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MEMORANDUM

To: Chairman Campbell
Members of the House K-12 Education Budget Committee

From: Jason B. Long, Senior Assistant Revisor

Date: February 17, 2017

Subject: HB 2346 – School district state aid distribution by State Board of Education.

House Bill No. 2346 (HB 2346) would delegate to the State Board of Education (Board) the task of determining how school district state aid is to be distributed to the school districts. This delegation includes all forms of funding that come from the State.

Section 1 of the bill makes an appropriation to the Department of Education for FY 18 in the amount of \$4,075,118,662 for school district state aid.

Section 3 then directs the Board to determine the amount of state aid and equalization state aid each school district is entitled to receive for the school year. All state aid must be distributed so as to ensure that students enrolled in each school district can meet the *Rose* capacities set forth in K.S.A. 72-1127(c). Additionally, all equalization state aid must be distributed so as to afford each school district reasonably equal access to substantially similar educational opportunity through similar tax effort. These standards for distribution of school district state aid are the same constitutional standards established by the Kansas Supreme Court.

Section 7 of HB 2346 requires each school district to levy a property tax of 20 mills for school years 2017-2018 and 2018-2019. The proceeds of the tax would be remitted to the state treasurer for deposit in the state school district finance fund.

Section 8 authorizes school districts to adopt a local option budget (LOB). The LOB is capped under HB 2346 at the greater of the LOB adopted for school year 2014-2015, or that adopted for school year 2015-2016. Any LOB adopted pursuant to this section requires only a majority vote of the board of education. No election is required.

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Section 9 authorizes each school district that has adopted an LOB to levy a property tax to finance the LOB. The proceeds of the tax would be deposited in the general fund of the school district.

Sections 10 through 12 continue the special local tax levies for funding declining enrollment expenses, ancillary school facilities, and cost-of-living expenses for those school districts that qualify to levy such taxes.

Section 14 continues the school district fund flexibility provisions current provided under the CLASS Act.

The remainder of sections 2 through 17 are standard school district finance provisions. They provide that the Board determines when payments of school district state aid are to be made and when school districts must report the district's enrollment to the Board. They also provide for an accreditation system to be designed and implemented by the Board.

HB 2346 also repeals a number of statutes. They are as follows:

- K.S.A. 72-6482 – This statute states the intent of 2016 HB 2566. It is a part of the CLASS Act and should be repealed when the rest of that act expires.
- K.S.A. 75-2319 through 75-2321 – These statutes provide for bond and interest state aid. The Board will determine how such state aid is to be distributed under HB 2346.

HB 2346 makes some amendments to existing statutes to conform with the repeal of the bond and interest state aid statutes.

If enacted the provisions of HB 2346 would be effective on July 1, 2017.