenance of the preschool programs. Revenues from fees collected by a board under this section shall be deposited in the general fund of the school district and shall be considered reimbursements to the district for the purpose of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, and may be expended whether the same have been budgeted or not and amounts so expended shall not be considered operating expenses.

Sec. 76. K.S.A. 2016 Supp. 72-7535 is hereby amended to read as follows: 72-7535. (a) In order to equip students with the knowledge and skills needed to become self-supporting and to enable students to make critical decisions regarding personal finances, the state board of education shall authorize and assist in the implementation of

programs on teaching personal financial literacy.

(b) The state board of education shall develop a curriculum, materials and guidelines that local boards of education and governing authorities of accredited nonpublic schools may use in implementing the program of instruction on personal financial literacy. The state board of education shall adopt a glossary of personal financial literacy terms which shall be used by school districts when implementing the program on personal financial literacy.

(c) The state board of education shall develop state curriculum standards for personal financial literacy, for all grade levels, within the existing mathematics curriculum or another appropriate subject-matter curriculum.

(d) The state board of education shall encourage school districts when selecting textbooks for mathematics, economics, family and consumer science, accounting or other appropriate courses, to select those textbooks which contain substantive provisions on personal finance, including personal budgeting, credit, debt management and other topics concerning personal financial literacy.

(e) The state board of education shall include questions relating to personal financial literacy in the statewide assessments for mathematics or social studies required under K.S.A. 2016 Supp. 72-6479 section 42, and amendments thereto. When the statewide assessments for mathematics or social studies are reviewed or rewritten, the state board of education shall examine the questions relating to personal financial literacy and rewrite such questions in order to determine if programs on personal financial literacy are equipping students with the knowledge and skills needed to become self-supporting and enabling students to make critical decisions regarding personal finances.

Sec. 77. K.S.A. 2016 Supp. 72-8187 is hereby amended to read as follows: 72-8187. (a) In each school year, to the extent that appropriations are available, each school district which has provided educational services for pupils residing at the Flint Hills job corps center, for pupils housed at a psychiatric residential treatment facility or for pupils confined in a juvenile detention facility is eligible to receive a grant of state moneys in an amount to be determined by the state board of education.

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

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

(d) All moneys received by a school district under authority of this section shall be deposited in the general fund of the school district and shall be considered reimbursement of the district for the purpose of the ~~classroom learning assuring student success act~~, K.S.A. 2016 Supp. 72-6463 Kansas school equity and enhancement act.



section 3 et seq., and amendments thereto.

(e) The state board of education shall approve applications of school districts for grants, determine the amount of grants and be responsible for payment of grants to school districts. In determining the amount of a grant which a school district is eligible to receive, the state board shall compute the amount of state financial aid the district would have received on the basis of enrollment of pupils residing at the Flint Hills job corps center, housed at a psychiatric residential treatment facility or confined in a juvenile detention facility if such pupils had been counted as two pupils under the school district finance and quality performance act and compare such computed amount to the amount certified by the district under subsection (b). The amount of the grant the district is eligible to receive shall be an amount equal to the lesser of the amount computed under this subsection or the amount certified under subsection (b). If the amount of appropriations for the payment of grants under this section is insufficient to pay in full the amount each school district is determined to be eligible to receive for the school year, the state board shall prorate the amount appropriated among all school districts which are eligible to receive grants of state moneys in proportion to the amount each school district is determined to be eligible to receive.

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

(g) As used in this section:

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

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

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

Sec. 78. K.S.A. 2016 Supp. 72-8190 is hereby amended to read as follows: 72-8190. (a) For the purpose of determination of supplemental state aid under section 17, and amendments thereto, and payments from the school district capital improvements fund under K.S.A. 75-2319, and amendments thereto, notwithstanding any provision of either such statutory section to the contrary, the term assessed valuation per pupil, as applied to unified school district No. 203, Wyandotte county, shall not include within its meaning the assessed valuation of property which is owned by Sunflower Racing, Inc. and operated as a racetrack facility known as the Woodlands. The meaning of assessed valuation per pupil as provided in this subsection, for the purposes specified in this subsection, and as applied to the unified school district designated in this subsection, shall be in force and effect for the 1994-95 and 1995-96 school years.

(b) (1) In the event unified school district No. 203, Wyandotte county, receives in any school year the proceeds from any taxes which may be paid upon the Woodlands for the 1994-95 school year or the 1995-96 school year or for both such school years,

the state board of education shall deduct an amount equal to the amount of such tax proceeds from future payments of state aid to which the district is entitled.

(2) For the purposes of this subsection, the term "state aid" means payments from the school district capital improvements fund.

Sec. 79. K.S.A. 2016 Supp. 72-8230 is hereby amended to read as follows: 72-8230. (a) In the event the boards of education of any two or more school districts enter into a school district interlocal cooperation agreement for the purpose of jointly and cooperatively performing any of the services, duties, functions, activities, obligations or responsibilities which are authorized or required by law to be performed by school districts of this state, the following conditions shall apply:

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

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

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

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

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

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

(B) Partial termination of a school district interlocal cooperation agreement for the provision of special education services made and entered into by the boards of three or more school districts may be accomplished only upon petition for withdrawal from the agreement by a contracting school district to the other contracting school districts and approval by the state board of written consent to the petition by such other school

districts or upon order of the state board after appeal to it by a school district from denial of consent to a petition for withdrawal and hearing thereon conducted by the state board. The state board shall consider all the testimony and evidence brought forth at the hearing and issue an order approving or disapproving withdrawal by the school district from the agreement.

(C) Complete termination of a school district interlocal cooperation agreement for the provision of special education services made and entered into by the boards of two school districts may be accomplished upon approval by the state board of a joint petition made to the state board for termination of the agreement by both of the contracting school districts after adoption of a resolution to that effect by each of the contracting school districts or upon petition for withdrawal from the agreement made by a contracting school district to the other contracting school district and approval by the state board of written consent to the petition by such other school district or upon order of the state board after appeal to it by a school district from denial of consent to a petition for withdrawal and hearing thereon conducted by the state board. The state board shall consider all the testimony and evidence brought forth at the hearing and issue an order approving or disapproving withdrawal by the school district from the agreement.

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

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

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

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

(b) Except as otherwise specifically provided in this subsection, any power or powers, privileges or authority exercised or capable of exercise by any school district of this state, or by any board of education thereof, may be jointly exercised pursuant to the provisions of a school district interlocal cooperation agreement. No power or powers, privileges or authority with respect to the levy and collection of taxes, the issuance of bonds, or the purposes and provisions of the ~~classroom learning assuring student success act~~, K.S.A. 2016 Supp. 72-6463 Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, or title I of public law 874 shall be created or effectuated for joint exercise pursuant to the provisions of a school district interlocal

cooperation agreement.

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

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

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

(f) As used in this section:

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

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

Sec. 80. K.S.A. 2016 Supp. 72-8233 is hereby amended to read as follows: 72-8233. (a) In accordance with the provisions of this section, the boards of education of any two or more unified school districts may make and enter into agreements providing for the attendance of pupils residing in one school district at school in kindergarten or any of the grades one through 12 maintained by any such other school district. The boards of education may also provide by agreement for the combination of enrollments for kindergarten or one or more grades, courses or units of instruction.

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

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

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

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

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

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

(d) The board of education of any school district which enters into an agreement under authority of this section for the attendance of pupils at school in another school district may discontinue kindergarten or any or all of the grades, courses and units of

instruction specified in the agreement for attendance of pupils enrolled in kindergarten or any such grades, courses and units of instruction at school in such other school district. Upon discontinuing kindergarten or any grade, course or unit of instruction under authority of this subsection, the board of education may close any school building or buildings operated or used for attendance by pupils enrolled in such discontinued kindergarten, grades, courses or units of instruction. The closing of any school building under authority of this subsection shall require a majority vote of the members of the board of education and shall require no other procedure or approval.

(e) Pupils attending school in a school district of nonresidence of such pupils in accordance with an agreement made and entered into under authority of this section shall be counted as regularly enrolled in and attending school in the school district of residence of such pupils for the purpose of computations under the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto.

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

Sec. 81. K.S.A. 2016 Supp. 72-8236 is hereby amended to read as follows: 72-8236. (a) The board of education of any school district may: (1) Establish, operate and maintain a child care facility; (2) enter into cooperative or interlocal agreements with one or more other boards for the establishment, operation and maintenance of a child care facility; (3) contract with private, nonprofit corporations or associations or with any public or private agency or institution, whether located within or outside the state, for the establishment, operation and maintenance of a child care facility; and (4) prescribe and collect fees for providing care at a child care facility.

(b) Fees for providing care at a child care facility established under authority of this section shall be prescribed and collected only to recover the costs incurred as a result of and directly attributable to the establishment, operation and maintenance of the child care facility. Revenues from fees collected by a board under this section shall be deposited in the general fund of the school district and shall be considered reimbursements to the district for the purpose of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto, and may be expended whether the same have been budgeted or not and amounts so expended shall not be considered operating expenses.

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

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

Sec. 82. K.S.A. 2016 Supp. 72-8249 is hereby amended to read as follows: 72-8249. (a) There is hereby established in every school district a special reserve fund.

Moneys in such fund shall be used to:

- (1) Pay claims, judgments, expenses and other purposes relating to health care services, disability income benefits and group life insurance benefits as authorized by K.S.A. 72-8415a, and amendments thereto;
- (2) pay costs relating to uninsured losses; and
- (3) pay the cost of workers compensation insurance and workers compensation claims, awards, expenses and other purposes authorized by the workers compensation act.

~~Moneys in such fund may be transferred to the general fund of the school district as approved by the board of education.~~

(b) Any balance remaining in the special reserve fund at the end of the budget year shall be carried forward into that reserve fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the special reserve fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. Interest earned on the investment of moneys in any such fund shall be credited to that fund.

Sec. 83. K.S.A. 2016 Supp. 72-8250 is hereby amended to read as follows: 72-8250. (a) There is hereby established in every school district a textbook and student materials revolving fund. Moneys in such fund shall be used to:

- (1) Purchase any items designated in K.S.A. 72-5389, and amendments thereto;
- (2) pay the cost of materials or other items used in curricular, extracurricular or other school-related activities; and
- (3) purchase textbooks as authorized by K.S.A. 72-4141, and amendments thereto.

~~Moneys in such fund may be transferred to the general fund of the school district as approved by the board of education.~~

(b) Any balance remaining in the textbook and student materials revolving fund at the end of the budget year shall be carried forward into that fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the textbook and student materials revolving fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. ~~Interest earned on the investment of moneys in any such fund shall be credited to that fund.~~

Sec. 84. K.S.A. 2016 Supp. 72-8251 is hereby amended to read as follows: 72-8251. Whenever a school district is required by law to make any payment during the month of June and there is insufficient revenue to make such payment as a result of the payment of state aid after the date prescribed by the state board of education pursuant to ~~K.S.A. 2016 Supp. 72-6466 section 7~~, and amendments thereto, the school district shall make such payment as soon as moneys are available.

Sec. 85. K.S.A. 2016 Supp. 72-8302 is hereby amended to read as follows: 72-8302. (a) The board of education of a school district may provide or furnish transportation for ~~pupils~~ students who are enrolled in the school district to or from any school of the school district or to or from any school of another school district attended by such ~~pupils~~ students in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto.

(b) (1) When any or all of the conditions specified in this provision exist, the board of education of a school district shall provide or furnish transportation for ~~pupils~~ students who reside in the school district and who attend any school of the school district or who attend any school of another school district in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto. The conditions which apply to the requirements of this provision are as follows:

(A) The residence of the ~~pupil~~ student is inside or outside the corporate limits of a city, the school building attended is outside the corporate limits of a city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the ~~pupil~~ student; or

(B) the residence of the ~~pupil~~ student is outside the corporate limits of a city, the school building attended is inside the corporate limits of a city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the ~~pupil~~ student; or

(C) the residence of the ~~pupil~~ student is inside the corporate limits of one city, the school building attended is inside the corporate limits of a different city and the school building attended is more than 2½ miles by the usually traveled road from the residence of the ~~pupil~~ student.

(2) The provisions of this subsection are subject to the provisions of subsections (c) and (d).

(c) The board of education of every school district is authorized to adopt rules and regulations to govern the conduct, control and discipline of all ~~pupils~~ students while being transported in school buses. The board may suspend or revoke the transportation privilege or entitlement of any ~~pupil~~ student who violates any rules and regulations adopted by the board under authority of this subsection.

(d) The board of education of every school district may suspend or revoke the transportation privilege or entitlement of any ~~pupil~~ student who is detained at school at the conclusion of the school day for violation of any rules and regulations governing ~~pupil~~ student conduct or for disobedience of an order of a teacher or other school authority. Suspension or revocation of the transportation privilege or entitlement of any ~~pupil~~ student specified in this subsection shall be limited to the school day or days on which the ~~pupil~~ student is detained at school. The provisions of this subsection do not apply to any ~~pupil~~ student who has been determined to be an exceptional child, except gifted children, under the provisions of the special education for exceptional children act.

(e) (1) Subject to the limitations specified in this subsection, the board of education of any school district may prescribe and collect fees to offset, totally or in part, the costs incurred for the provision or furnishing of transportation for ~~pupils~~ students. The limitations which apply to the authorization granted by this subsection are as follows:

(A) Fees for the provision or furnishing of transportation for ~~pupils~~ students shall be prescribed and collected only to recover the costs incurred as a result of and directly attributable to the provision or furnishing of transportation for ~~pupils~~ students and only to the extent that such costs are not reimbursed from any other source provided by law;

(B) fees for the provision or furnishing of transportation may not be assessed against or collected from any ~~pupil~~ student who is counted in determining the transportation weighting of the school district under the Kansas school equity and

enhancement act, section 3 et seq., and amendments thereto, or any student who is determined to be a child with disabilities under the provisions of the special education for exceptional children act or any ~~pupil student~~ who is eligible for free or reduced price meals under the national school lunch act or any ~~pupil student~~ who is entitled to transportation under the provisions of K.S.A. 72-8306(a), and amendments thereto, and who resides 2½ miles or more by the regular route of a school bus from the school attended;

(C) fees for the provision or furnishing of transportation for ~~pupils students~~ in accordance with the provisions of an agreement entered-into under authority of K.S.A. 72-8233 or 72-8307, and amendments thereto, shall be controlled by the provisions of the agreement.

(2) All moneys received by a school district from fees collected under this subsection shall be deposited in the general fund of the district.

Sec. 86. K.S.A. 2016 Supp. 72-8309 is hereby amended to read as follows: 72-8309. (a) The board of education of a school district shall not furnish or provide transportation for ~~pupils or~~ students who reside in another school district except in accordance with the written consent of the board of education of the school district in which such ~~pupil or~~ student resides, or in accordance with an order issued by a board of education under the provisions of K.S.A. 72-1046b, and amendments thereto, or in accordance with the provisions of an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto.

(b) A school district may transport a nonresident ~~pupil or~~ student if such ~~pupil or~~ student boards the school bus within the boundaries or on the boundary of the transporting school district. To the extent that the provisions of this subsection conflict with the provisions of subsection (a), the provisions of subsection (a) shall control.

(c) No student who is furnished or provided transportation by a school district that is not the school district in which the student resides shall be counted in the computation of the school district's transportation weighting under the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto.

Sec. 87. K.S.A. 2016 Supp. 72-8316 is hereby amended to read as follows: 72-8316. (a) Any board of education, pursuant to a policy developed and adopted by it, may provide for the use of district-owned or leased school buses when such buses are not being used for regularly required school purposes. The policy may provide for:

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

(2) contracting with: (A) The governing body of any township, city or county for transportation of individuals, groups or organizations; (B) the governing authority of any nonpublic school for transportation of ~~pupils students~~ attending such nonpublic school to or from interschool or intraschool functions or activities; (C) the board of trustees of any community college for transportation of students enrolled in such community college to or from attendance at class at the community college or to and from functions or activities of the community college; (D) a public recreation



commission established and operated under the laws of this state, for any purposes related to the operation of the recreation commission and all programs and services thereof; (E) the board of education of any other school district for transportation, on a cooperative and shared-cost basis, of ~~pupils~~ students, school personnel, parents and other adults to or from school-related functions or activities; or (F) a four-year college or university, area vocational school or area vocational-technical school for transportation of students to or from attendance at class at the four-year college or university, area vocational school or area vocational-technical school or for transportation of students, alumni and other members of the public to or from functions or activities of the four-year college or university, area vocational school or area vocational-technical school.

(b) The costs related to the use of school buses under the authority of this section shall not be considered in determining the transportation weighting of a school district under the Kansas school equity and enhancement act, section 3 et seq., and amendments thereto.

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

~~(e)(d)~~ (d) Any revenues received by a board of education as transportation fees or under any contract entered into pursuant to this section shall be deposited in the general fund of the school district and shall be considered reimbursements to the school district for the purpose of the ~~classroom learning assuring student success act, K.S.A. 2016 Supp. 72-6463~~ Kansas school equity and enhancement act, section 3 et seq., and amendments thereto. Such revenues may be expended whether the same have been budgeted or not.

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

Sec. 88. K.S.A. 2016 Supp. 72-8415b is hereby amended to read as follows: 72-8415b. (a) Any school district that elects to become a self-insurer under the provisions of K.S.A. 72-8414, and amendments thereto, may transfer moneys from its general fund to the special reserve fund of the district as provided by ~~K.S.A. 2016 Supp. 72-6478~~ section 42, and amendments thereto.

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

Sec. 89. K.S.A. 2016 Supp. 72-8801 is hereby amended to read as follows: 72-8801. (a) The board of education of any school district may make an annual tax levy at a mill rate not to exceed the statutorily prescribed mill rate upon the taxable tangible property in the school district for the purposes specified in this act and with respect to any redevelopment district established prior to July 1, 2017, pursuant to K.S.A. 12-1771, and amendments thereto, for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district. No levy shall be made under this act until a resolution is adopted by the board of education in the following form:

Unified School District No. \_\_\_\_\_,

RESOLUTION \_\_\_\_\_ County, Kansas.

Be It Resolved that:

The above-named school board shall be authorized to make an annual tax levy ~~for a period not to exceed \_\_\_\_\_ years~~ in an amount not to exceed \_\_\_\_\_ mills upon the taxable tangible property in the school district for the purpose of acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing, maintaining and equipping of school district property and equipment necessary for school district purposes, including: (1) ~~Acquisition of~~ Computer software; (2) ~~acquisition of~~ performance uniforms; (3) housing and boarding pupils enrolled in an area vocational school operated under the board; (4) architectural expenses; (5) ~~acquisition of~~ building sites; (6) undertaking and maintenance of asbestos control projects; (7) ~~acquisition of~~ school buses; (8) utility expenses; (9) property and casualty insurance; and ~~(8) acquisition of~~ (10) other fixed assets, and with respect to any redevelopment district established prior to July 1, 2017, pursuant to K.S.A. 12-1771, and amendments thereto, for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district. The tax levy authorized by this resolution may be made, unless a petition in opposition to the same, signed by not less than 10% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 40 calendar days after the last publication of this resolution. In the event a petition is filed, the county election officer shall submit the question of whether the tax levy shall be authorized to the electors in the school district at an election called for that purpose or at the next general election, as is specified by the board of education of the above school district.

#### CERTIFICATE

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

\_\_\_\_\_  
Clerk of the board of education.

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

(b) As used in this act:

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

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

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

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

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

Sec. 90. K.S.A. 72-8803 is hereby amended to read as follows: 72-8803. There is hereby established in every school district of the state a fund which shall be called the capital outlay fund. The capital outlay fund shall consist of all moneys deposited therein or transferred thereto in accordance with law. The proceeds of any tax levied under article 88 of chapter 72 of Kansas Statutes Annotated, and amendments thereto, shall be deposited in the capital outlay fund of the school district making such levy, except for an amount 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, for the financing of redevelopment projects upon property located within the school district, ~~shall be deposited in the capital outlay fund of the school district making such levy with respect to any redevelopment district established prior to July 1, 2017, pursuant to K.S.A. 12-1771, and amendments thereto.~~

Sec. 91. K.S.A. 2016 Supp. 72-8804 is hereby amended to read as follows: 72-8804. (a) Any moneys in the capital outlay fund of any school district and any moneys received from issuance of bonds under K.S.A. 72-8805 or 72-8810, and amendments thereto, may be used for the purpose of the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing, maintaining and equipping of school district property and equipment necessary for school district purposes, including: (1) ~~Acquisition of~~ Computer software; (2) ~~acquisition of~~ performance uniforms; (3) housing and boarding pupils enrolled in an area vocational school operated under the board of education; (4) architectural expenses; (5) ~~acquisition of~~ building sites; (6) undertaking and maintenance of asbestos control projects; (7) ~~acquisition of~~ school buses; (8) utility expenses; (9) property and casualty insurance; and ~~(8) acquisition of~~ (10) other fixed assets, ~~and, for school years 2015-2016 and 2016-2017, subject to the provisions of K.S.A. 2016 Supp. 72-6478, and amendments thereto, may be transferred~~

to the general fund of the school district as approved by the board of education.

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

Sec. 92. K.S.A. 2016 Supp. 72-8908 is hereby amended to read as follows: 72-8908. As used in this act:

- (a) "Juvenile" means a person who is less than 18 years of age;
- (b) "adult" means a person who is 18 years of age or older;
- (c) "felony" means any crime designated a felony by the laws of Kansas or the United States;
- (d) "misdemeanor" means any crime designated a misdemeanor by the laws of Kansas or the United States;
- (e) "school day" means any day on which school is maintained;
- (f) "school year" ~~has the meaning ascribed thereto in K.S.A. 2016 Supp. 72-6464~~ means the same as such term is defined in section 4, and amendments thereto;
- (g) "counsel" means any person a pupil selects to represent and advise the pupil at all proceedings conducted pursuant to the provisions of this act; and
- (h) "principal witness" means any witness whose testimony is of major importance in support of the charges upon which a proposed suspension or expulsion from school is based, or in determination of material questions of fact.

Sec. 93. K.S.A. 2016 Supp. 72-9509 is hereby amended to read as follows: 72-9509. (a) There is hereby established in every school district a fund which shall be called the bilingual education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. ~~Amounts deposited in the bilingual education fund may be used for the payment of expenses directly attributable to bilingual education or may be transferred to the general fund of the school district as approved by the board of education. The expenses of a school district directly attributable to such bilingual education programs shall be paid from the bilingual education fund. Moneys deposited in or otherwise transferred to the bilingual education fund shall only be expended for those costs directly attributable to the provision of bilingual education programs.~~

(b) Any balance remaining in the bilingual education fund at the end of the budget year shall be carried forward into the bilingual education fund for succeeding budget years. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing the budget of such school district, the amounts credited to and the amount on hand in the bilingual education fund, and the amount expended therefrom shall be included in the annual budget for the information of the residents of the school district. ~~Interest earned on the investment of moneys in any such fund shall be credited to that fund.~~

(c) Each year the board of education of each school district shall prepare and submit to the state board a report on the bilingual education program and assistance provided by the district. Such report shall include information specifying the number of

pupils who were served or provided assistance, the type of service provided, the research upon which the district relied in determining that a need for service or assistance existed, the results of providing such service or assistance and any other information required by the state board.

Sec. 94. K.S.A. 2016 Supp. 72-9609 is hereby amended to read as follows: 72-9609. There is hereby established in every school district a fund which shall be called the professional development fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the school district from whatever source for professional development programs established under this act shall be credited to the fund established by this section. ~~Amounts deposited in the professional development fund may be used for the payment of expenses directly attributable to professional development or may be transferred to the general fund of the school district as approved by the board of education.~~ The expenses of a school district directly attributable to professional development programs shall be paid from the professional development fund.

Sec. 95. K.S.A. 2016 Supp. 72-99a02 is hereby amended to read as follows: 72-99a02. As used in the tax credit for low income students scholarship program act:

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

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

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

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

(1) (A) Qualifies as an at-risk pupil as defined in K.S.A. 72-6407, prior to its repeal, and who is attending a public school; or (B) has been eligible to receive an educational scholarship under this program and has not graduated from high school or reached 21 years of age;

(2) resides in Kansas while eligible for an educational scholarship; and

(3) (A) was enrolled in any public school in the previous school year in which an educational scholarship is first sought for the child; or (B) is eligible to be enrolled in any public school in the school year in which an educational scholarship is first sought for the child and the child is under the age of six years.

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

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

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

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

(i) "Scholarship granting organization" means an organization that complies with

the requirements of this program and provides educational scholarships to eligible students or to qualified schools in which parents have enrolled eligible students.

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

(k) "School year" shall have the meaning ascribed thereto in ~~K.S.A. 2016 Supp. 72-6464~~ section 4, and amendments thereto.

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

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

Sec. 96. On and after July 1, 2018, K.S.A. 2016 Supp. 72-99a02, as amended by section 95 of this act, is hereby amended to read as follows: 72-99a02. As used in the tax credit for low income students scholarship program act:

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

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

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

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

(1) (A) ~~Qualifies as an at-risk pupil as defined in K.S.A. 72-6407, prior to its repeal~~ Is an at-risk student, as defined in section 4, and amendments thereto, and who is attending a public school; or (B) has been eligible to receive an educational scholarship under this program and has not graduated from high school or reached 21 years of age;

(2) resides in Kansas while eligible for an educational scholarship; and

(3) (A) was enrolled in any public school in the previous school year in which an educational scholarship is first sought for the child; or (B) is eligible to be enrolled in any public school in the school year in which an educational scholarship is first sought for the child and the child is under the age of six years.

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

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

(g) "Public school" means a school that ~~would qualify as either a title I focus school or a title I priority school as described by the state board under the elementary and secondary education act flexibility waiver as amended in January 2013 and is operated by a school district, and identified by the state board as one of the lowest 100 performing schools with respect to student achievement among all schools operated by school districts for the current school year.~~

(h) "Qualified school" means any nonpublic school that provides education to elementary or secondary students, has notified the state board of its intention to participate in the program and complies with the requirements of the program. On and after July 1, 2020, a qualified school shall be accredited by the state board or a national or regional accrediting agency that is recognized by the state board for the purpose of satisfying the teaching performance assessment for professional licensure.

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

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

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

(k) "School year" shall have the meaning ascribed thereto in section 4, and amendments thereto.

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

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

Sec. 97. K.S.A. 2016 Supp. 72-99a07 is hereby amended to read as follows: 72-99a07. (a) ~~(1)~~ There shall be allowed a credit against the corporate income tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax liability imposed upon a taxpayer pursuant to the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and the premium tax liability imposed upon a taxpayer pursuant to the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, for tax years commencing after December 31, 2014, and ending before January 1, 2017, an amount equal to 70% of the amount contributed to a scholarship granting organization authorized pursuant to K.S.A. 2016 Supp. 72-99a01 et seq., and amendments thereto.

(2) There shall be allowed a credit against the tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax liability imposed upon a taxpayer pursuant to the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and the premium tax liability imposed upon a taxpayer pursuant to the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, for tax years commencing after December 31, 2016, an amount equal to 70% of the amount contributed to a scholarship granting organization authorized pursuant to K.S.A. 2016 Supp. 72-99a01 et seq., and amendments thereto. In no event shall the total amount of contributions for any taxpayer allowed under this subsection exceed \$500,000 for any tax year.

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

(c) For each tax year, in no event shall the total amount of credits allowed under this section exceed \$10,000,000 for any one tax year. Except as otherwise provided, the allocation of such tax credits for each scholarship granting organization shall be determined by the scholarship granting organization in consultation with the secretary, and such determination shall be completed prior to the issuance of any tax credits pursuant to this section.

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

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

Sec. 98. K.S.A. 2016 Supp. 74-4939a is hereby amended to read as follows: 74-4939a. On and after the effective date of this act for each fiscal year commencing with fiscal year 2005, notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys appropriated for the department of education from the state general fund commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by appropriation act of the legislature, in the KPERS — employer contributions account and all moneys appropriated for the department of education from the state general fund or any special revenue fund for each fiscal year commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by any such appropriation act in that account or any other account for payment of employer contributions for school districts, shall be distributed by the department of education to school districts in accordance with this section. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, ~~for school year 2015-2016, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2016 Supp. 72-6465(a)(6), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2016 Supp. 72-6465, and amendments thereto. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2016 Supp. 72-6465(b)(4), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2016 Supp. 72-6465, and amendments thereto~~ certified by the board of trustees of the Kansas public employees retirement system that is equal to the participating employer's obligation of such school district to the system in accordance with policies and procedures that are hereby authorized and directed to be adopted by the state board of education for the purposes of this section and in accordance with any requirements prescribed by the board of trustees of the Kansas public employees retirement system. Upon receipt of each such disbursement of moneys, the school district shall deposit the entire amount thereof into a special retirement contributions fund of the school district, which shall be established by the school district in accordance with such policies and procedures and which shall be used for the sole purpose of receiving such disbursements from the department of education and making the remittances to the system in accordance with this section and such policies and procedures. Upon receipt of each such disbursement of moneys from the department of education, the school district shall remit, in accordance with the provisions of such policies and procedures and in the manner and on the date or dates prescribed by the board of trustees of the Kansas public employees retirement system, an equal amount to the Kansas public employees retirement system from the special retirement contributions fund of the school district to satisfy such school district's obligation as a participating employer. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, shall show within the budget of such school district all amounts received from disbursements into the special retirement contributions fund of such school district. Notwithstanding the provisions of any other statute, no official action of the school board of such school district shall be required to approve a remittance to the system in accordance with this section and such policies and procedures. All remittances of moneys to the system by a school district in accordance with this



subsection and such policies and procedures shall be deemed to be expenditures of the school district.

Sec. 99. K.S.A. 2016 Supp. 74-8925 is hereby amended to read as follows: 74-8925. (a) For the purposes of this act, the term "taxing subdivision" shall include the county, the city, the unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district. The term "real property taxes" includes all taxes levied on an ad valorem basis upon land and improvements thereon, other than the property tax levied pursuant to the provisions of ~~K.S.A. 2016 Supp. 72-6470 section 14~~, and amendments thereto, or any other property tax levied by or on behalf of a school district.

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

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

(1) From the taxes levied each year subject to the provisions of this act by or for each of the taxing subdivisions upon property located within a redevelopment district constituting a separate taxing unit under the provisions of this act, the county treasurer first shall allocate and pay to each such taxing subdivision all of the real property taxes collected which are produced from that portion of the current assessed valuation of such real property located within such separate taxing unit which is equal to the total assessed value of such real property on the date of the establishment of the redevelopment district.

(2) Any real property taxes produced from that portion of the current assessed valuation of real property within the redevelopment district constituting a separate taxing unit under the provisions of this section in excess of an amount equal to the total assessed value of such real property on the effective date of the establishment of the district shall be allocated and paid by the county treasurer according to specified percentages of the tax increment expressly agreed upon and consented to by the governing bodies of the county and school district in which the redevelopment district is located. The amount of the real property taxes allocated and payable to the authority under the agreement shall be paid by the county treasurer to the treasurer of the state. The remaining amount of the real property taxes not payable to the authority shall be allocated and paid in the same manner as other ad valorem taxes. Any real property taxes paid to the state treasurer under this section shall be deposited in the

redevelopment bond finance fund of the authority which is created pursuant to K.S.A. 74-8927, and amendments thereto, to pay the costs of any approved redevelopment project, including the payment of principal of and interest on any bonds issued by the authority to finance, in whole or in part, such project. When such bonds and interest thereon have been paid, all moneys thereafter received from real property taxes within such redevelopment district shall be allocated and paid to the respective taxing subdivisions in the same manner as are other ad valorem taxes. If such bonds and interest thereon have been paid before the completion of a project, the authority may continue to use such moneys for any purpose authorized by the redevelopment agreement until such time as the project costs are paid or reimbursed, but for a period not to exceed the final scheduled maturity of the bonds.

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

Sec. 100. K.S.A. 2016 Supp. 74-99b43 is hereby amended to read as follows: 74-99b43. (a) The Kansas development finance authority is hereby authorized to issue special obligation bonds pursuant to K.S.A. 74-8901 et seq., and amendments thereto, in one or more series to finance the undertaking of any bioscience development project in accordance with the provisions of this act. No special obligation bonds may be issued pursuant to this section unless the Kansas development finance authority has received a resolution of the board of the authority requesting the issuance of such bonds. Such special obligation bonds shall be made payable, both as to principal and interest from one or more of the following, as directed by the authority:

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

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

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

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

(5) by any combination of these methods.

(b) All tangible taxable property located within a bioscience development district shall be assessed and taxed for ad valorem tax purposes pursuant to law in the same manner that such property would be assessed and taxed if located outside such district, and all ad valorem taxes levied on such property shall be paid to and collected by the county treasurer in the same manner as other taxes are paid and collected. Except as otherwise provided in this section, the county treasurer shall distribute such taxes as may be collected in the same manner as if such property were located outside a

bioscience development district. Each bioscience development district established under the provisions of this act shall constitute a separate taxing unit for the purpose of the computation and levy of taxes.

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

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

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

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

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

Sec. 101. K.S.A. 75-2318 is hereby amended to read as follows: 75-2318. (a) Upon receiving an application under K.S.A. 75-2317, and amendments thereto, the state board of education shall review the application and examine the evidence furnished in support of the application.

(b) (1) Commencing in school year 2017-2018, the state board of education shall not approve any application submitted during the current school year if such approval would result in the aggregate amount of all general obligation bonds approved by the state board for such school year exceeding the aggregate principal amount of all general obligation bonds retired in the immediately preceding school year. In determining whether to approve an application, the state board shall prioritize applications in accordance with the priorities set forth as follows in order of highest priority to lowest priority:

(A) Safety of the current facility and disability access to such facility as demonstrated by a state fire marshal report, an inspection under the Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar evaluation;

(B) enrollment growth and imminent overcrowding as demonstrated by successive

increases in enrollment of the school district in the immediately preceding three school years;

(C) impact on the delivery of educational services as demonstrated by restrictive inflexible design or limitations on installation of technology; and

(D) energy usage and other operational inefficiencies as demonstrated by a district-wide energy usage analysis, district-wide architectural analysis or other similar evaluation.

(2) The state board shall not consider a school district's eligibility for capital improvement state aid, or the amount of capital improvement state aid a school district would be eligible to receive, in determining whether to approve such district's application.

(3) The provisions of subsection (b)(1) shall not apply to school districts that have not issued any general obligation bonds in the 25 years prior to the current school year.

(c) After reviewing the application and examining the supportive evidence, the state board of education shall issue an order either granting or denying the application. If the application is approved, the applicant board of education shall request the county election officer to hold an election to vote upon the question of issuing the increased amount of bonds in the manner provided by law.

(d) Any application that is denied pursuant to subsection (b) may be tentatively approved by the state board of education for the immediately succeeding school year. The amount of general obligation bonds approved in any such application shall be counted first towards the aggregate amount of all general obligation bonds approved by the state board for such school year.

(e) Commencing in school year 2017-2018, the state board of education shall determine the aggregate principal amount of general obligation bonds retired in the immediately preceding school year.

(f) The provisions of subsections (b), (d) and (e) shall expire on June 30, 2022.

Sec. 102. K.S.A. 2016 Supp. 75-2319 is hereby amended to read as follows: 75-2319. (a) There is hereby established in the state treasury the school district capital improvements fund. The fund shall consist of all amounts transferred thereto under the provisions of subsection (c).

(b) In each school year, each school district which is obligated to make payments from its capital improvements fund shall be entitled to receive payment from the school district capital improvements fund in an amount determined by the state board of education as provided in this subsection.

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

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

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

(C) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from

the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

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

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

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

(2) For general obligation bonds approved for issuance at an election held on or after July 1, 2015, the state board of education shall:

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

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

(C) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the lowest AVPP shown on the schedule and decreasing the state aid computation percentage assigned to the amount of the lowest AVPP by one percentage point for each \$1,000 interval above the amount of the lowest AVPP. Except as provided by K.S.A. 2016 Supp. 75-2319c, and amendments thereto, the state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district. The state aid computation percentage is 75%;

(D) determine the amount of payments that a school district is obligated to make from its bond and interest fund attributable to general obligation bonds approved for issuance at an election held on or after July 1, 2015; and

(E) multiply the amount determined under subsection (b)(2)(D) by the applicable state aid percentage factor.

(3) For general obligation bonds approved for issuance at an election held on or before June 30, 2016, the sum of the amount determined under subsection (b)(1)(F) and the amount determined under subsection (b)(2)(E) is the amount of payment the school district is entitled to receive from the school district capital improvements fund in the school year.

(4) For general obligation bonds approved for issuance at an election held on or

after July 1, 2016, the amount determined under subsection (b)(2)(E) is the amount of payment the school district shall receive from the school district capital improvements fund in the school year, except the total amount of payments school districts receive from the school district capital improvements fund in the school year for such bonds shall not exceed the six-year average amount of capital improvement state aid as determined by the state board of education.

(A) The state board of education shall determine the six-year average amount of capital improvement state aid by calculating the average of the total amount of moneys expended per year from the school district capital improvements fund in the immediately preceding six fiscal years, not to include the current fiscal year.

(B) (i) Subject to clause (ii), the state board of education shall prioritize the allocations to school districts from the school district capital improvements fund in accordance with the priorities set forth as follows in order of highest priority to lowest priority:

(a) Safety of the current facility and disability access to such facility as demonstrated by a state fire marshal report, an inspection under the Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar evaluation;

(b) enrollment growth and imminent overcrowding as demonstrated by successive increases in enrollment of the school district in the immediately preceding three school years;

(c) impact on the delivery of educational services as demonstrated by restrictive inflexible design or limitations on installation of technology; and

(d) energy usage and other operational inefficiencies as demonstrated by a district-wide energy usage analysis, district-wide architectural analysis or other similar evaluation.

(ii) In allocating capital improvement state aid, the state board shall give higher priority to those school districts with a lower AVPP compared to the other school districts that are to receive capital improvement state aid under this section.

(C) On and after July 1, 2016, the state board of education shall approve the amount of state aid payments a school district shall receive from the school district capital improvements fund pursuant to subsection (b)(5) prior to an election to approve the issuance of general obligation bonds.

(5) Except as provided in subsections (b)(6) and (b)(7), the sum of the amounts determined under subsection (b)(3) and the amount determined or allocated to the district by the state board of education pursuant to subsection (b)(4), is the amount of payment the school district is entitled to receive from the school district capital improvements fund in the school year.

(6) A school district that had an enrollment of less than 260 students in the school year immediately preceding the school year in which an election is held to approve the issuance of general obligation bonds shall not be entitled to receive payments from the school district capital improvements fund unless such school district applied for and receive approval from the state board of education to issue such bonds prior to holding an election to approve such bond issuance. The provisions of this paragraph shall apply to general obligation bonds approved for issuance at an election held on or after July 1, 2017, that are issued for the purpose of financing the construction of new school facilities.

(7) For general obligation bonds approved for issuance at an election held on or

after July 1, 2017, in determining the amount under subsection (b)(2)(D), the state board shall exclude payments for any capital improvement project, or portion thereof, that proposes to construct, reconstruct or remodel a facility that would be used primarily for extracurricular activities, unless the construction, reconstruction or remodeling of such facility is necessary due to concerns relating to the safety of the current facility or disability access to such facility as demonstrated by a state fire marshal report, an inspection under the Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar evaluation.

(c) The state board of education shall certify to the director of accounts and reports the entitlements of school districts determined under the provisions of subsection (b), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital improvements fund for distribution to school districts. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund, except that all such transfers during the fiscal years ending ~~June 30, 2013~~, ~~June 30, 2014~~ 2017, ~~June 30, 2015~~ 2018, and ~~June 30, 2016~~ 2019, shall be considered to be revenue transfers from the state general fund.

(d) Payments from the school district capital improvements fund shall be distributed to school districts at times determined by the state board of education to be necessary to assist school districts in making scheduled payments pursuant to contractual bond obligations. The state board of education shall certify to the director of accounts and reports the amount due each school district entitled to payment from the fund, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the bond and interest fund of the school district to be used for the purposes of such fund.

(e) The provisions of this section apply only to contractual obligations incurred by school districts pursuant to general obligation bonds issued upon approval of a majority of the qualified electors of the school district voting at an election upon the question of the issuance of such bonds.

(f) On or before the first day of the legislative session in 2017, and each year thereafter, the state board of education shall prepare and submit a report to the legislature that includes information on school district elections held on or after July 1, 2016, to approve the issuance of general obligation bonds and the amount of payments school districts were approved to receive from the school district capital improvements fund pursuant to subsection (b)(4)(C).

Sec. 103. K.S.A. 2016 Supp. 79-201x is hereby amended to read as follows: 79-201x. For taxable years ~~2015 and 2016~~ 2017 and 2018, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of ~~K.S.A. 2016 Supp. 72-6470~~ section 14, and amendments thereto: Property used for residential purposes to the extent of \$20,000 of its appraised valuation.

Sec. 104. K.S.A. 2016 Supp. 79-213 is hereby amended to read as follows: 79-213. (a) Any property owner requesting an exemption from the payment of ad valorem property taxes assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the state board of tax appeals and provided by the county appraiser.

(b) The initial exemption request shall identify the property for which the exemption is requested and state, in detail, the legal and factual basis for the exemption claimed.

(c) The request for exemption shall be filed with the county appraiser of the county where such property is principally located.

(d) After a review of the exemption request, and after a preliminary examination of the facts as alleged, the county appraiser shall recommend that the exemption request either be granted or denied, and, if necessary, that a hearing be held. If a denial is recommended, a statement of the controlling facts and law relied upon shall be included on the form.

(e) The county appraiser, after making such written recommendation, shall file the request for exemption and the recommendations of the county appraiser with the state board of tax appeals. With regard to a request for exemption from property tax pursuant to the provisions of K.S.A. 79-201g and 82a-409, and amendments thereto, not filed with the board of tax appeals by the county appraiser on or before the effective date of this act, if the county appraiser recommends the exemption request be granted, the exemption shall be provided in the amount recommended by the county appraiser and the county appraiser shall not file the request for exemption and recommendations of the county appraiser with the state board of tax appeals. The county clerk or county assessor shall annually make such adjustment in the taxes levied against the real property as the owner may be entitled to receive under the provisions of K.S.A. 79-201g, and amendments thereto, as recommended by the county appraiser, beginning with the first period, following the date of issue of the certificate of completion on which taxes are regularly levied, and during the years which the landowner is entitled to such adjustment.

(f) Upon receipt of the request for exemption, the board shall docket the same and notify the applicant and the county appraiser of such fact.

(g) After examination of the request for exemption and the county appraiser's recommendation related thereto, the board may fix a time and place for hearing, and shall notify the applicant and the county appraiser of the time and place so fixed. A request for exemption pursuant to: (1) Section 13 of article 11 of the constitution of the state of Kansas; or (2) K.S.A. 79-201a *Second*, and amendments thereto, for property constructed or purchased, in whole or in part, with the proceeds of revenue bonds under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, prepared in accordance with instructions and assistance which shall be provided by the department of commerce, shall be deemed approved unless scheduled for hearing within 30 days after the date of receipt of all required information and data relating to the request for exemption, and such hearing shall be conducted within 90 days after such date. Such time periods shall be determined without regard to any extension or continuance allowed to either party to such request. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. In all instances where the board sets a request for exemption for hearing, the county shall be represented by its county attorney or county counselor.

(h) Except as otherwise provided by subsection (g), in the event of a hearing, the same shall be originally set not later than 90 days after the filing of the request for exemption with the board.



(i) During the pendency of a request for exemption, no person, firm, unincorporated association, company or corporation charged with real estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, on the tax books in the hands of the county treasurer shall be required to pay the tax from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon and the same becomes a final order. In the event that taxes have been assessed against the subject property, no interest shall accrue on any unpaid tax for the year or years in question nor shall the unpaid tax be considered delinquent from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon. In the event the board determines an application for exemption is without merit and filed in bad faith to delay the due date of the tax, the tax shall be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest shall accrue as prescribed therein.

(j) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use except that, with respect to property the construction of which commenced not to exceed 24 months prior to the date of first exempt use, the same shall be effective beginning with the date of commencement of construction.

(k) In conjunction with its authority to grant exemptions, the board shall have the authority to abate all unpaid taxes that have accrued from and since the effective date of the exemption. In the event that taxes have been paid during the period where the subject property has been determined to be exempt, the board shall have the authority to order a refund of taxes for the year immediately preceding the year in which the exemption application is filed in accordance with subsection (a).

(l) The provisions of this section shall not apply to: (1) Farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (2) personal property exempted from ad valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing apparel, household goods and personal effects exempted from ad valorem taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all property exempted from ad valorem taxation by K.S.A. 79-201d, and amendments thereto; (6) merchants' and manufacturers' inventories exempted from ad valorem taxation by K.S.A. 79-201m, and amendments thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n, and amendments thereto; (8) property exempted from ad valorem taxation by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all property previously acquired by the secretary of transportation or a predecessor in interest, which is used in the administration, construction, maintenance or operation of the state system of highways. The secretary of transportation shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (9) property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*, and amendments thereto, including all property previously acquired by the Kansas turnpike authority which is used in the administration, construction, maintenance or operation of the Kansas turnpike. The Kansas turnpike authority shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (10) aquaculture machinery and equipment exempted from ad

valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in this section, "aquaculture" has the same meaning ascribed thereto by K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (12) property used exclusively by the state or any municipality or political subdivision of the state for right-of-way purposes. The state agency or the governing body of the municipality or political subdivision shall at the time of acquisition of property for right-of-way purposes notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (13) machinery, equipment, materials and supplies exempted from ad valorem taxation by K.S.A. 79-201w, and amendments thereto; (14) vehicles owned by the state or by any political or taxing subdivision thereof and used exclusively for governmental purposes; (15) property used for residential purposes which is exempted pursuant to K.S.A. 79-201x, and amendments thereto, from the property tax levied pursuant to ~~K.S.A. 2016 Supp. 72-6470~~ section 14, and amendments thereto; (16) from and after July 1, 1998, vehicles which are owned by an organization having as one of its purposes the assistance by the provision of transit services to the elderly and to disabled persons and which are exempted pursuant to K.S.A. 79-201 *Ninth*, and amendments thereto; (17) from and after July 1, 1998, motor vehicles exempted from taxation by K.S.A. 79-5107(e), and amendments thereto; (18) commercial and industrial machinery and equipment exempted from property or ad valorem taxation by K.S.A. 2016 Supp. 79-223, and amendments thereto; (19) telecommunications machinery and equipment and railroad machinery and equipment exempted from property or ad valorem taxation by K.S.A. 2016 Supp. 79-224, and amendments thereto; and (20) property exempted from property or ad valorem taxation by K.S.A. 2016 Supp. 79-234, and amendments thereto.

(m) The provisions of this section shall apply to property exempt pursuant to the provisions of section 13 of article 11 of the constitution of the state of Kansas.

(n) The provisions of subsection (k) as amended by this act shall be applicable to all exemption applications filed in accordance with subsection (a) after December 31, 2001.

Sec. 105. K.S.A. 2016 Supp. 79-2001 is hereby amended to read as follows: 79-2001. (a) As soon as the county treasurer receives the tax roll of the county, the treasurer shall enter in a column opposite the description of each tract or parcel of land the amount of unpaid taxes and the date of unredeemed sales, if any, for previous years on such land. The treasurer shall cause a notice to be published in the official county paper once each week for three consecutive weeks, stating in the notice the amount of taxes charged for state, county, township, school, city or other purposes for that year, on each \$1,000 of valuation.

(b) Each year after receipt of the tax roll from the county clerk and before December 15, the treasurer shall mail to each taxpayer, as shown by the rolls, a tax statement which indicates the taxing unit, assessed value of real and personal property, the mill levy and tax due. In addition, with respect to land devoted to agricultural use, such statement shall indicate the acreage and description of each parcel of such land. The tax statement shall also indicate separately each parcel of real property which is separately classified for property tax purposes. The county appraiser shall provide the information necessary for the county treasurer to comply with the provisions of this section. The tax statement also may include the intangible tax due the county. All items

may be on one statement or may be shown on separate statements and may be on a form prescribed by the county treasurer. The statement shall be mailed to the last known address of the taxpayer or to a designee authorized by the taxpayer to accept the tax statement, if the designee has an interest in receiving the statement. When any statement is returned to the county treasurer for failure to find the addressee, the treasurer shall make a diligent effort to find a forwarding address of the taxpayer and mail the statement to the new address. All tax statements mailed pursuant to this section shall be mailed by first-class mail. The requirement for mailing a tax statement shall extend only to the initial statement required to be mailed in each year and to any follow-up required by this section.

(c) For tax year 1998, and all tax years thereafter, after receipt of the tax roll from the county clerk and before December 15, the treasurer shall mail to each taxpayer, as shown by the tax rolls, a tax information form which indicates the taxing unit, assessed value of real property for the current and next preceding taxable year, the mill levy for the current and next preceding taxable year and, in the case of unified school districts, the mill levy required by ~~K.S.A. 2016 Supp. 72-6470~~ section 14, and amendments thereto, shall be separately indicated, the tax due and an itemization of each taxing unit's mill levy for the current and next preceding taxable year and the percentage change in the amount of revenue produced therefrom, if any. In addition, with respect to land devoted to agricultural use, such form shall indicate the acreage and description of each parcel of such land. The tax information form shall also indicate separately each parcel of real property which is separately classified for property tax purposes. The county appraiser shall provide the information necessary for the county treasurer to comply with the provisions of this section. The tax information form may be separate from the tax statement or a part of the tax statement. The tax information form shall be in a format prescribed by the director of property valuation. The tax information form shall be mailed to the last known address of the taxpayer. When a tax information form is returned to the county treasurer for failure to find the addressee, the treasurer shall make a diligent effort to find a forwarding address of the taxpayer and mail the tax information form to the new address. All tax information forms mailed pursuant to this section shall be mailed by first class mail.

Sec. 106. K.S.A. 2016 Supp. 79-2925b is hereby amended to read as follows: 79-2925b. (a) Without a majority vote so providing, the governing body of any municipality shall not approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year. If the total tangible property valuation in any municipality increases from the next preceding year due to increases in the assessed valuation of existing tangible property and such increase exceeds changes in the consumer price index, the governing body shall lower the amount of ad valorem tax to be levied to the amount of ad valorem tax levied in the next preceding year, adjusted to reflect changes in the consumer price index. This subsection shall not apply to ad valorem taxes levied under K.S.A. 76-6b01 and 76-6b04 and ~~K.S.A. 2016 Supp. 72-6470~~ section 14, and amendments thereto, and any other ad valorem tax levy which was previously approved by the voters of such municipality. Notwithstanding the requirements of this subsection, nothing herein shall

prohibit a municipality from increasing the amount of ad valorem tax to be levied if the municipality approves the proposed increase with a majority vote of the governing body by the adoption of a resolution and publishes its vote to approve the appropriation or budget including the increase as provided in subsection (c).

(b) Revenue that, in the current year, is produced and attributable to the taxation of:

(1) New improvements to real property;

(2) increased personal property valuation;

(3) property located within added jurisdictional territory; or

(4) property which has changed in use shall not be considered when determining whether revenue produced from property has increased from the next preceding year.

(c) In the event the governing body votes to approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year as provided in subsection (a), notice of such vote shall be published in the official county newspaper of the county where such municipality is located.

(d) The provisions of this section shall be applicable to all fiscal and budget years commencing on and after the effective date of this act.

(e) The provisions of this section shall not apply to revenue received from property tax levied for the sole purpose of repayment of the principal of and interest upon bonded indebtedness, temporary notes and no-fund warrants.

(f) For purposes of this section:

(1) "Municipality" means any political subdivision of the state which levies an ad valorem tax on property and includes, but is not limited to, any township, municipal university, school district, community college, drainage district or other taxing district;

(2) "municipality" shall not include:

(A) Any such political subdivision or taxing district which receives \$1,000 or less in revenue from property taxes in the current year; or

(B) any city or county.

Sec. 107. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax.

This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203, and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004, amounts received as withdrawals not in accordance with the provisions of K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of contribution to an individual development

account, such amounts were subtracted from the federal adjusted gross income pursuant to subsection (c)(xiii), or if such amounts are not already included in the federal adjusted gross income.

(xiii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

(xiv) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and amendments thereto.

(xv) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-32,251 through 79-32,254, and amendments thereto.

(xvi) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and amendments thereto.

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xix) For all taxable years beginning after December 31, 2012, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

(xx) For all taxable years beginning after December 31, 2012, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue

code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer, to the extent the deduction is attributable to income reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

(xxi) For all taxable years beginning after December 31, 2012, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxii) For all taxable years beginning after December 31, 2012, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiii) For all taxable years beginning after December 31, 2012, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes.

(xxvi) For all taxable years beginning after December 31, 2016, the amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp. 72-99a07, and amendments thereto, and is also claimed as an itemized deduction for federal income tax purposes.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and 228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. § 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas venture capital, inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249, and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2016 Supp. 74-50,201 et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect,



which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For all taxable years beginning after December 31, 2012, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.

(xv) For all taxable years beginning after December 31, 2006, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

(xvii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are eligible members of the Kansas army and air national guard as a reimbursement pursuant to K.S.A. 48-281, and amendments thereto, and amounts received for death benefits pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and amendments thereto, to the extent that such death benefits are included in federal adjusted gross income of the taxpayer.

(xviii) For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

(xix) Amounts received by retired employees of Washburn university as retirement and pension benefits under the university's retirement plan.

(xx) For all taxable years beginning after December 31, 2012, the amount of any: (1) Net profit from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) net income, not including guaranteed payments as defined in

section 707(c) of the federal internal revenue code and as reported to the taxpayer from federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) net farm profit as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent included in the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011 and as revised thereafter by the internal revenue service.

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed \$5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed \$20,000.

(xxii) For all taxable years beginning after December 31, 2012, the amount of net gain from the sale of: (1) Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

(xxiii) For all taxable years beginning after December 31, 2012, amounts received under either the Overland Park, Kansas police department retirement plan or the Overland Park, Kansas fire department retirement plan, both as established by the city of Overland Park, pursuant to the city's home rule authority.

(xxiv) For all taxable years beginning after December 31, 2013, the net gain from the sale from Christmas trees grown in Kansas and held by the taxpayer for six years or more.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be

determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

Sec. 108. In sections 1 and 2, if any fund or account name described by words and the numerical accounting code that follows such fund or account name do not match, it shall be conclusively presumed that the legislature intended that the fund or account name described by words is the correct fund or account name, and such fund or account name described by words shall control over a contradictory or incorrect numerical accounting code.

Sec. 109. K.S.A. 12-17,115, 72-8803 and 75-2318 and K.S.A. 2016 Supp. 10-1116a, 12-1677, 12-1742, 12-1770a, 12-1775a, 12-1776a, 46-1133, 72-978, 72-1046b, 72-1398, 72-1414, 72-1923, 72-3712, 72-3715, 72-5333b, 72-6482, 72-64b01, 72-64c01, 72-64c03, 72-64c05, 72-6622, 72-6624, 72-6625, 72-6757, 72-67,115, 72-7535, 72-8187, 72-8190, 72-8230, 72-8233, 72-8236, 72-8249, 72-8250, 72-8251, 72-8302, 72-8309, 72-8316, 72-8415b, 72-8801, 72-8804, 72-8908, 72-9509, 72-9609, 72-99a02, 72-99a07, 74-4939a, 74-8925, 74-99b43, 75-2319, 75-2319, as amended by section 46 of Senate Substitute for Substitute for House Bill No. 2052, 79-201x, 79-213, 79-2001, 79-2925b and 79-32,117 are hereby repealed.

Sec. 110. On and after July 1, 2018, K.S.A. 2016 Supp. 72-99a02, as amended by section 95 of this act, is hereby repealed.";

Also on page 15, in line 28, by striking "January 1, 2018,";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "concerning"; in line 2, by striking all before the period and inserting "education; relating to the instruction and financing thereof; making and concerning appropriations for the fiscal years ending June 30, 2018, and June 30, 2019, for the department of education; creating the Kansas school equity and enhancement act; amending K.S.A. 12-17,115, 72-8803 and 75-2318 and K.S.A. 2016 Supp. 10-1116a, 12-1677, 12-1742, 12-1770a, 12-1775a, 12-1776a, 72-978, 72-1046b, 72-1398, 72-1414, 72-1923, 72-3712, 72-3715, 72-5333b, 72-64b01, 72-64c01, 72-64c03, 72-64c05, 72-6622, 72-6624, 72-6625, 72-6757, 72-67,115, 72-7535, 72-8187, 72-8190, 72-8230, 72-8233, 72-8236, 72-8249, 72-8250, 72-8251, 72-8302, 72-8309, 72-8316, 72-8415b, 72-8801, 72-8804, 72-8908, 72-9509, 72-9609, 72-99a02, 72-99a02, as amended by section 95 of this act, 72-99a07, 74-4939a, 74-8925, 74-99b43, 75-2319, 79-201x, 79-213, 79-2001, 79-2925b, and 79-32,117 and repealing the existing sections; also repealing K.S.A. 2016 Supp. 46-1133, 72-6482, 75-2319, as amended by section 46 of Senate Substitute for Substitute for House Bill No. 2052";

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

LARRY CAMPBELL

CLAY AURAND

*Conferees on part of House*

JIM DENNING

CAROLYN MCGINN

*Conferees on part of Senate*

Senator Denning moved the Senate adopt the Conference Committee Report on **SB 19**.

Upon the showing of five hands a Call of the Senate was requested.

On roll call, the vote was: Yeas 23; Nays 17; Present and Passing 0; Absent or Not

Voting 0.

Yeas: Berger, Billinger, Bollier, Bowers, Denning, Doll, Estes, Givens, Goddard, Hardy, Hilderbrand, Kelly, Kerschen, Longbine, Lynn, McGinn, Petersen, V. Schmidt, Skubal, Sykes, Taylor, Wagle, Wilborn.

Nays: Alley, Baumgardner, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Masterson, Olson, Pettey, Pilcher-Cook, Pyle, Rogers, Suellentrop, Tyson.

The Conference Committee Report was adopted.

The Call of the Senate was lifted.

#### EXPLANATION OF VOTE

Madam President: Kansas has a vital interest in limiting state debt and that of local governments. High debt levels can harm bond ratings, increasing borrowing costs and taxes. Good policy also ensures that as many education dollars as possible be used for classroom instruction. **SB 19** prioritizes classroom spending and fiscal prudence by empowering the State Board to limit total district indebtedness to current levels. Fast growing districts, those whose buildings have safety concerns, and ones that have not issued bonds for 25 years will keep priority for debt financing to build and renovate facilities. I vote yes.—JIM DENNING

Madam President: We vote “no” on **SB 19**. Addressing the Court’s concern over adequacy doesn’t require additional overall funding. It requires that funding be allocated to benefit the students at risk of not achieving state outcomes. This bill does nothing to ensure that the allocation of funds, once appropriated, will actually benefit those children. There’s no accountability. The State is held accountable; why not the schools, whose teachers and leaders deliver the education product? What good is having the Legislature “reasonably calculate” an amount if there’s no accountability built in to ensure the schools’ allocation of resources is “reasonably calculated” to achieve results? Our constituents deserve better.—MARY PILCHER-COOK

Senators Fitzgerald and Senator Masterson request the record to show they concur with the “Explanation of Vote” offered by Senator Pilcher-Cook on **SB 19**.

Madam President: While I like the increase in base state aid and the changes to at-risk and ELL weightings, I still count 11 equity violations and 4 adequacy violations. This bill benefits property rich districts and not those who need it most. It doesn’t do enough for our rural and urban schools unless they raise their own taxes. We can stick our head in the sand and hope the Court does what we want - give us more time if we don’t get it right this time. But we have known about these things since the ruling in March and 2 years of the unconstitutional Block grants. Many in this room have dismissed this as a concern but the State has lost that bet the last 11 times. It’s wrong to put our kids, schools and communities through this. I vote no.—LYNN ROGERS

Senators Hawk and Pettey request the record to show they concur with the “Explanation of Vote” offered by Senator Rogers on **SB 19**.

Madam President: I have serious concerns about this bill but I am a reluctant yes. I am voting yes so that our districts can begin preparing for the next school year. Not knowing is more harmful and our school boards need to set their budgets. I believe we

will see this again and hopefully then we will address these concerns and craft a better bill.—DINAH SYKES

Senators Kelly, Skubal and Taylor request the record to show they concur with the "Explanation of Vote" offered by Senator Sykes on **SB 19**.

### CONSTITUTIONAL PROTEST

Protest of Senate Hensley

Against the Conference Committee Report for Senate Bill 19

June 5, 2017

Madam President: I hereby exercise my right under Article 2, Section 10, of the Kansas Constitution to protest **the Conference Committee Report for Senate Bill 19 ("CCR for SB 19")**.

The Kansas Constitution in Article 6, Section 6, subsection (b) provides "[t]he legislature shall make suitable provision for the finance of the educational interests of the state." Over the last 30 years the Kansas Supreme Court has heard several lawsuits challenging the legislature's failure to meet this constitutional obligation. The Court has identified two basic constitutional requirements in school finance cases, equitable distribution of funds reasonably calculated to meet each child's educational needs and adequate funding so that schools can meet the demands placed upon them.

On March 2, 2017, the Kansas Supreme Court issued its decision in *Gannon v. State of Kansas (Gannon IV)* and found that "[u]nder the facts of this case, the state's public education financing system provided by the legislature for grades K-12, through its structure and implementation, is not reasonably calculated to have all Kansas public education students meet or exceed the . . . *Rose* standards . . . presently codified in K.S.A. 2016 Supp. 72-1127." The Court further directed that "[o]nce a new financing system is enacted, the State will have to satisfactorily demonstrate to this court by June 30, 2017, that its proposed remedy is reasonably calculated to address the constitutional violates identified, as well as comports with previously identified constitutional mandates such as equity."

The CCR for SB 19 fails to satisfy both the adequacy and equity requirements of the Kansas Constitution in several significant areas.

1. **Adequate funding.** CCR for SB 19 provides only \$294 million in new K-12 money in the next two school years. This means the per pupil amount will only grow from \$4,006 to \$4,128 over that same period. While this is an increase in base state aid from what was provided in CLASS, it falls far short of achieving the high-water mark of \$4,400 in the 2008-2009 school year, meaning that five years from now we will still be below where we were eight years ago.

In finding that student achievement demonstrated in CLASS's implementation was not reasonably calculated to meet the *Rose* standards, the Court found a correlation between funding and achievement and noted CLASS's unconstitutionality was due to underfunding. The Court further instructed that actual costs remain a valid factor to be considered in determining constitutional adequacy under Article 6 and instructed the state to not ignore the legislatively commissioned cost studies in creating a remedy.

The Kansas State Board of Education has recommended \$893 million in new money over the same period as funded in the CCR for SB 19. The cost studies commissioned by the legislature estimated a need for \$1.4 billion of new money for K-12. By whatever measurement used, it is clear that CCR for SB 19 is woefully inadequate in funding for

our schools which puts us in clear violation of the Kansas Constitution.

2. **At-Risk 10% Floor.** The 10% at-risk floor contained in this report provides \$2 million a year in additional money for two school districts while many other districts with more at-risk students than free-lunch students do not get extra funds for their at-risk students. There is no cost-based reasoning for this funding and its implementation is structurally flawed. This is both an adequacy and equity violation.

3. **High Density At-Risk.** The high-density at-risk student weighting provides that when the enrollment of a school or school district is at least 50% at-risk students, the school or school district will receive a high-density at-risk weighting equal to 10.5 percent of the at-risk students of the district. The change to a school level as opposed to the school district level provides \$1.9 million in additional funding to two school districts while leaving roughly half of the other school districts with nothing. This is structurally flawed as it provides supports to individual schools as opposed to school districts as a whole. This is an adequacy violation.

4. **Ancillary School Facilities Weighting.** The Ancillary weighting allows districts to acquire additional money to defray the costs associated with commencing the operation of new facilities. It benefits primarily five districts with \$24 million additional local funding that is not equalized.

5. **Declining Enrollment Weighting.** The Declining Enrollment weighting is allowed for two districts. These districts will be able to raise \$3.7 million from increases in their LOB above 31%. Low valuation districts are not able to access these funds which results in inequity.

6. **Cost-of-Living Weighting.** The Cost-of-Living Weighting will allow for six districts to raise \$20 million in unequalized local funding while 21 districts qualify for it. The inclusion of the protest petition also means that not all qualifying districts will be able to access the funds.

7. **Extraordinary Declining Enrollment.** CCR for SB 19 provides \$2,593,452 in one-time money for school districts with extraordinary declining enrollment. There is no cost-based reasoning for this funding making it difficult to defend based on equity.

8. **Local Option Budget.** Prior Local Option Budget authorization is grandfathered in this report providing 44 districts an extra \$30 million in funding due to an additional 3% of LOB authority without an election while other school districts will be required to obtain taxpayer approval for an increase in their LOB. There is no cost-based reasoning for this funding making it difficult to defend based on equity.

9. **Local Option Budget Equalization.** LOB equalization changes create inequity by changing the assessed valuation per pupil (AVPP) from calculating on current year to using prior year numbers, then after FY 2019 changes again to an average of the prior three years. This method will delay equalization to districts with declining AVPP and allows some districts with increasing AVPP to retain unwarranted equalization money.

10. **Artificial Local Option Budget Base Aid.** The Artificial Local Option Budget Base Aid allows for the use of a base aid amount of \$4,490 for purposes of calculating the LOB authority for local school districts if the base aid is less than \$4,490. This artificial number has been indexed beginning in the 2019-2020 school year using a 3-year rolling average CPI. Meaning the actual base aid will never catch-up to the artificial base used for calculating LOB authority. This lacks any cost-based reasoning and is inequitable.

11. **Capital Outlay Equalization.** Capital Outlay Equalization changes operate in the same manner as LOB equalization and will result in the same inequity.

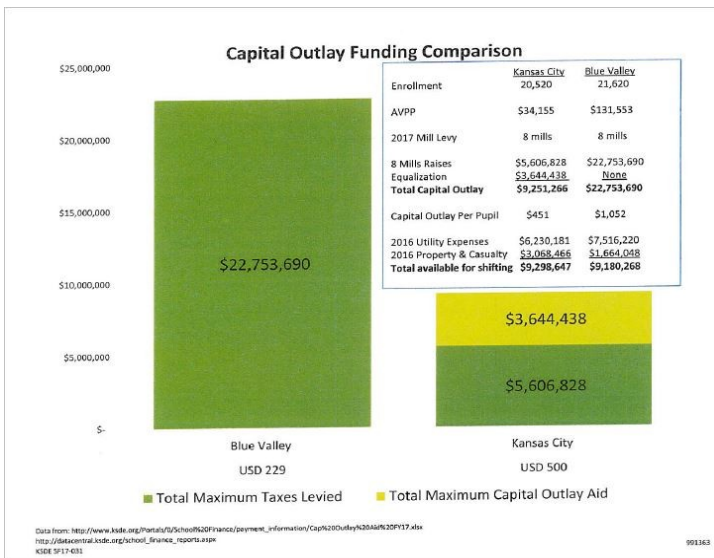
12. **Expansion of Capital Outlay Fund Usage.** The Capital Outlay Fund usage has been expanded for the addition of utility expenses and property and casualty insurance which creates a major equity violation. Property and Casualty Insurance expenses are approximately \$35 million statewide while utility expenses are approximately \$106 million statewide. The inclusion of both of these in Capital Outlay would be an expansion by 53%. Expanding the use of a wealth limited fund allows districts with high wealth to shift vastly more operating expenditures into capital outlay, freeing up their general fund or LOB for offering additional educational opportunities to their students. Districts with lower wealth will not have the same ability to shift expenditures as wealthy districts.

13. **Miscellaneous Problems.**

a. **Tax Credit for Low Income Students Scholarship.** This program is now expanded to individuals and LLCs to take advantage of the tax credit. This program contributes nothing to solve the adequacy problem while draining resources away from the state general funds needed to meet constitutional responsibilities.

b. **Virtual Schools.** Virtual Schools continue despite having little to no data showing contribution to the outcomes necessary to meet constitutional responsibilities.

For those reasons, it is clear that the CCR for **SB 19** does not meet the constitutional requirements of the *Gannon* decision. This is in no way constitutional or acceptable for the school children of Kansas. — ANTHONY HENSLEY



SUBMITTED BY SENATOR ANTHONY HENSLEY

**MESSAGE FROM THE HOUSE**

The House adopts the conference committee report on **SB 30**.

On motion of Senator Denning, the Senate recessed until the sound of the gavel.

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

**ORIGINAL MOTION**

Senator Denning moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bill: **SB 30**.

**CONFERENCE COMMITTEE REPORT**

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 30** submits the following report:

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

On page 1, by striking all in lines 7 through 36;

By striking all on pages 2 through 12;

On page 13, by striking all in lines 1 through 32, following line 32, by inserting:

"New Section 1. (a) There shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to 12.5% for tax year 2018; an amount equal to 18.75% for tax year 2019; and an amount equal to 25% for tax year 2020, and all tax years thereafter, of the amount of the credit allowed against such taxpayer's federal income tax liability pursuant to 26 U.S.C. § 21 for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

(b) The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by K.S.A. 79-32,110, and amendments thereto, reduced by the sum of any other credits allowable pursuant to law.

(c) No credit provided under this section shall be allowed to any individual who fails to provide a valid social security number issued by the social security administration, to such individual, the individual's spouse and every dependent of the individual.

Sec. 2. K.S.A. 2016 Supp. 12-17,165 is hereby amended to read as follows: 12-17,165. (a) When a city or county proposes to establish a STAR bond project district, within an eligible area, the city or county shall adopt a resolution stating that the city or county is considering the establishment of a STAR bond project district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a STAR bond project district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the STAR bond project district;
- (3) describe the STAR bond project district plan;
- (4) state that a description and map of the proposed STAR bond project district are



available for inspection at a time and place designated; and

(5) state that the governing body will consider findings necessary for the establishment of a STAR bond project district.

Notice shall be given as prescribed in ~~subsection (f)(2) of~~ K.S.A. 2016 Supp. 12-17,166~~(f)(2)~~, and amendments thereto.

(b) The city or county shall submit the proposed STAR bond project district to the secretary for a determination that the district is an eligible area as defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto.

(c) Upon the conclusion of the public hearing, and a finding by the secretary that the proposed project district is an eligible area, the governing body of the municipality shall pass an ordinance or resolution.

(1) An ordinance or resolution for a STAR bond project district shall:

(A) Make findings that the STAR bond project district proposed to be developed is an historic theater, or a STAR bond project as defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto;

(B) contain a STAR bond project district plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each STAR bond project area. The boundaries of such STAR bond project district shall not include any area not designated in the notice required by subsection (a); and

(C) contain the legal description of the STAR bond project district and may establish the STAR bond project district.

(2) If no ordinance or resolution is passed by the city or county within 30 days from the conclusion of the public hearing, then such STAR bond project district shall not be established.

(d) The governing body of a city or county may establish a STAR bond project district within that city or such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners must provide notice and hold a hearing as is required of a city pursuant to subsection (a) for the establishment of a STAR bond project district.

The governing body of a county may establish a STAR bond project district within the unincorporated area of the county.

(e) One or more STAR bond projects may be undertaken by a city or county within a STAR bond project district after such STAR bond project district has been established in the manner provided by this section.

(f) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 2016 Supp. 12-17,160 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the STAR bond project district required by subsection (a) that the proposed STAR bond project district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city or county. The city or county shall within 30 days of receipt of such resolution pass an ordinance or resolution dissolving the STAR bond project district. The provisions of this subsection shall not apply if the STAR bond project plan provides that ad valorem

property tax revenues of the county or the school district levying taxes on such property will not be adversely impacted.

(g) A STAR bond project shall not include a project for a gambling casino.

(h) No new STAR bond project district may be established from the effective date of this act through July 1, 2018, except that, for STAR bond project districts established prior to the effective date of this act, the foregoing shall not prohibit a city or county from utilizing all provisions of the STAR bonds financing act, including, but not limited to, K.S.A. 2016 Supp. 12-17,171, and amendments thereto.

Sec. 3. K.S.A. 2016 Supp. 12-17,179 is hereby amended to read as follows: 12-17,179. (a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

(b) The provisions of this act regarding STAR bond projects shall expire on and after July 1, ~~2017~~ 2020.

Sec. 4. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

(A) For tax year 2012:

If the taxable income is:.....	The tax is:
Not over \$30,000 .....	3.5% of Kansas taxable income
Over \$30,000 but not over \$60,000 .....	\$1,050 plus 6.25% of excess over \$30,000
Over \$60,000 .....	\$2,925 plus 6.45% of excess over \$60,000

(B) For tax year 2013:

If the taxable income is:.....	The tax is:
Not over \$30,000 .....	3.0% of Kansas taxable income
Over \$30,000 .....	\$900 plus 4.9% of excess over \$30,000

(C) For tax year 2014:

If the taxable income is:.....	The tax is:
Not over \$30,000 .....	2.7% of Kansas taxable income
Over \$30,000 .....	\$810 plus 4.8% of excess over \$30,000

(D) For tax years 2015, and 2016 and 2017:

If the taxable income is:.....	The tax is:
Not over \$30,000 .....	2.7% of Kansas taxable income
Over \$30,000 .....	\$810 plus 4.6% of excess over \$30,000

(E) For tax year ~~2018, and all tax years thereafter~~ 2017:

If the taxable income is:	The tax is:
Not over \$30,000 .....	<del>2.6%</del> <u>2.9%</u> of Kansas taxable income
Over \$30,000 but not over \$60,000 .....	<del>\$780</del> <u>\$870</u> plus <del>4.6%</del> <u>4.9%</u> of excess over \$30,000
Over \$60,000 .....	<u>\$2,340 plus 5.2% of excess over \$60,000</u>

(F) For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$30,000 .....	<u>3.1% of Kansas taxable income</u>
Over \$30,000 but not over \$60,000 .....	<u>\$930 plus 5.25% of excess over \$30,000</u>
Over \$60,000 .....	<u>\$2,505 plus 5.7% of excess over \$60,000</u>

(2) *All other individuals.*

(A) For tax year 2012:

If the taxable income is:	The tax is:
Not over \$15,000 .....	3.5% of Kansas taxable income
Over \$15,000 but not over \$30,000 .....	\$525 plus 6.25% of excess over \$15,000
Over \$30,000 .....	\$1,462.50 plus 6.45% of excess over \$30,000

(B) For tax year 2013:

If the taxable income is:	The tax is:
Not over \$15,000 .....	3.0% of Kansas taxable income
Over \$15,000 .....	\$450 plus 4.9% of excess over \$15,000

(C) For tax year 2014:

If the taxable income is:	The tax is:
Not over \$15,000 .....	2.7% of Kansas taxable income
Over \$15,000 .....	\$405 plus 4.8% of excess over \$15,000

(D) For tax years 2015, ~~and 2016 and 2017:~~

If the taxable income is:	The tax is:
Not over \$15,000 .....	2.7% of Kansas taxable income
Over \$15,000 .....	\$405 plus 4.6% of excess over \$15,000

(E) For tax year ~~2018, and all tax years thereafter~~ 2017:

If the taxable income is:	The tax is:
Not over \$15,000 .....	<del>2.6%</del> <u>2.9%</u> of Kansas taxable income
Over \$15,000 but not over \$30,000 .....	<del>\$390</del> <u>\$435</u> plus <del>4.6%</del> <u>4.9%</u> of excess over \$15,000
Over \$30,000 .....	<u>\$1,170 plus 5.2% of excess over \$30,000</u>

(F) For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$15,000 .....	3.1% of Kansas taxable income

Over \$15,000 but not over \$30,000	\$465 plus 5.25% of excess over \$15,000
Over \$30,000	\$1,252.50 plus 5.7% of excess over \$30,000

(b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

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

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

(2) (A) for tax year 2008, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of \$50,000;

(B) for tax years 2009 and 2010, the surtax shall be in an amount equal to 3.05% of the Kansas taxable income of such corporation in excess of \$50,000; and

(C) for tax year 2011, and all tax years thereafter, the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of \$50,000.

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

(e) ~~Tax rates provided in this section shall be adjusted pursuant to the provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

~~(f) Notwithstanding the provisions of subsections (a) and (b); (1) For tax-year-years 2016, and all tax years thereafter and 2017, married individuals filing joint returns with taxable income of \$12,500 or less, and all other individuals with taxable income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax year 2018, and all tax years thereafter, married individuals filing joint returns with taxable income of \$5,000 or less, and all other individuals with taxable income of \$2,500 or less, shall have a tax liability of zero.~~

~~(f) No taxpayer shall be assessed penalties and interest arising from the underpayment of taxes due to changes to the rates in subsection (a) that became law on July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.~~

Sec. 5. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political

subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction, except that the federal net operating loss deduction shall not be added to an individual's federal adjusted gross income for tax years beginning after December 31, 2016.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203, and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to K.S.A. 79-32,117(c)(xv), and amendments

thereto, or if such amounts are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004, amounts received as withdrawals not in accordance with the provisions of K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of contribution to an individual development account, such amounts were subtracted from the federal adjusted gross income pursuant to subsection (c)(xiii), or if such amounts are not already included in the federal adjusted gross income.

(xiii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

(xiv) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and amendments thereto.

(xv) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-32,251 through 79-32,254, and amendments thereto.

(xvi) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and amendments thereto.

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xix) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under

the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

(xx) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer, to the extent the deduction is attributable to income reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

(xxi) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent

included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and 228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. § 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas venture capital, inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249, and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2016 Supp. 74-50,201 et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of



any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.

(xv) For all taxable years beginning after December 31, 2006, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

(xvii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are eligible members of the Kansas army and air national guard as a reimbursement pursuant to K.S.A. 48-281, and amendments thereto, and amounts received for death benefits pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and amendments thereto, to the extent that such death benefits are included in federal adjusted gross income of the taxpayer.

(xviii) For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

(xix) Amounts received by retired employees of Washburn university as retirement and pension benefits under the university's retirement plan.

(xx) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Net profit from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) net income, not including guaranteed payments as defined in section 707(c) of the federal internal revenue code and as reported to the taxpayer from federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) net farm profit as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent included in the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011 and as revised thereafter by the internal revenue service.

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed \$5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed \$20,000.

(xxii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of net gain from the sale of: (1) Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

(xxiii) For all taxable years beginning after December 31, 2012, amounts received under either the Overland Park, Kansas police department retirement plan or the Overland Park, Kansas fire department retirement plan, both as established by the city of Overland Park, pursuant to the city's home rule authority.

(xxiv) For ~~all~~ taxable years beginning after December 31, 2013, and ending before

January 1, 2017, the net gain from the sale from Christmas trees grown in Kansas and held by the taxpayer for six years or more.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

(f) No taxpayer shall be assessed penalties and interest from the underpayment of taxes due to changes to this section that became law on July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.

Sec. 6. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) (1) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction.

(2) For the tax year commencing on January 1, 2013, the Kansas itemized deduction of an individual means 70% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(3) For the tax year commencing on January 1, 2014, the Kansas itemized deduction of an individual means 65% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(4) For the tax years commencing on and after January 1, 2015, and ending before January 1, 2018, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (C) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(5) For the tax year commencing on and after January 1, 2018, and ending before January 1, 2019, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(6) For the tax year commencing on and after January 1, 2019, and ending before January 1, 2020, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 75% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 75% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 75% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(7) For the tax years commencing on and after January 1, 2020, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 100% of expenses for medical care allowable as deductions in section 213 of the federal internal revenue code; (C) 100% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 100% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

Sec. 7. K.S.A. 2016 Supp. 79-32,138 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable income of a corporation taxable under this act shall be the corporation's federal taxable income for the taxable year with the modifications specified in this section.

(b) There shall be added to federal taxable income: (i) The same modifications as are set forth in ~~subsection (b) of~~ K.S.A. 79-32,117(b), and amendments thereto, with respect to resident individuals, except subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

(ii) the amount of all depreciation deductions claimed for any property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is claimed;

(iii) the amount of any charitable contribution deduction claimed for any contribution or gift to or for the use of any racially segregated educational institution;

(iv) for taxable years commencing December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,

and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto-;

(v) the amount of any charitable contribution deduction claimed for any contribution or gift made to a scholarship granting organization to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp. 72-99a07, and amendments thereto-; and

(vi) the federal net operating loss deduction.

(c) There shall be subtracted from federal taxable income: (i) The same modifications as are set forth in ~~subsection (e) of~~ K.S.A. 79-32,117(c), and amendments thereto, with respect to resident individuals, except subsection (c)(xx)-;

(ii) the federal income tax liability for any taxable year commencing prior to December 31, 1971, for which a Kansas return was filed after reduction for all credits thereon, except credits for payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits if, on the Kansas income tax return for such prior year, the federal income tax deduction was computed on the basis of the federal income tax paid in such prior year, rather than as accrued. Notwithstanding the foregoing, the deduction for federal income tax liability for any year shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year-;

(iii) an amount for the amortization deduction allowed pursuant to K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto-;

(iv) for all taxable years commencing after December 31, 1987, the amount included in federal taxable income pursuant to the provisions of section 78 of the internal revenue code-; and

(v) for all taxable years commencing after December 31, 1987, 80% of dividends from corporations incorporated outside of the United States or the District of Columbia which are included in federal taxable income.

(d) If any corporation derives all of its income from sources within Kansas in any taxable year commencing after December 31, 1979, its Kansas taxable income shall be the sum resulting after application of subsections (a) through (c) hereof. Otherwise, such corporation's Kansas taxable income in any such taxable year, after excluding any refunds of federal income tax and before the deduction of federal income taxes provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any refund of federal income tax as determined under ~~paragraph (iv) of subsection (b) of~~ K.S.A. 79-32,117(b)(iv), and amendments thereto, and minus the deduction for federal income taxes as provided by subsection (c)(ii) shall be such corporation's Kansas taxable income.

(e) A corporation may make an election with respect to its first taxable year commencing after December 31, 1982, whereby no addition modifications as provided for in subsection (b)(ii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ and subtraction modifications as provided for in subsection (c)(iii) ~~of K.S.A. 79-32,138, and~~

~~amendments thereto~~; as those subsections existed prior to their amendment by this act, shall be required to be made for such taxable year.

Sec. 8. K.S.A. 2016 Supp. 12-17,165, 12-17,179, 79-32,110, 79-32,117, 79-32,120, 79-32,138 and 79-32,269 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after the stricken material; by striking all in lines 2 and 3; in line 4, by striking all before the period, and inserting "taxation; relating to sales and compensating use tax, collection and distribution thereof, STAR bonds; income taxation, determination of Kansas adjusted gross income, modifications, rates, itemized deductions and credits; amending K.S.A. 2016 Supp. 12-17,165, 12-17,179, 79-32,110, 79-32,117, 79-32,120 and 79-32,138 and repealing the existing sections; also repealing K.S.A. 2016 Supp. 79-32,269";

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

STEVEN JOHNSON

TOM PHILLIPS

TOM SAWYER

*Conferees on part of House*

CARYN TYSON

DAN KERSCHEN

TOM HOLLAND

*Conferees on part of Senate*

Senator Tyson moved the Senate adopt the Conference Committee Report on **SB 30**.

On roll call, the vote was: Yeas 26; Nays 14; Present and Passing 0; Absent or Not Voting 0.

Yeas: Berger, Billinger, Bollier, Bowers, Denning, Doll, Estes, Faust-Goudeau, Francisco, Givens, Goddard, Haley, Hardy, Hawk, Hensley, Holland, Kelly, Kerschen, Longbine, McGinn, Pettey, Rogers, V. Schmidt, Skubal, Sykes, Taylor.

Nays: Alley, Baumgardner, Fitzgerald, Hilderbrand, Lynn, Masterson, Olson, Petersen, Pilcher-Cook, Pyle, Suellentrop, Tyson, Wagle, Wilborn.

The Conference Committee Report was adopted.

## CHANGE IN CONFERENCE

Under the authority of the President, Vice President Longbine announced the appointment of Senator Hilderbrand to replace Senator Olson as a member of the Conference Committee on **HB 2409**.

## REPORT ON ENROLLED BILLS

**SR 1755**, **SR 1756** reported correctly enrolled, properly signed and presented to the Secretary of the Senate on June 5, 2017.

On motion of Senator Denning, the Senate adjourned until 2:00 p.m., Tuesday, June 6, 2017.

CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks*.  
COREY CARNAHAN, *Secretary of the Senate*.

