

# HB 2567 School Bond Property Tax Relief Cut

Cut historic aid rate from 75% to 51% and greatly reduced or eliminated property tax relief for school capital bonds.

SESSION OF 2022

## SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR HOUSE BILL NO. 2567

As Recommended by Senate Committee on  
Ways and Means

### **Brief\***

Senate Sub. for HB 2567, as amended, would alter the calculation of local foundation aid within the Kansas School Equity and Enhancement Act (KSEEA) by removing federal impact aid from the formula. It would also exclude the Fort Leavenworth school district and virtual school students from the capital improvement state aid determination.

The bill would amend the calculation of a unified school district's local foundation aid by removing the requirement that 70.0 percent of a school district's federal impact aid be included in the calculation.

[*Note:* Federal impact aid is provided to school districts that have lost property tax revenue due to the presence of tax-exempt federal property or serve large numbers of federally connected students.]

The bill would extend the statutory cap on the aggregate amount of school district general obligation bonds approved by the State Board of Education to June 30, 2027.

School districts that are not eligible to receive capital improvement state aid or that have opted out of receiving such aid would be exempt from the general obligation bond cap.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

For all general obligation bonds approved at elections held on or after July 1, 2022, the bill would remove Unified School District 207, Fort Leavenworth, from the determination of the school district with the lowest assessed value per pupil (AVPP), and the capital state aid computation would begin at 51.0 percent.

The bill would also exclude all students enrolled in a virtual school within a school district from the determination of that district's AVPP.

The bill would make various technical amendments.

## **Background**

The Senate Committee on Ways and Means removed the contents of HB 2567, as amended by the House Committee of the Whole, and replaced it with the contents of SB 341, as amended by the Senate Committee on Ways and Means, pertaining to federal impact aid and state capital improvement aid.

HB 2567, as amended by the House Committee of the Whole, would have altered certain fees related to the registration, title, and administrative costs on vehicles for services performed by county treasurers and the Division of Vehicles and altered the disposition of such fees.

## **SB 341**

The bill was introduced by the Senate Committee on Education at the request of Senator Longbine.

### *Senate Committee on Education*

In the Senate Committee hearing on February 1, 2022, **proponent** testimony was provided by Senator Pittman and representatives of the Governor's Military Council; USD 207,

Fort Leavenworth; USD 337, Royal Valley; and USD 475, Geary County. The proponents generally discussed the additional needs of districts that serve large military or Native American populations and the purpose of federal impact aid to help address those needs. Proponents also stated that the inclusion of federal impact aid within the local foundation aid calculation was viewed in a negative light by the U.S. Department of Defense and could impact future decisions regarding military investment in Kansas.

No other testimony was offered.

The Senate Committee amended the bill to exclude USD 207, Fort Leavenworth, from the capital improvement state aid determination, remove virtual school students from a school districts AVPP calculation, and extend the cap for State Board of Education approval of new school district general obligation bonds.

[*Note:* The provisions amended into the bill are similar to provisions in 2021 SB 31].

#### *Senate Committee on Ways and Means*

In the Senate Committee hearing, the committee amended the bill to lower the base state aid computation percentage from 75.0 percent to 51.0 percent. The committee then removed the contents of HB 2567, inserted the contents of SB 341, and recommended a substitute bill be passed.

#### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas State Department of Education states that enactment of the bill would reduce local foundation aid by \$13.0 million and would require an additional \$13.0 million in SGF be appropriated in FY 2023 per the current school finance formula.

Any fiscal effect associate with the bill are not reflected in *The FY 2023 Governor's Budget Report*.

Education; Kansas School Equity and Enhancement Act; federal impact aid; k-12; local foundation aid; Fort Leavenworth USD 207; virtual school students; capital improvement state aid; general obligation bond

# The historic aid rate was cut from 75% to 51%.

HB 2567

13

1 point for each \$1,000 interval above the amount of the lowest AVPP.  
2 Except as provided by K.S.A. 72-5463, and amendments thereto, the state  
3 aid percentage factor of a school district is the percentage assigned to the  
4 schedule amount that is equal to the amount of the AVPP of the school  
5 district. The state aid computation percentage is ~~75%~~ 51%;

6 (D) determine the amount of payments that a school district is  
7 obligated to make from its bond and interest fund attributable to general  
8 obligation bonds approved for issuance at an election held on or after July  
9 1, 2015; and

10 (E) multiply the amount determined under subsection (b)(2)(D) by  
11 the applicable state aid percentage factor.

12 (3) For general obligation bonds approved for issuance at an election  
13 held on or before June 30, 2016, the sum of the amount determined under  
14 subsection (b)(1)(F) and the amount determined under subsection (b)(2)(E)  
15 is the amount of payment the school district is entitled to receive from the  
16 school district capital improvements fund in the school year.

17 (4) (A) For general obligation bonds approved for issuance at an  
18 election held on or after July 1, 2016, the amount determined under  
19 subsection (b)(2)(E) is the amount of payment the school district shall  
20 receive from the school district capital improvements fund in the school  
21 year, except the total amount of payments school districts receive from the  
22 school district capital improvements fund in the school year for such bonds  
23 shall not exceed the six-year average amount of capital improvement state  
24 aid as determined by the state board of education.

25 ~~(A)~~(B) The state board of education shall determine the six-year  
26 average amount of capital improvement state aid by calculating the  
27 average of the total amount of moneys expended per year from the school  
28 district capital improvements fund in the immediately preceding six fiscal  
29 years, not to include the current fiscal year.

30 ~~(B)~~(C) (i) Subject to clause (ii), the state board of education shall  
31 prioritize the allocations to school districts from the school district capital  
32 improvements fund in accordance with the priorities set forth as follows in  
33 order of highest priority to lowest priority:

34 (a) Safety of the current facility and disability access to such facility  
35 as demonstrated by a state fire marshal report, an inspection under the  
36 Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar  
37 evaluation;

38 (b) enrollment growth and imminent overcrowding as demonstrated  
39 by successive increases in enrollment of the school district in the  
40 immediately preceding three school years;

41 (c) impact on the delivery of educational services as demonstrated by  
42 restrictive inflexible design or limitations on installation of technology;  
43 and

**HB 2567**

**AN ACT concerning education; relating to state aid; removing federal impact aid from the determination of local foundation aid; excluding Fort Leavenworth school district and virtual school students from the capital improvement state aid determination; extending the general obligation bond limitation; amending K.S.A. 72-5135 and 72-5461 and K.S.A. 2021 Supp. 72-5132 and 72-5462 and repealing the existing sections.**

**House - Conference Committee Report was adopted; - 04/28/2022**

**On roll call the vote was:**

**Yea - (75):**

Anderson, Arnberger, Barker, Bergkamp, Bergquist, Blex, Borjon, Burris, W. Carpenter, Clark, Collins, Concannon, Corbet, Croft, Delperdang, Dodson, Donohoe, Ellis, Esau, Estes, Fairchild, Finch, Francis, French, Garber, Hawkins, Highland, Hoffman, Hoheisel, Houser, Howe, Howell, Howerton, Huebert, Humphries, Jacobs, S. Johnson, T. Johnson, Kelly, Kessler, Landwehr, Lee, Long, Lynn, Mason, Minnix, Moser, Murphy, Neelly, Newland, Orr, Owens, Patton, Penn, Proctor, Proehl, Rahjes, Ralph, Resman, Rhiley, Ryckman, Sanders, Seiwert, A. Smith, C. Smith, E. Smith, Tarwater, Thomas, Thompson, Toplikar, Turner, Waggoner, Wasinger, Waymaster, Williams,

**Nay - (45):**

Alcala, Amyx, Awerkamp, Baker, Ballard, Burroughs, Byers, Carlin, Carlson, Carmichael, Clayton, Clifford, Coleman, Curtis, Eplee, Featherston, Finney, Gartner, Haswood, Helgerson, Henderson, Highberger, Hoye, Kuether, Meyer, Miller, Neighbor, Ohaebosim, Osman, Ousley, Poskin, Probst, L. Ruiz, S. Ruiz, Samsel, Sawyer, Schmidt, Schreiber, Stogsdill, Weigel, Wheeler, Winn, Wolfe Moore, Woodard, Xu,

**Present but not Voting - (0):**

**Absent and Not Voting - (5):**

Helmer, Poetter Parshall, Sutton, Vaughn, Victors,

**Not Voting - (0):**

School Capital Bond Property Tax Change due to House Bill 2567  
Senate District 33 - Piper Sandler 11/15/21 & KLRD 9/25/23

USD No	USD Name	County	Bond Aid Prior to 7/1/2015	Bond Aid After 7/1/2022	Local Property Tax Increase due to HB 2567
355	Ellinwood Public Schools	Barton	0.38	0.00	38%
428	Great Bend	Barton	0.56	0.17	39%
431	Hoisington	Barton	0.49	0.15	34%
300	Comanche County	Comanche	0.00	0.00	0%
347	Kinsley-Offerle	Edwards	0.05	0.00	5%
502	Lewis	Edwards	0.00	0.00	0%
112	Central Plains	Ellsworth	0.00	0.00	0%
327	Ellsworth	Ellsworth	0.21	0.00	21%
422	Kiowa County	Kiowa	0.00	0.00	0%
474	Haviland	Kiowa	0.00	0.00	0%
106	Western Plains	Ness	0.00	0.00	0%
303	Ness City	Ness	0.00	0.00	0%
495	Ft Larned	Pawnee	0.42	0.04	38%
496	Pawnee Heights	Pawnee	0.00	0.00	0%
382	Pratt	Pratt	0.29	0.00	29%
438	Skyline Schools	Pratt	0.02	0.00	2%
376	Sterling	Rice	0.30	0.00	30%
401	Chase-Raymond	Rice	0.00	0.00	0%
405	Lyons	Rice	0.46	0.06	40%
444	Little River	Rice	0.00	0.00	0%
395	LaCrosse	Rush	0.00	0.00	0%
403	Otis-Bison	Rush	0.00	0.00	0%
349	Stafford	Stafford	0.23	0.00	23%
350	St John-Hudson	Stafford	0.01	0.00	1%
351	Macksville	Stafford	0.00	0.00	0%