

# KANSAS REGISTER



State of Kansas

**JACK H. BRIER**  
Secretary of State

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Pages 457-512

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PHONE: 913/296-3489

## State of Kansas

**DEPARTMENT OF HUMAN RESOURCES  
PRIVATE INDUSTRY COUNCIL****JTPA SDA II PIC MEETING**

The Private Industry Council for Service Delivery Area II of the Job Training Partnership Act will meet at 1:30 p.m. Friday, April 4, at the YWCA, 225 W. 12th, Topeka.

**CHUCK HERNANDEZ**  
SDA II PIC Manager

Doc. No. 004056

## State of Kansas

**KANSAS INSURANCE DEPARTMENT  
KANSAS CITIZENS COMMITTEE  
ON LEGAL LIABILITY****NOTICE OF MEETING**

The 1986 Kansas Citizens Committee on Legal Liability will meet at 1:30 p.m. Tuesday, April 1, in the third floor conference room, 420 S.W. 9th, Topeka.

**FLETCHER BELL**  
Commissioner of Insurance

Doc. No. 004047

## State of Kansas

**KANSAS WATER AUTHORITY****NOTICE OF MEETINGS**

The Kansas Water Authority will be conducting several meetings on April 9, 10 and 11. The full Authority will convene at 8:30 a.m. Friday, April 11, at the State Defense Building, 2800 Topeka Ave., Topeka.

The Quality Committee will meet at 6 p.m. Wednesday, April 9, at the Holiday Inn South, Forbes Room, 3802 S.W. Topeka Ave., Topeka.

On Thursday, April 10, the following committee meetings will be held at the State Defense Building:

Development	8:00 a.m.—2:30 p.m.
Management	1:00 p.m.—2:30 p.m.
Federal and State Affairs	2:30 p.m.—4:30 p.m.

Persons not on the Authority's mailing list may request a copy of the agenda by contacting Dotty Kester, 109 S.W. 9th, Suite 200, Topeka 66612, (913) 296-3185.

**H. PHILIP MARTIN**, Chairman  
Kansas Water Authority

Doc. No. 004055

## State of Kansas

**SOCIAL AND REHABILITATION SERVICES  
KANSAS TASK FORCE ON  
PERMANENCY PLANNING****NOTICE OF MEETING**

The Kansas Task Force on Permanency Planning will meet at 10 a.m. Friday, April 4, in Hearing Room 2, Kansas Judicial Center, 301 W. 10th, Topeka.

**ROBERT C. BARNUM**  
Chairman, Kansas Task Force  
on Permanency Planning

Doc. No. 004046

## State of Kansas

**DEPARTMENT OF HEALTH  
AND ENVIRONMENT  
BOARD OF ADULT CARE  
HOME ADMINISTRATORS****NOTICE OF MEETING**

The Board of Adult Care Home Administrators will meet at 10 a.m. Friday, April 4, in the executive conference room at the Kansas Department of Health and Environment, Forbes Field, Building 740, Topeka.

**JOHN GRACE**  
Chairman

Doc. No. 004042

## State of Kansas

**NORTHWEST KANSAS GROUNDWATER  
MANAGEMENT DISTRICT NO. 4****NOTICE OF MEETING  
AND PUBLIC HEARING**

The April board meeting of the Northwest Kansas Groundwater Management District No. 4 is scheduled for 10 a.m. C.S.T., Thursday, April 3, in the district office, 1175 S. Range, Colby. General administrative matters and other business will be discussed.

The board will also be conducting a public hearing on the 1987 proposed operating budget. The hearing will begin at 1 p.m. C.S.T., also in the district office.

**WAYNE A. BOSSERT**  
Manager

Doc. No. 004040

State of Kansas  
**DEPARTMENT OF REVENUE**  
**LIQUOR LAW REVIEW COMMISSION**  
**NOTICE OF MEETING**

The Liquor Law Review Commission Subcommittee on Off Premises will meet at noon Monday, April 14, in the secretary's conference room, Department of Revenue, 2nd Floor, State Office Building, Topeka.

PAUL DeBAUGE  
 Chairman

Doc. No. 004057

State of Kansas  
**STATE BOARD OF INDIGENTS' DEFENSE SERVICES**  
**NOTICE OF REASONABLE AND NECESSARY LIVING EXPENSES**

Pursuant to the provisions of K.A.R. 105-4-2(c), the State Board of Indigents' Defense Services herewith publishes its table of reasonable and necessary living expenses to be used by the court in conjunction with other information to determine eligibility of persons for felony defense services (K.S.A. 22-4501 *et seq.*).

Size of Family Unit	Living Expenses Guideline
1	\$ 6,700
2	9,050
3	11,400
4	13,750
5	16,100
6	18,450
7	20,800
8	23,150

Add \$2,350 for each additional family member

This table will be published in the Kansas Register each time the federal poverty income guidelines are revised, subject to consideration and approval by the board.

RONALD E. MILES  
 Director

Doc. No. 003998

State of Kansas  
**BOARD OF MORTUARY ARTS**  
**NOTICE OF MEETING AND EXAMINATION**

The Kansas State Board of Mortuary Arts will meet at 8:45 a.m. Thursday, April 3, at the board's office, 214 W. 6th, Suite 203, Topeka.

A written examination will be administered at 9 a.m. Friday, April 4, also in the board's office.

DOUGLAS "MACK" SMITH  
 Executive Secretary

Doc. No. 004052

State of Kansas  
**ATTORNEY GENERAL**  
**Opinion No. 86-36**

**Taxation—Limitation on Tax Levies—Townships. Cities and Municipalities—Libraries—Tax Levy. Representative Burt DeBaun, 30th District, Osage City, March 14, 1986.**

K.S.A. 12-1220 provides that the governing body of any municipality shall annually levy a tax for the maintenance of a library "in such sum as the library board shall determine within the limitations fixed by law." K.S.A. 1985 Supp. 79-1962 sets the limitation for a levy by any township for the purpose of establishing and maintaining a library at 2.50 mills. As long as the levy does not exceed the 2.50 mill limitation, a township board may not refuse to increase the mill levy for library purposes submitted by a township library board pursuant to K.S.A. 12-1220. Cited herein: K.S.A. 12-1218, 12-1219, 12-1220, K.S.A. 1985 Supp. 79-1962. JLM

**Opinion No. 86-37**

**Counties and County Officers—Economic Development Programs—Allocation of Mill Levy Revenues. Senator Edward F. Reilly, Third District, Leavenworth, March 14, 1986.**

The Leavenworth County Board of Commissioners has authority under K.S.A. 19-4101 *et seq.* to budget and expend mill levy revenues for programs related to economic development. Under K.S.A. 12-3402, the Leavenworth County Port Authority is an agency created for the purpose of promoting economic development. Thus, the board of commissioners is authorized to provide funding to the port authority under K.S.A. 19-4102, even though the electorate previously voted down a mill levy under K.S.A. 12-3402(b) for the same purpose. However, any expenditure of public funds must have a demonstrable relationship to a program of economic development and must be for a public purpose. Cited herein: K.S.A. 12-3402; 19-4101; 19-4102; 19-4103. BPA

**Opinion No. 86-38**

**State Departments; Public Officers and Employees—Public Officers and Employees—Open Public Meet-**

ings; Bodies Subject Thereto; Hospitals Organized Through Donations. Gary House, City Attorney, Sedan, March 14, 1986.

K.S.A. 75-4318 provides a two-part test that must be met before a body can be found to be included under the Kansas Open Meetings Act: (1) the body is either a legislative or administrative agency of the state or one of its political or taxing subdivisions or subordinate to such a body; and (2) the body receives, expends or is supported in whole or in part by public funds, or, in the case of subordinate groups, has a parent or controlling body which is so supported. Members of the board of trustees of the Sedan City Hospital are appointed by the Sedan City Council. Therefore, the board of trustees is a "subordinate group" of a legislative body which receives and expends public funds. Since both parts of the test are met, the board of trustees of the Sedan City Hospital is subject to the KOMA. Cited herein: K.S.A. 1985 Supp. 12-1615; K.S.A. 75-4317; K.S.A. 1985 Supp. 75-4318. RLN

#### Opinion No. 86-39

**Laws, Journals and Public Information—Records Open to Public—Lists of Names Derived from Public Records.**

**Crimes and Punishments—Criminal Code; Crimes Affecting Public Trusts—Unlawful Use of Names Derived from Public Records. Representative Phil Kline, 19th District, Overland Park, March 14, 1986.**

K.S.A. 1985 Supp. 21-3914 and K.S.A. 1985 Supp. 45-220 limit the use of information obtained from public records so as to prohibit commercial solicitation of persons whose names and addresses are of record. Using information from the tax rolls to produce land "ownership maps" is not prohibited. In this case, names and addresses taken from public records are not used to solicit those persons to purchase property or services; rather, they are used for information purposes to determine land ownership and location. Cited herein: K.S.A. 1985 Supp. 21-3914; 45-220; 45-221. RLN

#### Opinion No. 86-40

**Counties and County Officers—General Provisions—Home Rule; Acquisition of Real Property for Industrial Sites.**

**Counties and County Officers—Economic Development Programs—Awarding Grants to Industries as Inducements to Locate in a County. Senator Don Montgomery, 21st District, Sabetha, March 14, 1986.**

K.S.A. 19-4103 authorizes expenditure of county moneys for programs related to economic development. The buying and selling of real estate for industrial sites is a legitimate exercise of a county's power of home rule as provided in K.S.A. 19-101 and K.S.A. 1985 Supp. 19-101a. Thus, a county which has established an economic development program under K.S.A. 19-4101 *et seq.* may engage in the buying and selling of real estate for industrial sites for economic development, as long as said expenditure: (1) has a demonstrable relationship to the program, and (2) sa-

tisfies the public purpose doctrine. Similarly, a county may award cash grants to industries as inducements to locate in a particular county, as long as the expenditure meets both of the above mentioned requirements. Finally, a county may exercise the power of eminent domain to acquire lands for industrial sites, either as this power is authorized expressly by K.S.A. 19-3801 or by implication through home rule and K.S.A. 19-4103. Cited herein: K.S.A. 1985 Supp. 12-1741b, 12-1744a, 12-1744b; K.S.A. 19-101; K.S.A. 1985 Supp. 19-101a; K.S.A. 19-3801, 19-3802, 19-3803, 19-4101, 19-4102, 19-4103; 1986 Senate Bill No. 494; 1986 House Bill No. 2769. BPA

#### Opinion No. 86-41

**State Departments; Public Officers and Employees—Conflict of Interests—Public Officers and Employees Prohibited From Making Certain Contracts; Inapplicable Where Governmental Unit is Employer. Bill Seaman, Chairman of the Board, Osage County Rural Water District No. 4, Waverly, March 17, 1986.**

A director of a rural water district may be employed by the district in a position which does not involve an exercise of the sovereign power of the district. Neither K.S.A. 75-4304, relating to conflicts of interests, nor the common law doctrine of incompatibility of offices would preclude such employment. Cited herein K.S.A. 75-4303a; 75-4304. JSS

#### Opinion No. 86-42

**Consumer Credit Code—Property and Liability Insurance—Property Insurance; Damage to Property Unrelated to Credit Transaction. Judith Stringer, Consumer Credit Commissioner, Topeka, March 17, 1986.**

1986 Senate Bill No. 454 would amend a section of the Kansas Uniform Consumer Credit Code [K.S.A. 16a-4-301(a)] to permit a lender to contract for or receive a separate charge for insurance against loss of or damage to property "all or part of which" is related to the credit transaction. The stated purpose of the bill is to allow a consumer to purchase credit property insurance on all of the consumer's household goods. If a loss occurred on goods insured pursuant to K.S.A. 16a-4-301(a) which are not listed on the security agreement, the consumer might or might not receive the proceeds from the insurance claim, depending on whether the lender was named as loss payee. Further, a lender may already sell credit property insurance under the provisions of K.S.A. 16a-2-501, subject to the restrictions of K.A.R. 75-6-9. Cited herein: K.S.A. 16a-1-102; 16a-2-501; 16a-4-301; K.A.R. 75-6-9. JSS

ROBERT T. STEPHAN  
Attorney General

Doc. No. 004043

## State of Kansas

**PARK AND RESOURCES AUTHORITY****NOTICE TO BIDDERS**

Sealed bids for the development, construction, operation and maintenance of a small boat concession facility and for the operation and maintenance of the bathhouse concession facility at the River Pond area of Tuttle Creek State Park in Riley County will be received by the State Park and Resources Authority, Room 520, 503 Kansas Ave., P.O. Box 977, Topeka 66601, until 2 p.m., April 14, 1986, and then will be publicly opened and read aloud.

Bid forms, plans, specifications and other project information may be obtained from the State Park and Resources Authority at the address above.

LYNN BURRIS, JR.  
Director

Doc. No. 004039

## State of Kansas

**BOARD OF REGENTS  
WICHITA STATE UNIVERSITY****NOTICE OF HEARING ON  
PROPOSED TRAFFIC REGULATIONS**

The State Board of Regents will conduct a public hearing at 3 p.m. Friday, April 18, at the Campus Activities Center, Room 220, Wichita State University, Wichita. Regulations governing traffic and parking on the roads, streets, driveways and parking facilities at Wichita State University will be considered for adoption.

Interested persons will be given a reasonable opportunity to present their views concerning the adoption of the proposed amendments to the existing regulations. Written comments may also be submitted but must be received prior to the hearing. Written comments or a request for a copy of the proposed regulations and the financial impact statement of such changes should be submitted to Milton L. Myers, Chief of University Police, Wichita State University, 1845 Fairmount, Wichita 67208.

The following is a summary of the substance of the rules and the proposed changes.

**Article 1—Policy.** Current regulations specify the purpose of the traffic and parking regulations and provide for the development of the regulations by the University Traffic Committee. Current regulations also specify that Wichita State University assumes no responsibility or liability for the care and protection of any vehicle while on University property. No changes are proposed.

**Article 2—Definitions.** Current regulations specify the meanings of words and phrases as used in traffic rules and regulations. No changes are proposed.

**Article 3—General Information.** Current regulations specify individual responsibility for compliance with traffic and parking regulations, prohibit major repairs to vehicles on University property, specify certain areas where parking is prohibited and provide for the

removal of vehicles constituting a hazard or abandoned vehicles. No amendments are proposed.

**Article 4—Registration of Vehicles.** Current regulations specify the condition under which faculty, staff, students and visitors must register vehicles and display parking permits. The current regulations also establish the procedure by which parking permits for vehicles may be obtained, the types of permits available, and parking fees assessed to faculty, staff and students. The proposed amendment will provide that the faculty and staff may register a second vehicle at no extra charge; however, the second vehicle may be parked only in parking lots designated as open. Also proposed is an amendment that will require all vehicles parked in WSU designated handicapped parking areas to display current WSU handicapped permits.

The purpose of the proposed amendments is to reduce the opportunity for abuse of restricted parking areas.

**Article 5—Parking Regulations.** Current regulations specify where and when vehicles may be parked and also provide certain restrictions, conditions and limitations during certain times. Provisions also specify for removal of vehicles from campus. No amendments are proposed.

**Article 6—Traffic Regulations.** Current regulations regulate the conduct of drivers and pedestrians on campus. No amendments are proposed.

**Article 7—Violations.** The current regulations specify prohibited acts and specify the penalties for misuse of parking areas and moving violations. Proposed amendments will increase penalties for misuse as follows: Parking in a no parking zone from \$5 to \$10, overtime parking in a time limited zone from \$3 to \$10, and parking in a service drive or loading zone from \$7 to \$10. The purpose of the proposed amendments is to increase the penalties to serve as a deterrent to the frequent violations occurring in the mentioned areas.

**Article 8—Payment of Violation Notices and Fines.** The current regulations specify where violation fines are to be paid and the penalties for failure to pay violation fines. No amendments are proposed.

**Article 9—Appeal of Violation Notices.** The current regulations specify the procedures for appeals from a charge of misuse of parking or traffic violations. No amendments are proposed.

**Article 10—Bicycles/Tricycles.** Current regulations specify provisions for operating and parking bicycles/tricycles on campus. No amendments are proposed.

JEAN S. SAGAN  
Associate General Counsel  
Board of Regents

Doc. No. 004035

## State of Kansas

## LEGISLATURE

## LEGISLATIVE BILLS INTRODUCED

The following lists the numbers and titles of bills and resolutions recently introduced in the Kansas Legislature.

Copies of bills and resolutions are available free of charge from the Legislative Document Room, 145-N State Capitol, Topeka 66612, (913) 296-4096. There is a limit of 25 copies of any one item.

## Bills Introduced March 13-19:

**SB 736**, by Committee on Ways and Means: An act repealing K.S.A. 48-306, relating to armories.

**SB 737**, by Committee on Ways and Means: An act concerning the board of nursing; authorizing the board to fix, charge and collect fees for institutes, conferences and other educational programs offered by the board; creating the education conference fund; amending K.S.A. 74-1108 and repealing the existing section.

**SB 738**, by Committee on Ways and Means: An act concerning tax levies exempt from aggregate limitations; amending K.S.A. 79-5011 and repealing the existing section.

**SB 739**, by Committee on Ways and Means: An act concerning judges of the district court; amending K.S.A. 4-211 and K.S.A. 1985 Supp. 20-338 and repealing the existing sections.

**SB 740**, by Committee on Ways and Means: An act relating to electric public utilities; concerning service territories of retail electric suppliers; amending K.S.A. 66-1,172 and 66-1,174 and repealing the existing sections and also repealing K.S.A. 66-1,176.

**SB 741**, by Committee on Ways and Means: An act concerning the state board of regents; concerning retirement annuities for faculty members and other officers and employees in the unclassified service; amending K.S.A. 74-4925 and repealing the existing section.

**SB 742**, by Committee on Ways and Means: An act concerning the committee on surety bonds and insurance; authorizing the negotiation of certain insurance contracts; amending K.S.A. 75-4105 and repealing the existing section.

**HB 3106**, by Committee on Ways and Means: An act concerning the state park and resources authority; increasing the motor vehicle permit late payment fee; amending K.S.A. 74-4509c and repealing the existing section.

**HB 3107**, by Committee on Ways and Means: An act relating to Washburn university of Topeka; establishing Washburn state university; providing for the conveyance of property to the state board of regents; authorizing and requiring certain tax levies and disbursement thereof; providing for retirement of the bonded indebtedness of Washburn university of Topeka; providing for the disposition and management of the endowment property of Washburn university of Topeka; and establishing a board of trustees for the university and prescribing its composition, powers, rights and authority.

**HB 3108**, by Committee on Ways and Means: An act concerning workers' compensation; relating to compensation for permanent partial disabilities; repetitive use conditions; in opposite extremities; legislative intent; amending K.S.A. 44-510d, 44-510g and 44-574 and repealing the existing sections.

**HB 3109**, by Committee on Federal and State Affairs: An act concerning the state historical society; relating to the transfer and conveyance or closing of certain historic properties; prescribing certain powers, duties and functions for the society therefor; authorizing certain procedures and providing certain exemptions; amending K.S.A. 76-2002a, 76-2005a, 76-2015, 76-2026 and 76-2035 and repealing the existing sections.

**HB 3110**, by Committee on Federal and State Affairs: An act discontinuing the Kansas all-sports hall of fame as a function of state government; providing for the transfer of the powers, duties, functions, property, records and moneys of the board of trustees; authorizing certain procedures and providing certain exemptions; abolishing the board of trustees and certain funds; repealing K.S.A. 74-2906a to 74-2914, inclusive.

**SCR 1640**, by Senators F. Kerr, Allen, Cannon, Karr, D. Kerr and Werts: A concurrent resolution urging the Ways and Means Committees of the Senate and the House of Representatives to fully fund research projects at Kansas State University on nonfeedstuff and nonfoodstuff uses of wheat and to consider additional funding for value-added research as part of any economic development program.

**SCR 1641**, by Committee on Public Health and Welfare: A concurrent resolution recommending that the regulatory bodies or boards of certain professionals establish at least one approved course on Alzheimer's disease and related disorders to be an option of the basic and continuing educational curricula for such professionals.

**SR 1890**, by Senator Francisco: A resolution honoring Chester R. Richards on his retirement from the Federal Mediation and Conciliation Service in the State of Kansas.

**SR 1891**, by Senator Ehrlich: A resolution congratulating Jason Huff of Bushton, Kansas, on winning the Third-Fourth Grade Division of the 1986 State Department of Education Nutrition Poster Contest.

**SR 1892**, by Senator Gordon: A resolution congratulating the City of Horton on its centennial anniversary.

**HR 6219**, by Representative Long: A resolution congratulating the City of Hardtner on its centennial anniversary.

**HR 6220**, by Representatives Aylward, Hassler and Goossen: A resolution congratulating and commending Lauren and Orvell Brunner on being named a 1985 Kansas Master Farmer and Master Farm Homemaker.

**HR 6221**, by Representative Sallee: A resolution congratulating the City of Horton on its centennial anniversary.

**HR 6222**, by Representative Sughrue: A resolution commending the 3i Show and Western Kansas Manufacturers Association, the sponsor of the show, for its service to the agri-businesses and the farm-ranch community.

**HR 6223**, by Representatives Buehler and Friedeman: A resolution commending zoo-keeper Mike Brown and zoo employee Doug Burt for their brave and courageous actions in protecting the lives of visitors to the Brit Spaugh Zoo in Great Bend, Kansas, from an escaped black leopard.

**HR 6224**, by Representative Bowden: A resolution in memory of Robert G. Mason, Sr.

**HR 6225**, by Representative Fry: A resolution congratulating and commending the Ellsworth High School girls' basketball team and its coach, Terry Maddux, on winning the 1986 Class 3A State Basketball Championship in Kansas.

**HR 6226**, by Representative Crumbaker: A resolution honoring Samuel Ramey for his many accomplishments in opera.

**HR 6227**, by Representative Fry: A resolution congratulating and honoring Porteus Latimer on being named the 1985 Rice County Citizen of the Year.

Doc. No. 004054

## State of Kansas

## BOARD OF EDUCATION

NOTICE OF HEARING  
ON FY 1987 MIGRANT  
EDUCATION STATE PLAN

The Kansas State Board of Education will conduct a public hearing at 1:30 p.m. Tuesday, April 15, in Room 121 of the Kansas State Education Building, 120 E. 10th, Topeka, to consider the proposed Kansas Migrant Education State Plan for fiscal year 1987.

The Migrant Education Program is identified as a state operated program under Public Law 97-35, specifically designed to provide special educational services for migratory children of migratory agricultural workers or migratory fishers.

An amount totaling \$2,775,000 will be appropriated to Kansas migrant education for fiscal year 1987. The plan will be implemented to serve a minimum of 2,000 students in 27 regular programs and seven summer educational programs.

A copy of the plan may be obtained by contacting the secretary of the State Board of Education, Kansas State Education Building, 120 E. 10th, Topeka 66612, prior to the date of the hearing.

On the date of the hearing, all interested persons will be given a reasonable opportunity to present their views or arguments, either orally or in writing, in regard to the proposed regulation. Individuals or organizations that cannot appear at the hearing may submit to the secretary of the State Board of Education, at least five days before the hearing, their views regarding the proposed regulation. This may be done by letter, regular audio cassette tape, or one-half inch VHS video cassette tape. Audio or video cassette tapes shall not exceed three minutes in length and shall be accompanied by a signed transcript. Persons using tapes shall first identify themselves in the tapes and state whether they represent only themselves or whether they represent a group. All comments received will be considered by the board. The hearing shall be conducted in compliance with the public hearing procedures of the board.

## KANSAS STATE BOARD OF EDUCATION

By: Robert J. Clemons  
Chairman

Certified by:  
Dr. Harold L. Blackburn,  
Kansas Commissioner of Education

Doc. No. 004033

## State of Kansas

## BOARD OF EDUCATION

NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS

The Kansas State Board of Education will conduct a public hearing at 1:30 p.m. Tuesday, April 15, in Room 121 of the Kansas State Education Building, 120 E. 10th, Topeka, to consider proposed amendments to State Board Regulation (S.B.R.) 91-1-145.

The following is the substance of the proposed regulation:

**91-1-145. Evaluating credits from international institutions.** (a) To receive a valid teaching certificate for the state of Kansas, all persons who have graduated from accredited institutions outside of the United States of America shall:

(1) Contact a credentials evaluator for complete evaluation of academic credentials. Official copies of secondary education transcripts, certificates, and diplomas shall be provided. Material which is not written in English shall be translated into English by a translator, and the translator shall verify the accuracy of the translation. A list of credentials evaluators shall be maintained by the Kansas state department of education.

(2) Obtain a teacher education institution recommendation. The institution shall be accredited by the state board or a state-authorized agency of the state in which the institution is located, if the state has officially adopted standards for accrediting teacher education institutions. The definition of teacher education institution cited in S.B.R. 91-1-26(s)(1) and (2) shall not apply to the recommendation process described in this regulation.

(3) Provide evidence of the recent credit or recent, accredited experience specified in S.B.R. 91-1-27(c).

(4) Complete the Kansas application for certification. The application shall be accompanied by official documentation including official transcripts, certificates, and diplomas. The application also shall be accompanied by the certification fee established by the state board.

(5) Provide evidence of holding an appropriate document authorizing work in the United States of America.

(6) (5) Obtain a passing score on an English language proficiency examination designated by the Kansas state department of education for all applicants whose primary language is not English. The examination shall include competency in spoken English. The examination shall have been taken within the six-year period immediately preceding the date of application for certification.

(b) All applicants shall:

(1) Possess the equivalent of a four-year baccalaureate degree at an institution of higher education in the United States of America; and

(2) have a minimum cumulative grade point average of 2.5 on a 4-point grade scale, or its equivalent, and

(3) have and provide evidence of the recent credit or recent, accredited experience specified in S.B.R. 91-1-27(e).

(c) If the applicant does not meet all of the above requirements, he or she shall be given information regarding accredited teacher education programs at Kansas institutions of higher education. In addition, ~~an~~ any applicant who ~~meets substantially all~~ does not meet all of the above requirements shall be notified of the appeal process prescribed in S.B.R. 91-1-27g. (Authorized by Article 6, Section 2(a) of the Kansas Constitution; effective May 1, 1983; amended May 1, 1986.)

The proposed amendment to S.B.R. 91-1-145 would eliminate the present requirement that an applicant for certification who has graduated from an institution outside of the United States must provide evidence of holding an appropriate document authorizing work in the United States of America, before that person will be issued a certificate. The proposed amendment also clarifies language in the regulation concerning appeal rights.

A copy of the proposed regulation is being mailed to chief school administrators in the state and may be reviewed in their offices by interested persons. Also, a copy of the proposed regulation and its fiscal impact statement may be obtained from the secretary of the State Board of Education, Kansas State Education Building, 120 E. 10th, Topeka 66612, prior to the date of the hearing.

On the date of the hearing, all interested persons will be given a reasonable opportunity to present their views or arguments, either orally or in writing, in regard to the proposed regulation. Individuals or organizations that cannot appear at the hearing may submit to the secretary of the State Board of Education, at least five days before the hearing, their views regarding the proposed regulation. This may be done by letter, regular audio cassette tape, or one-half inch VHS video cassette tape. Audio or video cassette tapes shall not exceed three minutes in length and shall be accompanied by a signed transcript. Persons using tapes shall first identify themselves in the tapes and state whether they represent only themselves or whether they represent a group. All comments received will be considered by the board. The hearing shall be conducted in compliance with the public hearing procedures of the board.

KANSAS STATE BOARD OF EDUCATION

By: Robert J. Clemons  
Chairman

Certified by: Dr. Harold L. Blackburn  
Kansas Commissioner of Education

Doc. No. 004032



## State of Kansas

**SECRETARY OF STATE****EXECUTIVE APPOINTMENTS**

Executive appointments made by the Governor, and in some cases by other state officials, are filed with the Secretary of State's office.

Complete listings of state agencies, boards and commissions are included in the Kansas Directory. County officials are listed in the Directory of County Officers. Both directories are published by the Secretary of State's office and are available free of charge.

The following appointments were filed March 5 through March 20:

**Judge of Court of Appeals, Position 7**

**Robert E. Davis**, 1305 Olive, Leavenworth 66048. Effective March 20, 1986. Succeeds Joe Haley Swinehart, retired.

**Alcoholic Beverage Control Board of Review**

**Richard D. Martens**, 65 Via Verde, Wichita 67230. Effective March 12, 1986. Subject to Senate confirmation. Expires March 1, 1990. Reappointment.

**Banking Board, State**

**James R. Bergfalk**, 8912 Mohawk Lane, Leawood 66206. Effective May 1, 1986. Subject to Senate confirmation. Expires April 30, 1989. Reappointment.

**David F. Priboth**, 6000 W. 87th Terrace, Overland Park 66207. Effective May 1, 1986. Subject to Senate confirmation. Expires April 30, 1989. Reappointment.

**Don C. Steffes**, 1517 N. Walnut, McPherson 67460. Effective May 1, 1986. Subject to Senate confirmation. Expires April 30, 1989. Succeeds Henry VanBeber.

**Civil Service Board, State**

**Lee Carvalho**, Route 1, Independence 67301. Effective March 12, 1986. Subject to Senate confirmation. Expires January 31, 1990. Reappointment.

**Tim Holt**, Route 1, Goddard 67052. Effective March 12, 1986. Subject to Senate confirmation. Expires January 31, 1989. Succeeds Earl Bartlett, deceased.

**Billy S. Sparks**, 8517 W. 90th Terrace, Overland Park 66212. Effective March 12, 1986. Subject to Senate confirmation. Expires January 31, 1990. Reappointment.

**Corporation Commission, State**

**Margalee Pilkington Wright**, 1807 Lisa Lane, Wichita 67203. Effective March 21, 1986. Subject to Senate confirmation. Expires March 20, 1990. Reappointment.

**Credit Unions, State Department of**

**William A. Kasting**, Administrator, 4754 N.W. Hiawatha Place, Topeka 66618. Effective March 18, 1986. Subject to Senate confirmation. Expires March 17, 1990. Succeeds John B. Rucker, Jr., deceased.

**Employment Security Board of Review**

**George J. Trombold**, 144 Bonnie Brae, Wichita 67207. Effective May 15, 1986. Subject to Senate confirmation. Expires May 14, 1990. Reappointment.

**Fish and Game Commission, Kansas**

**J. W. "Joe" Fowler**, Route 1, Box 70, Pittsburg 66762. Effective May 1, 1986. Subject to Senate confirmation. Expires April 30, 1990. Reappointment.

**Governor, Office of the**

**Alan D. Harris**, 1909 S.W. Clay, Topeka 66604. Kitchen manager to the Governor. Effective September 18, 1984.

**Michelle E. Olson**, 3731 N.W. Brickyard Road, Topeka 66618. Secretary to the Governor. Effective July 8, 1985.

**Ryan J. Reed**, 1520 S.W. 17th, Topeka 66604. Clerk to the Governor. Effective July 1, 1985.

**Susan K. River**, 1911 S.W. 14th, Topeka 66604. Assistant to the Governor. Effective June 18, 1985.

**Juanita H. Torrez**, 1931 S.E. Washington, Topeka 66607. Secretary to the Governor. Effective August 19, 1985.

**Parole Board, Kansas**

**Elwaine F. Pomeroy**, 1619 Jewell, Topeka 66604. Effective July 1, 1986. Subject to Senate confirmation. Expires June 30, 1990. Reappointment.

**Public Employees Relations Board**

**Mayverdis R. Jamison**, 2242 S.E. Monroe, Topeka 66605. Effective March 12, 1986. Subject to Senate confirmation. Expires July 1, 1989. Succeeds Louisa Fletcher.

**Lee Ruggles**, 1933 Bluestem Terrace, Manhattan 66502. Effective March 12, 1986. Subject to Senate confirmation. Expires July 1, 1989. Reappointment.

**Public Employees Retirement System Board of Trustees, Kansas**

**Dorothy A. Rooney**, 722 Randal Road, Lawrence 66044. Effective May 2, 1986. Subject to Senate confirmation. Expires May 1, 1990. Succeeds Virgil A. Basgall.

**JACK H. BRIER**  
Secretary of State

## State of Kansas

**DEPARTMENT OF ADMINISTRATION  
DIVISION OF PURCHASES**

**NOTICE TO BIDDERS**

Sealed bids for items hereinafter listed will be received by the Director of Purchases, State Office Building, Topeka, until 2 p.m., CST or DST, whichever is in effect on the date indicated, and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information.

**MONDAY, APRIL 7, 1986**

- #27063  
Statewide—WATER SOFTENER SALT
- #65023  
Department of Transportation, Topeka—AS-1  
AGGREGATE—ALT. AB-3 AGGREGATE, Holton
- #65024  
Kansas State Penitentiary, Lansing—  
TRANSFORMER
- #65025  
Department of Transportation, Topeka—LOGGING  
TAPE RECORDER
- #65030  
University of Kansas, Lawrence—BUNK BEDS
- #65032  
University of Kansas Medical Center, Kansas  
City—LABELS
- #65033  
Department of Transportation, Topeka—AS-1  
AGGREGATE—ALT. AB-3 AGGREGATE
- #65034  
Wichita State University, Wichita—BLEACHER  
COMPONENTS
- #65035  
Parsons State Hospital and Training Center,  
Parsons—WARDROBES
- #65112  
Department of Health and Environment,  
Topeka—DPT VACCINE

**TUESDAY, APRIL 8, 1986**

- #A-4078(a)  
Pittsburg State University, Pittsburg—CONSTRUCT  
ACCESS RAMPS FOR THE HANDICAPPED  
STUDENT CENTER FACILITY AND GIBSON  
DINING HALL
- #27061  
University of Kansas Medical Center, Kansas  
City—FROZEN EGGS
- #27070  
University of Kansas, Lawrence—CLEANING  
CHEMICALS AND SUPPLIES
- #65040  
University of Kansas Medical Center, Kansas  
City—VENTILATOR SERVICE
- #65041  
Kansas State University, Manhattan—VACUUM  
EQUIPMENT
- #65045  
Department of Transportation, various locations—  
CHAIN SAWS
- #65046  
Department of Transportation, various locations and  
Kansas State Penitentiary, Lansing—MOWERS

#65047

University of Kansas, Lawrence—  
RADIOACTIVITY/MONITOR

**WEDNESDAY, APRIL 9, 1986**

- #A-5367(c)  
Department of Administration, Topeka—  
RENOVATE ROOMS 422-S and 423-S, FOURTH  
FLOOR, SOUTH WING, STATEHOUSE
- #27066  
Department of Transportation, Topeka—  
TEMPORARY PAVEMENT MARKING TAPE
- #27071  
Various state agencies—FROZEN COFFEE
- #27072  
Statewide—COFFEE AND TEA
- #64198  
Department of Administration, Topeka—REMOVAL  
AND INSTALLATION OF LAMINAR FLOW  
HOODS
- #65055  
Wichita State University, Wichita—WATER  
SPRINKLER EQUIPMENT
- #65056  
Kansas State University, Manhattan—  
ULTRAMICROTOME
- #65057  
University of Kansas, Lawrence—POLYVINYL  
CASING
- #65058  
University of Kansas, Lawrence—TRAILER  
MOUNTED CORING AND SAMPLER MACHINE
- #65059  
Youth Center at Atchison, Atchison—TRACTOR
- #65060  
Kansas State Historical Society, Topeka—  
LIGHTING SYSTEM SUPPLIES
- #65061  
Department of Social and Rehabilitation Services,  
Topeka—CONTINUOUS FORMS "CASH STATUS  
310-T," various locations
- #65062  
University of Kansas, Lawrence—REACTION  
APPARATUS
- #65063  
Kansas Correctional Industries, Lansing—PAINT  
DRIER
- #65064  
University of Kansas, Lawrence—SCA RECEIVERS
- #65065  
Department of Transportation, Norton—  
MICROWAVE FREQUENCY COUNTER
- #65066  
Department of Transportation, Topeka—PLANT  
MIX, BITUMINOUS MIXTURE, COMMERCIAL  
GRADE, Osage City
- #65067  
University of Kansas, Lawrence—ONLINE DATA  
ENTRY SOFTWARE
- #65068  
University of Kansas, Lawrence—VIDEO  
EQUIPMENT
- THURSDAY, APRIL 10, 1986**
- #64572-A  
Wichita State University, Wichita—SPECTRUM  
ANALYZER
- #65076  
Department of Transportation, various  
locations—DRILL-ELECTRIC HAMMER

#65077

Kansas State University, Manhattan—LAB  
CENTRIFUGE

#65078

Department of Transportation, Chanute—AIR  
COMPRESSOR

#65079

Department of Transportation, various  
locations—STANDBY POWER SYSTEM

#65080

University of Kansas, Lawrence—PRINTING AND  
BINDING OF TWO BOOKS

#65081

University of Kansas Medical Center, Kansas  
City—MICRO-FORGE

#65083

Kansas State University, Manhattan—MILO

#65090

Osawatomie State Hospital, Osawatomie—  
INSTITUTIONAL CHESTS

#65091

Kansas State University, Manhattan—RETROFILL  
TRANSFORMERS

#65092

University of Kansas Medical Center, Kansas  
City—DATA ACQUISITION SYSTEM

FRIDAY, APRIL 11, 1986

#27062

University of Kansas Medical Center, Kansas  
City—PHOTOGRAPHIC FILM PROCESSING AND  
PRINTING

#65082

University of Kansas, Lawrence—#5 FUEL OIL

#65096

University of Kansas, Lawrence—GEOPHONES

#65097

University of Kansas, Lawrence—TERMINAL—DG  
MV800 COMPATIBLE

#65098

Department of Transportation, Hutchinson—  
ASPHALT HEATER

#65099

Department of Transportation, Hutchinson—WEED  
SPRAYER

#65100

Department of Transportation, various locations—  
TIRE REPAIR EQUIPMENT AND PARTS WASHER

#65101

Department of Transportation, Topeka—AS-1  
AGGREGATE—ALT. AB-3 AGGREGATE, Riley  
County

#65102

Secretary of State, Topeka—COMPUTER  
UPGRADE—SYSTEM 36

#65103

Department of Social and Rehabilitation Services,  
Topeka—WHEELCHAIRS, various locations

#65104

Department of Transportation, Hutchinson—GUARD  
RAIL, Wichita

#65108

Kansas State University, Manhattan—  
INFORMATION PROCESSOR

#65109

University of Kansas, Lawrence—  
MICROCOMPUTER

#65110

Kansas Bureau of Investigation, Topeka—  
MAINFRAME LASER PRINTER

#65111

Kansas State University, Manhattan—HPLC  
APPARATUS

FRIDAY, APRIL 25, 1986

#27041

University of Kansas, Lawrence—PROPERTY  
INSURANCE

NICHOLAS B. ROACH  
Director of Purchases

Doc. No. 004051

State of Kansas

**STATE CORPORATION COMMISSION  
MINED-LAND CONSERVATION AND  
RECLAMATION BOARD**

**NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted at 10 a.m. Monday, April 14, at the offices of the State Corporation Commission, 107 W. 11th, Pittsburg, to consider the adoption of proposed temporary and permanent regulations of the Kansas Mined-Land Conservation and Reclamation Board.

All interested parties may submit written comments prior to the hearing to the chairman of the Mined-Land Conservation and Reclamation Board, Attention: Nadine Martinez, Legal Counsel, 4th Floor, State Office Bldg., Topeka 66612. Copies of the proposed temporary and permanent regulations and the fiscal impact statement may be obtained at the address above. Persons requesting a copy of the proposed regulations, in accordance with K.S.A. 1984 Supp. 45-219, will be required to compensate the board for the cost of reproduction. All interested parties will be given a reasonable opportunity at the hearing to present their views, orally, in regard to the adoption of the proposed regulations.

Following the hearing, all written or oral comments submitted by interested parties will be considered by the board as a basis for making changes to the proposed regulations.

The proposed temporary and permanent regulations amend K.A.R. 47-2-75 to revise the board's definitions to correspond with current applicable definitions as promulgated by the Office of Surface Mining.

JUDITH McCONNELL  
Executive Secretary

Doc. No. 004050

## State of Kansas

## DEPARTMENT OF TRANSPORTATION

## NOTICE TO CONSULTING ENGINEERS

The Kansas Department of Transportation (K.D.O.T.) is seeking a qualified engineering firm for plan production for the following projects:

**35-46 K-1774-01/IR 035-3(308)**—Reconstruction of I-35 from U.S. 69 (Switzer) to I-635 to six lanes.

**160-96 K-2619-01/F 018-4(32)**—Replacement of bridge #070 over I-35 (KTA) east of Wellington.

Firms expressing interest in these projects must respond in writing and complete the Consulting Engineers Qualification Questionnaire (if not already prequalified) by April 3, 1986.

It is the policy of the K.D.O.T. to use the following criteria as the basis for selection of engineering consultant firms:

1. Size and professional qualification of firm.
2. Experience of staff.
3. Location of firm with respect to proposed project.
4. Work load of firm.
5. Firm's performance.

**JOHN B. KEMP**  
Secretary of Transportation

Doc. No. 004029

## State of Kansas

## DEPARTMENT OF TRANSPORTATION

## NOTICE TO CONTRACTORS

Notice is hereby given that sealed proposals for the construction of road and bridge work in the following Kansas counties will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m., April 17, 1986 and then publicly opened:

**Thomas—97 U-0936-01**—Colby, beginning at I-70 and Country Club Drive, then north, 2.043 miles, grading and concrete pavement. (Federal Funds)

Proposals will be issued upon request to all prospective bidders who have been prequalified by the Kansas Department of Transportation on the basis of financial condition, available construction equipment, and experience. Also, a statement of unearned contracts (Form No. 284) must be filed. There will be no discrimination against anyone regardless of race, religion, color, sex, physical handicap, national origin or ancestry in the award of contracts.

Plans and specifications for the project may be examined at the office of the county clerk or at the Kansas Department of Transportation district office responsible for the work.

**JOHN B. KEMP**  
Secretary of Transportation

Doc. No. 004037

## State of Kansas

## DEPARTMENT OF TRANSPORTATION

## NOTICE TO CONTRACTORS

Notice is hereby given that sealed proposals for the construction of road and bridge work in the following Kansas counties will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m., April 17, 1986, and then publicly opened:

## DISTRICT ONE—Northeast

**Johnson—35-46 K-1401-01**, I-35, southbound bridge 21 over U.S. 56 at Olathe, bridge widening. (Federal Funds)

**Johnson—46 U-0925-01**—71st Street at Brush Creek in Prairie Village, bridge replacement. (Federal Funds)

**Osage—70 C-1463-01**—County road, Olivet, then southwest, 0.8 mile, surfacing. (Federal Funds)

**Riley—16-81 K-2039-01**—K-16, bridge 17 Big Blue River (Tuttle Creek), bridge repair. (State Funds)

**Riley—77-81 K-2086-01**—U.S. 77, Fancy Creek, 2.1 miles north of K-16, bridge repair. (State Funds)

**Shawnee—40-89 K-1887-01**—U.S. 40, Whetstone Creek 91, 0.7 mile east of Shawnee Heights Road, 0.4 mile, bridge replacement. (Federal Funds)

**Shawnee—40-89 K-2386-01**—U.S. 40, Stinson Creek Bridge 89, 1.16 miles east of Croco Road, 0.3 mile, bridge replacement. (Federal Funds)

**Shawnee—40-89 K-2387-01**—U.S. 40, Tecumseh Creek 90, 0.37 mile east of Tecumseh Road, 0.3 mile, bridge replacement. (Federal Funds)

**Shawnee—89 U-0945-01**—East Second Street at Deer Creek in Topeka, 0.1 mile, bridge replacement. (Federal Funds)

**Wyandotte—105 C-1395-01**—County road, 1.0 mile north of U.S. 24 and 1.8 miles east of U.S. 73, then east, 1.6 miles, grading and surfacing. (Federal Funds)

**Wyandotte—435-105 K-0987-04**—I-435 and I-70 (Kansas Turnpike Authority), 1.2 miles, pavement marking. (Federal Funds)

**Wyandotte—105 U-0998-01**—Beginning at 115th Street to 110th Street in Kansas City, 0.5 mile, grading and surfacing. (Federal Funds)

## DISTRICT TWO—Northcentral

**Geary—77-31 K-2812-01**—U.S. 77, junction of U.S. 77/U.S. 77B/K-57/K-244, intersection improvement. (Federal Funds)

**McPherson—59 U-1042-01**—First and Main Streets in the city of McPherson, traffic signal. (Federal Funds)

**Mitchell—62 C-2092-01**—County road, 3.5 miles north and 0.7 mile east of Tipton, then east, 0.2 mile, bridge replacement. (Federal Funds)

**Ottawa—72 C-2015-01**—County road, 2.9 miles east and 1.9 miles south of Delphos, then south, 0.4 mile, bridge replacement. (Federal Funds)

**Washington—101 C-2093-01**—County road, 4.7 miles south and 6.2 miles west of Washington, then west, 0.1 mile, bridge replacement. (Federal Funds)

**Washington—101 C-2103-01**—County road, 4.5

miles north of Clifton, then west, 2.9 miles, grading. (Federal Funds)

#### DISTRICT THREE—Northwest

**Ellis—26 C-1613-01**—County road, beginning at Schoenchen, then west, 0.1 mile, bridge replacement. (Federal Funds)

**Ellis—26 C-1727-01**—County road, 0.5 mile east and 0.5 mile south of Victoria, then south, 0.2 mile, bridge replacement. (Federal Funds)

**Russell—84 C-1906-01**—County road, 4.7 miles south and 3.5 miles west of Russell, then east, bridge replacement. (Federal Funds)

#### DISTRICT FOUR—Southeast

**Cherokee—69A-11 K-2587-01**—U.S. 69A, Spring River Drainage bridge 1, 0.36 mile north of U.S. 166, bridge replacement. (Federal Funds)

**Miami—7-61 X-0958-02**—K-7, Union Pacific Railroad crossing, grading and surfacing. (Federal Funds)

**Montgomery—75-63 K-2035-01**—U.S. 75, Onion Creek, 9.3 miles north of U.S. 166, bridge repair. (State Funds)

**Neosho—67 C-1871-01**—Fourth Street in Erie, then east, bridge replacement. (Federal Funds)

#### DISTRICT FIVE—Southcentral

**Barton—5 U-1041-01**—10th and Frey Streets in Great Bend, traffic signal. (Federal Funds)

**Butler—54-8 K-2477-01**—U.S. 54, Walnut overflow 26 and Bird Creek 28, east of U.S. 77, bridge replacement. (Federal Funds)

**Comanche—160-17 K-2042-01**—U.S. 160, Mule Creek Drainage, 16.3 miles east of U.S. 183, bridge overlay. (State Funds)

**Cowley—18 U-0999-01**—Summit (U.S. 77) and Radio Streets in Arkansas City, intersection improvement. (Federal Funds)

**Reno—50-78 K-2370-01**—U.S. 50, 0.44 mile east of K-61 then east to the Reno-Harvey county line, 10.6 miles, surfacing and bridge. (Federal Funds)

**Sedgwick—87 U-1037-01**—Ridge Road, Denmark to 12th Street in Wichita, 0.7 mile, grading and surfacing. (Federal Funds)

**Sumner—96 C-2077-01**—County road, 5.5 miles south of Wellington, then west, 9.9 miles, surfacing. (Federal Funds)

**Sumner—96 C-2078-01**—County road, Mulvane, then east, 4.2 miles surfacing. (Federal Funds)

#### DISTRICT SIX—Southwest

**Seward—54-88 K-2355-01**—U.S. 54, Cimarron River bridge 2, 12.7 miles northeast of U.S. 83, bridge replacement. (Federal Funds)

Proposals will be issued upon request to all prospective bidders who have been prequalified by the Kansas Department of Transportation on the basis of financial condition, available construction equipment, and experience. Also, a statement of unearned contracts (Form No. 284) must be filed. There will be no discrimination against anyone regardless of race, religion, color, sex, physical handicap, national origin or ancestry in the award of contracts.

Plans and specifications for the projects may be examined at the offices of the respective county clerks or at the Kansas Department of Transportation district offices responsible for the work.

JOHN B. KEMP  
Secretary of Transportation

Doc. No. 004028

### State of Kansas DEPARTMENT OF ADMINISTRATION DIVISION OF ARCHITECTURAL SERVICES

#### NOTICE OF COMMENCEMENT OF NEGOTIATIONS FOR ARCHITECTURAL SERVICES

Notice is hereby given of the commencement of negotiations for contracts for architectural services for the Kansas Army National Guard Armories at Olathe and Lenexa, Kansas.

The Lenexa facility will consist of a drill area, offices, classrooms, locker room, equipment storage area, vault, kitchen, maintenance work bay and indoor rifle range. The estimated construction cost is \$1.7 million.

The Olathe facility will consist of the same items mentioned above except the indoor rifle range will be deleted and a musical rehearsal studio and instrument storage area will be added. The estimated construction cost is \$1.6 million.

Negotiations for ancillary technical services shall be conducted as required. Such services shall include but shall not be limited to geo-technical and other soil or subsurface investigation and testing services, surveying, adjusting and balancing of HVAC and other mechanical systems, infrared testing and other consultant services.

To be considered, individuals or firms must be on file with the Division of Architectural Services. Any architect or architectural firm not on file but having a Kansas office staffed by one or more architects licensed by the State Board of Technical Professions may contact Jack Nelson, Division of Architectural Services, 625 Polk, Topeka 66603, (913) 233-9367, by April 11, 1986. Only eligible individuals or firms will be considered.

JOHN B. HIPPI, AIA  
Director, Division of  
Architectural Services

Doc. No. 004038

(Published in the KANSAS REGISTER, March 27, 1986.)

**NOTICE OF REDEMPTION  
KANSAS CITY, KANSAS  
SINGLE FAMILY MORTGAGE  
REVENUE BONDS  
1980 SERIES A**

Notice is hereby given that, pursuant to Section 3.01 of the Trust Indenture dated May 1, 1980, \$830,000 principal amount of the bonds are called for redemption May 1, 1986 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date.

The serial numbers of the bearer bonds to be redeemed are as follows:

- Due May 1, 1987: 313, 347
- Due May 1, 1988: 373, 420
- Due May 1, 1989: 459, 493
- Due May 1, 1990: 609, 614
- Due May 1, 1991: 622, 676, 700
- Due May 1, 1992: 750, 762, 767
- Due May 1, 1993: 895, 897, 938
- Due May 1, 1994: 962, 968, 1041
- Due May 1, 1995: 1120, 1133, 1135, 1161
- Due May 1, 1996: 1232, 1243, 1333, 1340

Due May 1, 1999					
1396	1549	1697	1868	1915	1935
1411	1575	1819	1887	1926	1981
1464	1627				

Due May 1, 2012					
2251	3152	4122	5308	6072	7099
2252	3166	4149	5335	6079	7120
2285	3187	4292	5357	6116	7121
2287	3265	4382	5418	6222	7122
2344	3274	4469	5446	6312	7127
2347	3373	4481	5461	6344	7169
2418	3430	4488	5508	6353	7193
2496	3437	4607	5577	6402	7196
2497	3489	4654	5690	6429	7224
2557	3519	4683	5697	6485	7250
2634	3687	4689	5708	6576	7287
2665	3689	4849	5722	6592	7330
2678	3724	5003	5765	6598	7331
2758	3767	5007	5805	6647	7350
2808	3792	5096	5814	6798	7415
2838	3920	5123	5930	6833	7533
2867	4006	5124	5998	6834	
2889	4059	5193	5999	6934	
2933	4081	5283	6033	7010	

The serial numbers of the registered bonds to be partially or fully redeemed in the amounts described below are as follows:

**Due May 1, 1999:**

Registered Bond Number	Amount Called
R-75	5,000
R-91	5,000

**Due May 1, 2012:**

R-24	5,000
R-29	5,000
R-48	5,000
R-74	5,000
R-77	10,000
R-84	5,000
R-85	5,000
R-86	15,000

Payment of the redemption price of the bearer bonds and the registered bonds to be redeemed will

be made at Security Bank of Kansas City, One Security Plaza, Kansas City, KS 66117.

Notice is hereby given that on and after May 1, 1986, interest on the bonds hereby called for redemption shall cease to accrue.

**SECURITY BANK OF KANSAS CITY  
KANSAS CITY, KANSAS, TRUSTEE**

Doc. No. 004044

(Published in the KANSAS REGISTER, March 27, 1986.)

**NOTICE OF REDEMPTION  
JOHNSON COUNTY, KANSAS  
SINGLE FAMILY MORTGAGE  
REVENUE BONDS  
1980 SERIES A**

Notice is hereby given that, pursuant to Section 3.01 of the Trust Indenture dated May 1, 1980, \$2,980,000 principal amount of the bonds are called for redemption May 1, 1986 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date.

The serial numbers of the bearer bonds to be redeemed are as follows:

- Due May 1, 1987: 638, 641, 657, 683, 775
- Due May 1, 1988: 797, 850, 872, 916, 930
- Due May 1, 1989: 1011, 1019, 1038, 1054, 1077, 1120
- Due May 1, 1990: 1167, 1171, 1220, 1281, 1286, 1316
- Due May 1, 1991: 1386, 1396, 1455, 1513, 1515, 1531, 1575, 1599
- Due May 1, 1992: 1668, 1712, 1729, 1779, 1829, 1833, 1845, 1854
- Due May 1, 1993: 1929, 1937, 1983, 2019, 2025, 2057, 2113, 2166, 2186
- Due May 1, 1994: 2275, 2305, 2307, 2333, 2364, 2432, 2436, 2437, 2455, 2462, 2502
- Due May 1, 1995: 2640, 2716, 2722, 2744, 2772, 2774, 2777, 2781, 2786, 2825, 2892, 2919
- Due May 1, 1996: 3058, 3075, 3089, 3120, 3180, 3182, 3236, 3249, 3270, 3305, 3329, 3358

**Due May 1, 1999**

3391	3768	3986	4308	4523	4878
3394	3799	4002	4339	4525	4890
3399	3832	4014	4362	4526	4913
3407	3846	4032	4387	4590	4971
3514	3893	4081	4392	4626	4981
3548	3900	4094	4405	4652	
3553	3923	4175	4432	4671	
3618	3948	4180	4463	4703	
3751	3956	4195	4497	4721	

**Due May 1, 2011**

5026	7098	9293	11545	14194	17291
5027	7108	9406	11566	14211	17383
5158	7117	9424	11657	14247	17411
5169	7141	9462	11709	14279	17425
5205	7149	9560	11730	14339	17491
5240	7179	9613	11731	14340	17518
5246	7235	9614	11782	14419	17667
5251	7295	9638	11789	14474	17691
5286	7558	9762	11793	14483	17714
5310	7561	9777	11978	14541	17732
5397	7586	9778	11997	14900	17930
5400	7592	9866	12406	14984	17941
5479	7791	9869	12539	15059	17959
5482	7821	10035	12781	15115	17998
5547	7833	10062	12822	15122	18004
5551	7863	10096	12824	15151	18018
5707	7868	10112	12827	15264	18085
5786	8024	10149	12903	15285	18094
5837	8032	10174	12993	15304	18096
5901	8087	10182	13048	15460	18193

5904	8248	10307	13060	15488	18316
5922	8259	10322	13127	15493	18367
5924	8315	10420	13168	15575	18375
6163	8411	10453	13203	15720	18397
6174	8565	10554	13215	15734	18627
6217	8581	10659	13245	15881	18654
6284	8586	10697	13424	15885	18748
6288	8730	10804	13432	15940	18770
6301	8805	10891	13462	15958	18825
6346	8806	10941	13478	16016	18848
6504	8872	10999	13619	16017	19059
6544	8922	11024	13674	16050	19102
6574	8949	11031	13748	16111	19236
6609	8981	11041	13962	16461	19476
6657	9002	11134	13991	16623	19479
6664	9006	11158	13997	16630	19767
6674	9142	11188	14042	16638	19992
6700	9183	11245	14045	16911	20003
6762	9202	11250	14075	17161	20018
6870	9254	11446	14086	17179	20126
6912	9288	11501	14113	17269	20145
6930					

The serial numbers of the registered bonds to be partially or fully redeemed in the amounts described below are as follows:

Due May 1, 1990:

Registered Bond Number	Amount Called
R-166	5,000

Due May 1, 1996:

R-5	5,000
-----	-------

Due May 1, 2011:

Registered Bond Number	Amount Called
R-7	5,000
R-66	5,000
R-95	5,000
R-151	5,000
R-163	5,000
R-193	5,000
R-196	5,000
R-206	5,000
R-229	5,000
R-236	15,000
R-238	10,000
R-242	55,000
R-243	95,000
R-244	90,000
R-245	100,000
R-246	60,000
R-247	120,000
R-248	65,000
R-249	90,000
R-250	55,000
R-251	105,000
R-252	115,000
R-256	5,000
R-263	20,000
R-266	30,000

Payment of the redemption price of the bearer bonds and the registered bonds to be redeemed will be made at Security Bank of Kansas City, One Security Plaza, Kansas City, KS 66117.

Notice is hereby given that on and after May 1, 1986, interest on the bonds hereby called for redemption shall cease to accrue.

**SECURITY BANK OF KANSAS CITY  
KANSAS CITY, KANSAS, TRUSTEE**

Doc. No. 004045

**State of Kansas**

**DEPARTMENT ON AGING**

**REQUEST FOR PROPOSALS  
FOR OLDER WORKERS  
EMPLOYMENT PROGRAMS**

The Kansas Department on Aging is currently accepting proposals for older workers employment programs funded by state and federal sources for the program period July 1, 1986 through June 30, 1987.

State funds in the amount of \$100,000 are available to provide employment and training services for Kansans age 55 and older. One program will serve older Kansans in a major population center, one program will serve older Kansans in an intermediate-size city, and one program will serve older Kansans in a small-size city. Applications are due by the close of business April 25.

Federal funds in the amount of \$250,000 are available to provide employment and training services to Kansans age 55 and older who are economically disadvantaged. Federal Job Training Partnership Act 3 % Older Workers Program rules and regulations are applicable to this program. Applications are due by the close of business April 18.

Organizations interested in receiving formal proposals should contact Richard Wagner, Program Operations Director, Kansas Department on Aging, 610 W. 10th, Topeka 66612, (913) 296-4986.

**JOYCE V. ROMERO**  
Secretary of Aging

Doc. No. 004048

(Published in the KANSAS REGISTER, March 27, 1986.)

**AMENDED  
NOTICE OF BOND SALE  
\$178,419.34  
GENERAL OBLIGATION BONDS  
SERIES A, 1986  
OF THE  
CITY OF VICTORIA, KANSAS  
(general obligation bonds payable from  
unlimited ad valorem taxes)**

**Sealed Bids**

Sealed bids will be received by the undersigned, City Clerk of the City of Victoria, Kansas, on behalf of the governing body at the City Hall, 1005 4th, Box 87, Victoria, Kansas, until 7:30 p.m. Central Time, Monday, March 31, 1986, for the purchase of \$178,419.34 principal amount of general obligation bonds, series A, 1986, of the city hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

**Bond Details**

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, except one bond in the denomination of \$3,419.34, dated April 1, 1986, and becoming due serially on October 1 in the years as follows:

(continued)

Year	Principal Amount
1987	\$13,419.34
1988	15,000.00
1989	15,000.00
1990	15,000.00
1991	15,000.00
1992	20,000.00
1993	20,000.00
1994	20,000.00
1995	20,000.00
1996	25,000.00

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on April 1, 1987.

#### Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the city and the Attorney General of the State of Kansas.

The city will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number, type and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar by April 15, 1986.

#### Redemption

The bonds shall become due without option of prior payment.

#### Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. No interest rate shall exceed a rate equal to the 20 bond index of tax exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid shall specify the total interest cost to the city during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such

bid, all certified by the bidder to be correct, and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid shall also specify the average annual net interest rate to the city on the basis of such bid.

#### Basis of Award

The award of the bonds will be made on the basis of the lowest net interest cost to the city, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the city. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body shall determine which bid, if any, shall be accepted, and its determination shall be final. The city reserves the right to reject any and all bids and to waive any irregularities in a submitted bid.

#### Authority, Purpose and Security

The bonds are being issued pursuant to K.S.A. 12-601 *et seq.*, K.S.A. 12-614 *et seq.*, and K.S.A. 12-6a01 *et seq.*, as amended and supplemented, for the purpose of paying the cost of certain internal improvements. The bonds and the interest thereon will constitute general obligations of the city, payable in part from special assessments levied upon the property benefited by the construction of said improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city, with the balance payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city.

#### Pending Federal Legislation Concerning Tax Exempt Obligations

On December 17, 1985, the U.S. House of Representatives passed H.R. 3838, the Tax Reform Act of 1985. The Bill presently is pending in the Senate. The Bill in its present form imposes additional requirements which must be satisfied in order for interest on obligations issued by or on behalf of states and local governments to be exempt from federal income taxation. Such requirements generally are effective for all obligations issued after December 31, 1985, and thus, if the Bill becomes law in its present form, would be applicable to the bonds.

The Bill is subject to change, and if it becomes law may contain requirements which differ from those contained in the Bill in its present form. Therefore, there can be no assurance that the city will be able to comply with such requirements. The failure or inability of the city to comply with the requirements of the Bill could jeopardize the tax exempt status of the bonds. Bondholders should be aware that in such event, the bonds are not callable, nor will the interest rate on the bonds be adjusted to reflect the loss of the tax exemption.



On March 14, 1986, a joint statement was issued by key Congressional leadership and the Secretary of the Treasury of the United States concerning a delay in the effective date of certain provisions of the Bill. The city has relied on the joint statement in issuance of the bonds.

**Legal Opinion and Tax Exemption**

Bids shall be conditioned upon the unqualified approving opinion of Gaar & Bell, bond counsel, Wichita, Kansas, which opinion will be printed on the reverse of each bond, and a manually signed original will be furnished without expense to the purchaser of the bonds at the delivery thereof. The cost of this legal opinion and the expense of printing the bonds and legal opinion will be paid by the city. Said legal opinion will state in part substantially that bonds will constitute a valid and subsisting indebtedness and obligation of the issuer, payable in part from special assessments levied upon the property benefited by the construction of said improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city, with the balance payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city, and that, under existing law, the interest on said bonds is exempt from present federal income taxation and the bonds are exempt from intangible personal property taxes levied by Kansas cities, counties and townships.

**Delivery and Payment**

The city will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in federal reserve funds, immediately subject to use by the city.

**Good Faith Deposit**

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America equal to 2 percent of the total amount of the bid payable to the order of the city. The check of the successful bidder or the proceeds thereof will be held as security for the performance of the contract to purchase the bonds, but in the event that the successful bidder shall fail to comply with the terms of the bid, the check or the proceeds thereof shall then be forfeited and retained by the city as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check. The checks of unsuccessful bidders will be returned promptly.

**Bid Forms**

All bids must be made on forms which may be procured from the city clerk or the financial adviser. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The city reserves the right to waive irregularities and to reject any and all bids.

**Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk, and marked "Bond Bid." Bids may be submitted by mail or delivered in person to the undersigned at the City Hall and must be received by the undersigned prior to 7:30 p.m. Central Time, on March 31, 1986.

**Official Statement**

The city has prepared a preliminary official statement dated March 10, 1986, copies of which may be obtained from the city clerk or from the financial adviser. Upon the sale of the bonds, the city will adopt the final official statement and will furnish the successful bidder with a reasonable number of copies thereof without additional cost upon request. Additional copies may be ordered by the successful bidder at its expense.

**Assessed Valuation and Indebtedness**

The total assessed valuation of the taxable tangible property within the city, for the year 1985, is as follows:

Equalized assessed valuation of taxable tangible property .....	\$1,925,365
Tangible valuation of motor vehicles .....	\$ 837,437
Equalized assessed tangible valuation for computation of bonded debt limitations ..	\$2,762,802

The total general obligation indebtedness of the city as of the date of the bonds, including the bonds being sold, is \$451,419.34. Temporary notes in the principal amount of \$175,000 will be retired out of proceeds of the bonds and other available funds.

**Additional Information**

Additional information regarding the bonds may be obtained from the city clerk, or from the financial adviser, Mid-Continent Municipal Investments, Inc., 333 Century Plaza Building, Wichita, KS 67202, Attention: Jerry D. Rayl, (316) 262-5161.

Dated March 10, 1986.

CITY OF VICTORIA, KANSAS  
By Alice K. Sander, City Clerk  
City Hall  
1005 4th, Box 87  
Victoria, KS 67671  
(913/735-2259)

Doc. No. 004049

(Published in the KANSAS REGISTER, March 27, 1986.)

**NOTICE OF BOND SALE**  
**\$380,000**  
**GENERAL OBLIGATION**  
**SCHOOL BUILDING BONDS**  
**OF**  
**UNIFIED SCHOOL DISTRICT NO. 503**  
**LABETTE COUNTY, KANSAS (PARSONS)**  
**SERIES 1986**  
 (general obligation bonds payable from  
 unlimited ad valorem taxes)

**Sealed Bids**

Sealed bids will be received by the undersigned, Clerk of the Board of Education of Unified School District No. 503, Labette County, Kansas (Parsons), on behalf of the Board of Education at the Office of the Board of Education, 2900 Southern Blvd., P.O. Box 1056, Parsons, Kansas, until noon, Central Time, Wednesday, April 2, 1986, for the purchase of \$380,000 principal amount of general obligation school building bonds, series 1986, of the district hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

**Bond Details**

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated May 1, 1986, and becoming due serially on May 1 in the years as follows:

Year	Principal Amount
1987	\$ 85,000
1988	90,000
1989	95,000
1990	110,000

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 1986.

**Place of Payment and Bond Registration**

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the district and the Attorney General of the State of Kansas.

The district will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number and denominations of the bonds and

the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the district and bond registrar at least two weeks prior to the closing date.

**Redemption of Bonds Prior to Maturity**

The bonds shall become due without option of prior payment.

**Conditions of Bids**

Proposals will be received on the bonds bearing such rate or rates of interest, not exceeding four different interest rates, as may be specified by the bidders, subject to the following conditions: Each interest rate specified shall be a multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. The repetition of a rate will not constitute one of said maximum number of rates. No interest rate shall exceed a rate equal to the 20 bond index of tax exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified shall not exceed 1.5 percent. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid shall specify the total interest cost to the district during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the district on the basis of such bid, all certified by the bidder to be correct, and the district will be entitled to rely on the certificate of correctness of the bidder. Each bid shall also specify the average annual net interest rate to the district on the basis of such bid.

**Basis of Award**

The award of the bonds will be made on the basis of the lowest net interest cost to the district, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the district. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body shall determine which bid, if any, shall be accepted, and its determination shall be final. The district reserves the right to reject any and all bids and to waive any irregularities in a submitted bid.

**Authority, Purpose and Security**

The bonds are being issued pursuant to K.S.A. 72-8801 *et seq.*, as amended (Capital Outlay Act), for the purpose of paying the cost of constructing additional science classrooms located in the high school building of the district. The bonds and the interest thereon will constitute general obligations of the district, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable

tangible property, real and personal, within the territorial limits of the district.

**Pending Federal Legislation Concerning Tax Exempt Obligations**

On December 17, 1985, the U.S. House of Representatives passed H.R. 3838, the Tax Reform Act of 1985. The Bill presently is pending in the Senate. The Bill in its present form imposes additional requirements which must be satisfied in order for interest on obligations issued by or on behalf of states and local governments to be exempt from federal income taxation. Such requirements generally are effective for all obligations issued after December 31, 1985, and thus, if the Bill becomes law in its present form, would be applicable to the bonds.

The Bill is subject to change, and, if it becomes law, may contain requirements which differ from those contained in the Bill in its present form. Therefore, there can be no assurance that the district will be able to comply with such requirements. The failure or inability of the district to comply with the requirements of the Bill could jeopardize the tax exempt status of the bonds. Bondholders should be aware that in such event, the bonds are not callable, nor will the interest rate on the bonds be adjusted to reflect the loss of the tax exemption.

On March 14, 1986, a joint statement was issued by key Congressional leadership and the Secretary of the Treasury of the United States, concerning a delay in the effective date of certain provisions of the Bill. The district has relied on the joint statement in issuance of the bonds.

**Legal Opinion and Tax Exemption**

The bonds will be sold subject to the legal opinion of Gaar & Bell, Wichita, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the district, printed on the bonds and delivered to the successful bidder as and when the bonds are delivered. Said opinion will also state that in the opinion of bond counsel, under existing law, the interest on said bonds is exempt from present federal income taxation and the bonds are exempt from intangible personal property taxes levied by Kansas cities, counties and townships.

**Delivery and Payment**

The district will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder on or before May 15, 1986, at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in federal reserve funds, immediately subject to use by the district.

**Good Faith Deposit**

Each bid shall be accompanied by a cashier's or

certified check drawn on a bank located in the United States of America equal to 2 percent of the total amount of the bid payable to the order of the district. If a bid is accepted, said check will be held by the district until the bidder shall have complied with all of the terms and conditions of this notice, at which time the check will be returned to the successful bidder or paid to his order at the option of the district. If a bid is accepted but the district shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the district as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

**CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on certificated bonds or assigned to uncertificated bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the district.

**Bid Forms**

All bids must be made on forms which may be procured from the clerk or the financial adviser. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The district reserves the right to waive irregularities and to reject any and all bids.

**Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned clerk and marked "Bond Bid." Bids may be submitted by mail or delivered in person to the undersigned at the office of the Board of Education and must be received by the undersigned prior to noon, Central Time, on Wednesday, April 2, 1986.

**Official Statement**

The district has prepared a preliminary official statement dated March 17, 1986, copies of which may be obtained from the clerk or from the financial adviser. Upon the sale of the bonds, the district will adopt the final official statement and will furnish the successful bidder with a reasonable number of copies thereof without additional cost upon request. Additional copies may be ordered by the successful bidder at his expense.

**Assessed Valuation and Indebtedness**

The total assessed valuation of the taxable tangible property within the district, for the year 1985, is as follows:

Equalized assessed valuation of taxable tangible property .....	\$27,813,016
Tangible valuation of motor vehicles .....	\$ 5,204,263
Equalized assessed tangible valuation for computation of bonded debt limitations ..	\$33,017,279

(continued)

The total general obligation indebtedness of the district as of the date of the bonds, including the bonds being sold, is \$610,000.

**Additional Information**

Additional information regarding the bonds may be obtained from the clerk or the financial adviser, First Securities Company of Kansas, Inc., Wichita, KS 67202, Attention: Larry L. McKown, (316) 262-4411. Dated March 17, 1986.

UNIFIED SCHOOL DISTRICT NO. 503  
LABETTE COUNTY, KANSAS (PARSONS)

By Mary L. Harding, Clerk  
Office of the Board of Education  
2900 Southern Blvd.  
P.O. Box 1056  
Parsons, KS 67357  
(316/421-5950)

Doc. No. 004041

(Published in the KANSAS REGISTER, March 27, 1986.)

**NOTICE OF BOND SALE  
CITY OF LEAVENWORTH, KANSAS  
\$2,500,000  
GENERAL OBLIGATION BONDS  
SERIES A 1986 (LIBRARY PROJECT)**

The city of Leavenworth, Kansas will receive sealed bids at the office of the City Clerk, City Hall, 5th and Shawnee, Leavenworth, Kansas, until 11 a.m. C.S.T., April 8, 1986, for the purchase of \$2,500,000 par value general obligation bonds of the city, at which time and place such bids will be publicly opened. No oral or auction bids will be considered.

The series A 1986 bonds initially issued will be dated as of April 1, 1986, and shall mature on October 1 in each of the years and in the amounts set forth below. Such bonds shall consist of fully registered certificated bonds, each in the denomination of \$5,000 or integral multiples thereof not exceeding the principal amount of bonds maturing in each year. Interest will be payable semiannually, commencing October 1, 1987, and each April 1 and October 1 thereafter (the interest payment dates). The principal of, and premium, if any, on the bonds shall be payable in lawful money of the United States of America, at the principal office of the Treasurer of the State of Kansas, (the paying agent and bond registrar) to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America, by check or draft of the paying agent to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month next preceding the interest payment dates (the record dates). The fees of the bond registrar for registration and transfer of the bonds shall be paid by the city.

The bonds will mature serially in accordance with the following schedule:

Principal Amount	Maturity Date
\$125,000	October 1 1987
125,000	1988
125,000	1989

125,000	1990
125,000	1991
125,000	1992
125,000	1993
125,000	1994
125,000	1995
125,000	1996
125,000	1997
125,000	1998
125,000	1999
125,000	2000
125,000	2001
125,000	2002
125,000	2003
125,000	2004
125,000	2005
125,000	2006

At the option of the city, bonds maturing on and after October 1, 1997, will be subject to redemption and payment prior to maturity on October 1, 1996, and thereafter in whole or in part on any interest payment date at the par value thereof together with accrued interest to the redemption date.

In the event the Bill (as hereinafter described) becomes law in a form which requires that all of the proceeds of the bonds be expended for the governmental purpose thereof within three years from the date of the issuance of the bonds, the bonds will be subject to mandatory redemption and payment prior to maturity in whole or in part on April 1, 1989, in inverse order of maturity, at the par value thereof together with accrued interest to the redemption date, using proceeds of the bonds not expended for such purposes by January 1, 1989.

If the city shall elect to call any bond for redemption and payment prior to the maturity thereof, the city shall give written notice of its intention to redeem and pay said bonds on a specified date, the same being described by number and maturity, said notice to be mailed by United States registered or certified mail addressed to the registered owners of said bonds, to the State Treasurer of Kansas, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed at least 30 days prior to the redemption date. If any bond be called for redemption and payment as aforesaid, all interest on such bonds shall cease.

Whenever bonds of less than a single maturity are to be redeemed, the paying agent and bond registrar shall select bonds by lot in multiples of \$5,000 principal amount in such equitable manner as it shall designate and shall, in the case of bonds in denominations greater than \$5,000, treat each \$5,000 of face value of each bond as though it were a separate bond of the denomination of \$5,000.

Proposals will be received on the bonds bearing such rate or rates of interest, not exceeding eight different interest rates, as may be specified by the bidder. The repetition of a rate will not constitute one of said maximum number of rates. The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be in an even multiple of 1/8 or 1/20 of 1 percent. The difference between the highest and lowest interest rates specified in any bid shall not exceed 2 percent. No interest rate shall exceed the

maximum interest rate allowed by Kansas law, said rate being 2 percent above the 20 bond index published in *Credit Markets* on the Monday next preceding the day on which the bonds are to be sold, and no bid of less than par and accrued interest will be considered. Bids for less than the entire issue of bonds will not be considered.

Bids shall be submitted on the official bid form furnished by the city, and shall be addressed to the city at City Hall, Attention: Marguerite B. Strange, City Clerk, and shall be plainly marked Bond Bid. All bids must state the total interest cost of the bid, the premium, if any, the net interest cost of the bid, and the average annual interest rate, all certified by the bidder to be correct, and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid must be accompanied by a certified or cashier's check equal to 2 percent of the total amount of the bid, and shall be payable to Treasurer, City of Leavenworth, Kansas. In the event a bidder whose bid is accepted shall fail to carry out his contract of purchase, said deposit shall be retained by the city as liquidated damages. The checks of unsuccessful bidders will be returned promptly.

The bonds, duly printed, executed and registered by the city, will be furnished and paid for by the city and sold subject to the unqualified approving opinion of Nichols and Wolfe Chartered, Topeka, Kansas, bond counsel, whose opinion will be paid for by the city.

On December 17, 1985, the United States House of Representatives passed H.R. 3838, the Tax Reform Act of 1985. The Bill, which presently is pending in the United States Senate, contains a number of requirements which generally are effective for all state and local obligations issued after December 31, 1985, and, if the Bill becomes law in its present form, would be applicable to the bonds. The city will covenant to comply with the requirements of the provisions of the Bill to maintain the tax-exempt status of the bonds. The opinion of bond counsel will state under existing laws and regulations, the interest on the bonds is exempt from federal income taxation and, assuming continued compliance by the city with such covenant, interest on the bonds would continue to be exempt from federal income taxation if the Bill becomes law in its present form except that for taxable years beginning after 1987, the interest on the bonds would be included in adjusted net gain for purposes of the minimum tax imposed on property and casualty insurers under Section 1023 of the Bill.

The number, denomination of bonds and names of the initial registered owners shall be submitted in writing by the successful bidder to the bond registrar not later than April 23, 1986.

The purchaser will be furnished with a complete transcript of proceedings evidencing authorization and issuance of the bonds, and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in immediately available funds. Delivery of the bonds will be made to the successful

bidder on or before May 8, 1986, at any bank in the state of Kansas or Kansas City, Missouri, at the expense of the city. Delivery elsewhere will be made at the expense of the purchaser.

The bonds will constitute general obligations of the city, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable, tangible property within the territorial limits of the city. The series A 1986 bonds are being issued for the purpose of permanently financing the cost of constructing and otherwise providing certain library improvements to serve the patrons of the public library of the city.

The sealed bids for the bonds shall be opened publicly and only at the time and place specified in this notice. The city reserves the right to reject any and all of the bids, and to waive any irregularities. Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the city, and the net interest cost will be determined by deducting any amount of any premium paid from the aggregate amount of interest upon all of the bonds from their date until their respective maturities.

Assessed valuation figures of the city of Leavenworth, Kansas, for the year 1985, are as follows:

Equalized assessed valuation of taxable, tangible property .....	\$58,936,514
Assessed tangible valuation of motor vehicles .....	\$13,421,270
Equalized tangible valuation for computation of bonded indebtedness limitations ...	\$72,357,784

It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such number or assign a number to any bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds. All expenses incurred in connection with the printing of CUSIP numbers on the bonds and the expenses of the CUSIP Service Bureau for the assignment of said numbers shall be paid for by the city.

The total general obligation bonded indebtedness of the city of Leavenworth, Kansas, at the date hereof, including this proposed issue of bonds in the amount of \$2,500,000, is \$11,679,500, of which temporary notes outstanding in the total amount of \$2,500,000 will be redeemed and paid from the proceeds of this proposed issue of bonds.

Additional copies of this notice of bond sale, the official statement as prepared by the city, or further information may be received from Marguerite B. Strange, City Clerk, City Hall, Leavenworth, Kansas.

Dated March 14, 1986.

CITY OF LEAVENWORTH, KANSAS  
By Marguerite B. Strange  
City Clerk

Doc. No. 004034

(Published in the KANSAS REGISTER, March 27, 1986.)

**NOTICE OF BOND SALE**  
**\$11,244,384.22**  
**GENERAL OBLIGATION BONDS**  
**SERIES A, B, C & D, 1986**  
**OF**  
**SEDGWICK COUNTY, KANSAS**

Sedgwick County, Kansas will receive sealed bids at the office of the Board of County Commissioners, Sedgwick County Courthouse, Wichita, Kansas, until 10 a.m. C.S.T., Wednesday, April 9, 1986, for \$11,244,384.22 par value general obligation bonds, consisting of four series A, B, C & D, 1986, of the county, at which time and place such bids will be publicly opened. No oral or auction bids will be considered.

The bonds will all be dated as of April 1, 1986, and shall mature on October 1 in each of the years and in the amounts set forth below. Such bonds will consist of fully registered certificated bonds, each in the denomination of \$5,000 or integral multiples thereof, except one of the series A, 1986 bonds in denomination of \$1,100 or \$6,100, and one of the series C, 1986 bonds in denomination of \$3,284.22, not exceeding the principal amount of bonds maturing in each year. Interest will be payable semiannually, commencing October 1, 1986, for series D, 1986, and commencing April 1, 1987 for series A, B & C, 1986, and each April 1 and October 1 thereafter. The principal on the bonds shall be payable in lawful money of the United States of America, at the principal office of the Treasurer of the State of Kansas (the paying agent and bond registrar) to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America, by check or draft of the paying agent to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month next preceding the interest payment dates (the record dates). The fees of the bond registrar for registration and transfer of the bonds shall be paid by the county.

The bonds will mature serially in accordance with the following schedule:

**Series A, 1986 Bonds**

Principal Amount	Maturity Date
\$ 816,100	October 1, 1987
810,000	October 1, 1988
810,000	October 1, 1989
810,000	October 1, 1990
810,000	October 1, 1991
810,000	October 1, 1992
810,000	October 1, 1993
810,000	October 1, 1994
810,000	October 1, 1995
810,000	October 1, 1996
<b>\$8,106,100</b>	

**Series B, 1986 Bonds**

Principal Amount	Maturity Date
\$ 70,000	October 1, 1987
70,000	October 1, 1988
70,000	October 1, 1989
65,000	October 1, 1990
65,000	October 1, 1991
65,000	October 1, 1992
65,000	October 1, 1993
65,000	October 1, 1994
65,000	October 1, 1995
65,000	October 1, 1996
<b>\$665,000</b>	

**Series C, 1986 Bonds**

Principal Amount	Maturity Date
\$ 3,284.22	October 1, 1987
5,000.00	October 1, 1988
5,000.00	October 1, 1989
5,000.00	October 1, 1990
5,000.00	October 1, 1991
5,000.00	October 1, 1992
5,000.00	October 1, 1993
<b>\$33,284.22</b>	

**Series D, 1986 Bonds**

Principal Amount	Maturity Date
\$ 900,000	October 1, 1986
175,000	October 1, 1987
175,000	October 1, 1988
170,000	October 1, 1989
170,000	October 1, 1990
170,000	October 1, 1991
170,000	October 1, 1992
170,000	October 1, 1993
170,000	October 1, 1994
170,000	October 1, 1995
<b>\$2,440,000</b>	

**Combined Schedule**  
**Series A, B, C & D, 1986**

Principal Amount	Maturity Date
\$ 900,000.00	October 1, 1986
1,064,384.22	October 1, 1987
1,060,000.00	October 1, 1988
1,055,000.00	October 1, 1989
1,050,000.00	October 1, 1990
1,050,000.00	October 1, 1991
1,050,000.00	October 1, 1992
1,050,000.00	October 1, 1993

1,045,000.00	October 1, 1994
1,045,000.00	October 1, 1995
875,000.00	October 1, 1996
<u>\$11,244,384.22</u>	

### Interest Rate

Proposals will be received on not less than all the bonds bearing such rate or rates of interest as may be specified by the bidder. The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be in an even multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. The difference between the highest and lowest coupon rates specified in any bid shall not exceed 3 percent. No interest rate shall exceed the maximum interest rate allowed by Kansas law, said rate being the 20 bond index of tax exempt municipal bonds published by the Credit Markets in New York, New York on the Monday next preceding the day on which the bonds are sold (April 7, 1986), plus 2 percent, and no bid of less than par and accrued interest will be considered. Bids for less than the entire issue of bonds will not be considered.

### Bid Form and Good Faith Deposit

Bids shall be submitted on the official bid form furnished by the county, and shall be addressed to the Board of County Commissioners, Sedgwick County Courthouse, Wichita, KS 67203, and shall be plainly marked BOND BID. All bids must state the total interest cost of the bid, the premium, if any, the net interest cost of the bid, and the average annual interest rate, all certified by the bidder to be correct, and the county will be entitled to rely on the certificate of correctness of the bidder. Each bid must be accompanied by a certified or cashier's check equal to 2 percent of the total par amount of the bonds, and shall be payable to Treasurer, Sedgwick County, Kansas. In the event a bidder whose bid is accepted shall fail to carry out its contract of purchase, said deposit shall be retained by the county as liquidated damages. The checks of unsuccessful bidders will be returned promptly.

### Award of Bids

The sealed bids for the bonds shall be opened publicly and only at the time and place specified in this notice, and the bonds will be sold to the best bidder. The county reserves the right to reject any and all of the bids, and to waive any irregularities. Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the county, and the net interest cost will be determined by deducting the amount of any premium paid from the aggregate amount of interest upon all of the bonds from their date until their respective maturities. If there is a discrepancy between the lowest net interest cost and the average annual interest rate specified, the net interest cost figure shall govern and the interest rates in the bid shall be adjusted accordingly. In the event more than one bid is received at the same net interest cost the successful bidder will be selected by lot.

### Delivery of Bonds

The bonds, duly printed, executed and registered, will be furnished and paid for by the county. The series A, 1986, series B, 1986, and series C, 1986 bonds will be sold subject to the unqualified approving opinion of William P. Timmerman, Attorney and Bond Counsel, 400 N. Woodlawn, Wichita, KS 67208. The series D, 1986 bonds will be sold subject to the unqualified approving opinion of Gaar & Bell, Bond Counsel, 800 One Main Place, Wichita, KS 67202. The number, denomination of bonds, and names of the initial registered owners to be initially printed on the bonds shall be submitted in writing by the successful bidder to the bond registrar not later than April 24, 1986. The purchaser will be furnished with a complete transcript of proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in immediately available funds. Delivery of the bonds will be made to the successful bidder on or before May 7, 1986, at any bank in the state of Kansas or Kansas City, Missouri, New York City, San Francisco, Los Angeles, or Chicago at the expense of the county. Delivery elsewhere will be made at the expense of the purchaser.

### Pending Federal Legislation Concerning

#### Tax Exempt Obligations

On December 17, 1985, the U.S. House of Representatives passed H.R. 3838, the Tax Reform Act of 1985. The Bill presently is pending in the Senate. The Bill in its present form imposes additional requirements which must be satisfied in order for interest on obligations issued by or on behalf of states and local governments to be exempt from federal income taxation. Such requirements generally are effective for all obligations issued after December 31, 1985, and thus, if the Bill becomes law in its present form, would be applicable to the bonds.

The Bill is subject to change, and, if it becomes law, may contain requirements which differ from those contained in the Bill in its present form. Therefore, there can be no assurance that the county will be able to comply with such requirements. The failure or inability of the county to comply with the requirements of the Bill could jeopardize the tax exempt status of the bonds. Bondholders should be aware that in such event, the bonds are not callable, nor will the interest rate on the bonds be adjusted to reflect the loss of the tax exemption.

On March 14, 1986, a joint statement was issued by key Congressional leadership and the Secretary of the Treasury of the United States concerning a delay in the effective date of certain provisions of the Bill. The county has relied on the joint statement in issuance of the bonds.

#### Legal Opinion

Bids shall be conditioned upon the unqualified opinion of William P. Timmerman, bond counsel, Wichita, Kansas, on the series A, B & C, 1986 bonds

(continued)

and Gaar & Bell, bond counsel, Wichita, Kansas, on the series D, 1986 bonds, a copy of which opinions will be printed on the reverse side of each bond, and manually signed originals will be furnished without expense to the purchaser of the bonds at the delivery thereof. The cost of the legal opinion and the expense of printing the bonds and legal opinions will be paid by the county. Said legal opinions with respect to the series A, B & D, 1986 bonds, will state in part substantially that bonds will constitute general obligations of the county, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the county, and with respect to the series C, 1986 bonds, will constitute general obligations of the county, payable as to both principal and interest from the collection of special assessments which have been levied on benefited property, but if not so paid, then said principal and interest will be payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the county; and that, under existing law, the interest on said bonds is exempt from present federal income taxation and the bonds are exempt from intangible personal property taxes levied by Kansas cities, counties and townships.

**Purpose of Issue**

The series A, 1986 bonds are being issued for the purpose of paying the cost of road and bridge improvements under the authority of K.S.A. 68-5, 103 and 68-1106. The series B, 1986 bonds are being issued for the purpose of constructing and equipping a public building under the authority of K.S.A. 19-3601a and 3601b. The series C, 1986 bonds are being issued for the purpose of paying the cost of sewer improvements in a certain benefit district under the authority of K.S.A. 19-27a07, and any amendments thereto. The series D, 1986 bonds are being issued for the purpose of paying a portion of the cost of improvements to a public building under the authority of K.S.A. 19-1510, as amended by Charter Resolution No. 34

**CUSIP Identification Numbers**

CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder(s) to accept delivery of and to pay for said bonds in accordance with the terms of this notice. All expenses in relation to printing of CUSIP numbers on said bonds and the expenses of the CUSIP Service Bureau for the assignment of said numbers shall be the responsibility of and shall be paid for by the county.

**Assessed Valuation**

Assessed valuation figures for Sedgwick County, Kansas, for the year 1985, are as follows:

Equalized assessed valuation of taxable tangible property . . .	\$1,394,266,112
Tangible valuation of motor vehicles . . . . .	255,020,734

Tangible valuation of motor vehicles dealers' inventory . .	9,184,646
Equalized assessed tangible valuation for computation of bonded debt limitations . . . .	\$1,658,471,492

**Other Pending Bond Issues**

Neither Sedgwick County, Kansas, nor the city of Wichita, nor Unified School District No. 259 (Wichita Public School System) anticipates the issuance of any additional general obligation bonds within the next 30 days.

**Bonded Indebtedness**

The total bonded indebtedness of the county of Sedgwick, state of Kansas, as of the date of sale, including this \$11,244,384.22 proposed issue of bonds, is \$43,581,484.22. In addition, the county has \$2,244,000 of temporary notes outstanding, of which \$877,000 will be retired from the proceeds of the bonds, special assessments which have been collected in cash, and other available funds.

**Ratings**

The county has applied for ratings on the bonds to Moody's Investors Service, Inc. and Standard and Poor's Corporation, who have rated previous general obligation issues of the county at "Aa" and "AA" respectfully. The "AA" rating of Standard and Poor's Corporation is defined as follows: "Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree." This rating may be changed, suspended, or withdrawn as a result of changes in or unavailability of information.

**Official Statement**

Additional copies of this notice of bond sale, copies of the county's official statement relating to the bonds, or further information may be received from the office of the County Controller, Sedgwick County Courthouse, Wichita, KS 67203.

Dated March 20, 1986.

BERNARD A. HENTZEN  
DONALD E. GRAGG  
TOM SCOTT  
Commissioners  
Sedgwick County, State of Kansas

DON WRIGHT  
County Clerk

Doc. No. 004053



## State of Kansas

## DEPARTMENT OF REVENUE

REQUEST FOR BIDS FOR  
AN OIL AND GAS LEASE

The Director of Taxation will receive bids for the leasing of oil and gas rights in and to the portion of the Arkansas Riverbed, the property of the state of Kansas, described as follows:

That portion of the Arkansas River as it meanders through Section 13, 14, 15, 16 and 21, Township 20 S., Range 14, W. Barton County, Kansas, containing 186.50 acres, more or less.

The bidding shall be considered upon the amount of bonus annual rental and the amount of royalty to be paid. Due to the cost of processing, no bids will be accepted for less than \$100 on small tracts of less than 100 acres.

Bids shall be submitted upon forms obtained from the Director of Taxation, 3rd Floor, State Office Building, Sand and Oil Lease Section, Topeka 66612.

Lease shall be made on form 88—(Producers) Kansas, Oklahoma, Colorado, 1956 Rev. W. for a term of five years. The successful bidder pays publication cost.

Bids shall be opened at 2 p.m. Monday, May 5, at the office of the Director of Taxation. The Director reserves the right to reject any and all bids and to readvertise.

CAROL B. BONEBRAKE

Director of Taxation  
Department of Revenue

Doc. No. 004058

(Published in the KANSAS REGISTER, March 27, 1986.)

## SENATE BILL No. 412

AN ACT relating to the taxation of property; exempting certain property from taxation; amending K.S.A. 79-213 and 79-1434 and repealing the existing sections.

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

New Section 1. (a) The following personal property is exempt from all property or ad valorem taxes levied under the laws of this state:

(1) Personal property held solely for sale or display at, and in connection with, a fair, exposition, trade show or convention sponsored or operated by, or held in facilities or on property wholly or partially owned or operated by, a governmental entity, a convention or tourism committee created pursuant to K.S.A. 12-1695 or 12-16,101, and amendments thereto, or any other bureau or office of a governmental entity which promotes convention or tourism activities; or

(2) personal property held solely for sale or display at, and in connection with, a fair, exposition, trade show, convention, auction, bazaar or flea market sponsored or operated by a nonprofit association which (A) promotes convention or tourism activities, (B) is formed in whole or in part for the promotion of convention or tourism activities or (C) uses the revenues of such fair, exposition, trade show, convention, auction, bazaar or flea market for charitable, eleemosynary or educational purposes.

(b) The exemption provided by subsection (a) shall apply regardless of whether the person holding the property is sponsoring or operating the activity giving rise to the exemption or is participating in the activity as a seller or exhibitor.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 1985.

Sec. 2. K.S.A. 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 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 board of tax appeals.

(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. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. 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) 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) When a determination is made as to the merits of the request for exemption, the board shall enter its order thereon and give notice of the same to the applicant, the county attorney and the county appraiser by sending to each a certified copy of its order.

(j) The date of the order, for purposes of filing an appeal to the district court, shall be the date that a certified copy of the order is mailed to the party seeking to appeal.

(k) During the pendency of a request for exemption, and 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 from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon.

(l) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use.

(m) 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 date of first exempt use. 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 a period not to exceed three years.

(n) The provisions of this section shall not apply to farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto, or to personal property exempted from ad valorem taxation by section 1.

Sec. 3. K.S.A. 79-1434 is hereby amended to read as follows: 79-1434. (a) Whenever any person, firm or corporation shall, subsequent to the first day of, subsequent to January 1 of any year, bring or send any person, firm or corporation brings or sends into any county from outside of the state any stock of goods or merchandise; which is subject to taxation and which is to be sold or disposed of in a place of business temporarily occupied for their sale, without the intention of engaging in permanent trade in such place, the owner, consignee, or person in charge of

(continued)

such goods or merchandise shall immediately notify the city, township or county assessor appraiser and thereupon. The assessor appraiser shall at once proceed to value the stock of goods or merchandise at its true fair market value and upon such a valuation the said. Upon the valuation, the owner, consignee, or person in charge, of such goods or merchandise shall pay to the county treasurer a tax at the rate assessed for state, county, local and other municipal purposes in the taxing district in the current year then current if the levies have all been determined; but if the levies have not been determined, then the rate of tax chargeable shall be the rate in such district for all purposes for the preceding year; and.

(b) It shall not be lawful to sell or dispose of any such goods or merchandise as aforesaid referred to in subsection (a) in such taxing district until the assessor appraiser shall have been so notified as aforesaid has been notified as provided by subsection (a) and the tax assessed thereon paid to the county treasurer; and in case any such. If owner, consignee, or person in charge of such stock of the stock of such goods or merchandise shall fail fails to notify the assessor appraiser, or to pay the said tax as herein required or shall proceed proceeds to sell or dispose of said stock, or any portion thereof, all or part of such stock before the payment of any tax levied on account thereof, the owner of such goods or merchandise shall forfeit to the county for the use of the taxing district entitled to such tax a sum equal to twice the amount of tax levied as aforesaid provided in subsection (a) on account of such stock.

Should (c) If the person, firm or corporation owning or managing the said a stock of goods or merchandise refuse referred to in subsection (a) refuses to pay the tax hereinbefore provided for levied as provided in subsection (a) upon demand by the assessor appraiser, the county treasurer shall at once issue a tax warrant to the sheriff of the county, which warrant shall include as the amount to be collected both tax and penalty and the sheriff shall immediately upon receipt of such warrant proceed to collect said the taxes and penalty the same as upon execution and shall return such warrant within sixty (60) 60 days from the date thereof.

(d) Every person, firm, or corporation, bringing into any county of this state from outside of the state goods or merchandise after the first day of January 1 shall be deemed subject to the provisions of this section unless such goods or merchandise is exempt from taxation.

(e) No mistake in the name of the owner of the said goods or merchandise shall affect the right to recover such the penalty provided by this section.

Sec. 4. K.S.A. 79-213 and 79-1434 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body January 30, 1986.

SENATE adopted Conference Committee report March 10, 1986.

ROBERT V. TALKINGTON  
President of the Senate.  
LU KENNEY  
Secretary of the Senate.

Passed the HOUSE as amended February 25, 1986.

HOUSE adopted Conference Committee report March 10, 1986.

MIKE HAYDEN  
Speaker of the House.  
GENEVA SEWARD  
Chief Clerk of the House.

APPROVED March 18, 1986.

JOHN CARLIN  
Governor.

STATE OF KANSAS  
Office of Secretary of State

I, JACK H. BRIER, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 18th day of March, 1986.

JACK H. BRIER  
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, March 27, 1986.)

### SENATE BILL No. 432

AN ACT relating to banks and banking; concerning branch banking; amending K.S.A. 9-1111a, 9-1111b and 9-1715 and K.S.A. 1985 Supp. 9-1111 and repealing the existing sections.

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

New Section 1. As used in this act:

(a) "Bank" means any bank the deposits of which are insured by the federal deposit insurance corporation or its successor.

(b) "Bidding bank" means a bank submitting bids to the receiver for the assets and liabilities of a failed bank. A bidding bank must be a bank domiciled in the state of Kansas and shall not include a bank which is directly or indirectly owned or controlled by a bank holding company, as defined in K.S.A. 1985 Supp. 9-519, and amendments thereto, which owns or controls three or more banks domiciled in the state of Kansas.

(c) "Home county" means the county in which the failed bank has its principal place of business located.

(d) "Failed bank" means a bank declared insolvent and closed by the state bank commissioner, in the case of a bank organized under the laws of this state, or the comptroller of the currency, in the case of a national banking association.

(e) "Failing situation" means that a bank has been classified as a five-rated bank by the federal deposit insurance corporation or jointly by (1) the state bank commissioner and the federal deposit insurance corporation, (2) office of the comptroller of the currency and the federal deposit insurance corporation, or (3) the federal reserve system and the federal deposit insurance corporation during an asset review at a visitation or through a regulatory examination.

(f) "Acquiring bank" means a bank purchasing or merging with a bank in a failing situation. An acquiring bank must be a bank domiciled in the state of Kansas and shall not include a bank which is directly or indirectly owned or controlled by a bank holding company, as defined in K.S.A. 1985 Supp. 9-519, and amendments thereto, which owns or controls three or more banks domiciled in the state of Kansas.

New Sec. 2. When a bank is declared insolvent but attempts by the receiver to find a purchaser for the assets and liabilities of the failed bank to be rechartered as a new bank are not successful, such assets and liabilities may be purchased by a bidding bank and operated as a branch bank as provided for in K.S.A. 9-1111, and amendments thereto, subject to the following requirements:

(a) The failed bank is the only bank located in a city or township;

(b) the failed bank is located in a city having a population of 3,500 or fewer persons based on the most recent federal census; and

(c) the bidding bank must come from the home county or an immediate contiguous county to the home county of the failed bank, except that if an acceptable and qualified bidder is not found in the home county or contiguous counties, the bidding bank may come from counties contiguous to counties contiguous to the home county. If an acceptable and qualified bidder is still not found, the bidding bank may come from a city or township not more than 100 miles from the boundary lines of the home county of the failed bank.

New Sec. 3. The successful bidding bank shall operate the failed bank acquired under the provisions of section 2, as a branch bank for a period of at least two years, before the bidding bank can sell or otherwise dispose of such branch bank, except that a bidding bank may sell or dispose of the branch bank for the purpose of establishing a new bank charter in such city or township.

New Sec. 4. A failed bank acquired under the provisions of section 2 or a branch bank established under the provisions of section 5 or 6 shall not count against a bank's aggregate number of branch banks under the provisions of K.S.A. 9-1111, and amendments thereto, but no bank shall acquire and operate more than two branch banks, if such branch banks are acquired under the provisions of this act.

New Sec. 5. If after January 1, 1983, and prior to the effective date of this act, a bank has been declared insolvent and attempts to find a purchaser for the assets and liabilities of such failed bank were not successful, a branch bank as provided in K.S.A. 9-1111, and amendments thereto, may be established in the city of the failed bank, if the requirements of subsections (a), (b) and (c) of section 2 are satisfied. A bank establishing a branch bank under the provisions of this section shall also comply with the requirements of section 3.

New Sec. 6. A bank which is determined to be in a failing situation may be acquired by purchase or merger by an acquiring bank and operated as a branch bank as provided in K.S.A. 9-1111, and amendments thereto. The acquiring bank must comply with the requirements prescribed in subsections (a), (b) and (c) of section 2 and section 3.

New Sec. 7. The provisions of sections 1 through 6 shall expire on July 1, 1991.

Sec. 8. K.S.A. 1985 Supp. 9-1111 is hereby amended to read as follows: 9-1111. The general business of every bank shall be transacted at the place of business specified in its certificate of authority, and it shall be unlawful for any bank to establish and operate any branch bank, branch office or agency or place of business except as hereinafter provided:

(a) Any bank domiciled in this state may have an attached auxiliary teller facility located on the premises specified in its certificate of authority;

(b) in addition to an attached auxiliary teller facility, any bank domiciled in this state may, subject to the requirements and limitations hereinafter prescribed, establish and maintain not more than three detached auxiliary banking services facilities branch banks, except that a bank may have up to two additional branch banks established under the provisions of sections 1 through 7;

(c) any bank electing to establish and maintain the maximum number of detached auxiliary banking services facilities permitted under the provisions of subsection (b) of this section, shall establish and maintain or continue to maintain at least one of such detached auxiliary services facilities at a location within 2,600 feet of the premises specified as its principal place of business in its certificate of authority;

(d) each bank establishing and maintaining detached auxiliary banking services facilities may provide the following services at such facilities:

(1) Such bank may provide auxiliary teller services, limited to rental of safe deposit boxes, receiving deposits of every kind and nature, cashing checks or orders to pay, issuing exchange, issuing and redeeming obligations of the treasury of the United States of America in denominations of \$1,000 or less, making all types of loans authorized to be made at the principal place of business of the bank subject to the same conditions and limitations and receiving payments payable at the bank, at any such detached facility located within 2,600 feet of the premises specified as its principal place of business in its certificate of authority;

(2) (c) a state bank incorporated under the laws of this state may, with the approval of the state banking board, and a national banking association may, with the approval of the appropriate federal supervisory agency, granted upon the basis of findings by the state banking board or such federal agency that such service will serve the public convenience or need, provide auxiliary teller services, limited to rental of safe deposit boxes, receiving deposits of every kind and nature, cashing checks or orders to pay, issuing exchange, issuing and redeeming obligations of the treasury of the United States of America in denominations of \$1,000 or less, making all types of loans authorized to be made at the principal place of business of the bank subject to the same conditions and limitations and receiving payments payable at the

bank, at detached services facilities located more than 2,600 feet from the premises specified as its principal place of business in its certificate of authority branch banks;

(e) detached auxiliary banking services facilities (d) branch banks established and maintained under the provisions of this act section shall be located:

(1) Only within the corporate limits of the same city within which the premises specified by the bank as its place of business in its certificate of authority is located, if the same is located within an incorporated city;

(2) only within the boundaries of the township in which the premises specified by the bank as its place of business in its certificate of authority is located, if such premises are located outside of the corporate limits of an incorporated city;

(3) more than 50 feet from any other nonparticipating bank or auxiliary banking services facility thereof branch bank;

(4) more than 2,600 feet from the premises maintained as the principal place of business of any bank, the articles of incorporation or charter of which was approved by the state board or federal agency less than five years prior to location of any such detached services facility branch bank, unless the state board in the case of a state bank or the appropriate federal supervisory agency in the case of a national banking association, shall specifically find and determine after careful examination and investigation that the location of such detached services facility branch bank within such restricted area will not have a materially adverse effect upon the capital structure, deposits and general financial position of such existing bank;

(4) (e) any state bank or national banking association having its principal office and main banking house in this state may provide and engage in banking transactions by means of remote service units wherever located, which remote service units shall not be considered to be branch banks, branch offices or agencies or places of business or detached auxiliary services facilities authorized herein. Any banking transaction effected by use of a remote service unit shall be deemed to be transacted at a bank and not at a remote service unit;

(4) (f) as a condition to the operation and use of any remote service unit in this state, a state bank or national banking association, each hereinafter referred to as a bank, which desires to operate or enable its customers to utilize a remote service unit must agree that such remote service unit will be available for use by customers of any other bank or banks upon the request of such bank or banks to share its use and the agreement of such bank or banks to share all costs, including a reasonable return on capital expenditures incurred in connection with its development, installation and operation. The owner of the remote service unit, whether a bank or any other person, shall make the remote service unit available for use by other banks and their customers on a nondiscriminatory basis, conditioned upon payment of a reasonable proportion of all costs, including a reasonable return on capital expenditures incurred in connection with the development, installation and operation of the remote service unit. Notwithstanding the foregoing provisions of this subsection, a remote service unit located on the property owned or leased by the bank where the principal place of business of a bank, or an attached auxiliary teller facility or detached auxiliary banking services facility branch bank of a bank, is located need not be made available for use by any other bank or banks or customers of any other bank or banks;

(4) (g) for purposes of this section, "remote service unit" means an electronic information processing device, including associated equipment, structures and systems, through or by means of which information relating to financial services rendered to the public is stored and transmitted, whether instantaneously or otherwise, to a bank and which, for activation and account access, is dependent upon the use of a machine-readable instrument in the possession and control of the holder of an account with a bank. The term shall include "online" computer terminals and "offline" automated cash dispensing machines and automated teller machines, but shall not include computer terminals or automated teller machines or automated cash dispensing machines using systems in which account numbers are

(continued)

not machine read and verified. Withdrawals by means of "off-line" systems shall not exceed \$300 per transaction and shall be restricted to individual not corporate or commercial accounts.

Sec. 9. K.S.A. 9-1111a is hereby amended to read as follows: 9-1111a. Any two or more banks which are individually authorized to establish and maintain ~~detached auxiliary banking services facilities branch banks~~ under the provisions of this act may jointly establish and maintain a common ~~detached auxiliary services facility branch bank~~. Each bank participating in the establishment and maintenance of a joint ~~detached auxiliary services facility branch bank~~ shall be deemed to have established a ~~detached auxiliary services facility branch bank~~ for the purposes of the limitation prescribed under the provisions of subsection (b) of K.S.A. 9-1111, *and amendments thereto*.

Sec. 10. K.S.A. 9-1111b is hereby amended to read as follows: 9-1111b. A bank making application to the state banking board for approval of a ~~detached auxiliary services facility branch bank~~ under the provisions of this act shall pay to the state bank commissioner a fee to be set by the commissioner, with approval of the board, in an amount not to exceed ~~five hundred dollars (\$500)~~ \$500 to defray the expenses of the board, commissioner or other designees in the examination and investigation of the application. The commissioner shall remit all amounts received under this section to the state treasurer who shall deposit the same to a separate special account in the state treasury for each application. The moneys in each such account shall be used only to pay the expenses of the board, commissioner or other designees in the examination and investigation of the application to which it relates and any unused balance shall be refunded to the applicant bank.

Sec. 11. K.S.A. 9-1715 is hereby amended to read as follows: 9-1715. (a) In addition to any and all other powers ~~heretofore~~ granted to the state bank commissioner, the commissioner shall have the power to authorize any state bank or trust company to engage in any activity in which such bank or trust company could engage were they operating as a national bank at the time such authority is granted, including but without limitation because of enumeration the power to do any act, and own, possess and carry as assets, property of such character including stocks, bonds or other debentures which, at the time ~~said~~ the authority is granted, is authorized under federal laws and regulations for transactions by national banks notwithstanding any restrictions elsewhere contained in the statutes of the state of Kansas. Upon receipt of a written request from any state bank or trust company, the commissioner shall exercise such power by the issuance of a special order ~~therefor~~ if ~~such~~ the commissioner deems it reasonably required to preserve and protect the welfare of such an institution and promote the general economy of this state. A copy of each such special order shall be mailed to all state banks and trust companies.

(b) In addition to any and all other powers ~~heretofore~~ granted to the state bank commissioner, the commissioner, with the prior approval of the state banking board, shall have the power to authorize state banks or trust companies to engage in any activity in which such banks or trust companies could engage were they operating as national banks at the time such authority is granted, including but without limitation because of enumeration the power to do any act, and own, possess and carry as assets, property of such character including stocks, bonds or other debentures which, at the time ~~said~~ the authority is granted, is authorized under federal laws and regulations to be done by national banks notwithstanding any restrictions elsewhere contained in the statutes of the state of Kansas. The commissioner shall exercise such power by the issuance of a special order ~~therefor~~ if ~~such~~ the commissioner deems it reasonably required to preserve and protect the welfare of state banks or trust companies and promote competitive equality of state and national banks. Such special order shall provide for the effective date thereof and upon and after such date shall be in full force and effect until amended or revoked by the commissioner, with the prior approval of the state banking board, by subsequent special order. Upon issuance of a special order, the commissioner promptly shall mail copies thereof to all state banks and trust companies. The issuance of such special orders shall not be

subject to the provisions of article 4 of chapter 77 of the Kansas Statutes Annotated.

(c) The commissioner ~~shall~~, at the time of issuing any special order pursuant to this section, *shall* submit a written report thereof to the president and the minority leader of the senate and to the speaker and the minority leader of the house of representatives.

(d) The commissioner shall not have power under this section to authorize any state bank or trust company to establish or operate any branch bank, or ~~branch office or agency or place of business, or to offer services thereat, except as provided in K.S.A. 9-1111, and amendments thereto.~~

Sec. 12. K.S.A. 9-1111a, 9-1111b and 9-1715 and K.S.A. 1985 Supp. 9-1111 are hereby repealed.

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

I hereby certify that the above BILL originated in the SENATE, and passed that body February 12, 1986.

SENATE adopted Conference Committee report March 19, 1986.  
ROBERT V. TALKINGTON  
*President of the Senate.*  
LU KENNEY  
*Secretary of the Senate.*

Passed the HOUSE as amended March 10, 1986.

HOUSE adopted Conference Committee report March 18, 1986.  
MIKE HAYDEN  
*Speaker of the House.*  
GENEVA SEWARD  
*Chief Clerk of the House.*

APPROVED March 21, 1986.

JOHN CARLIN  
*Governor.*

#### STATE OF KANSAS

Office of Secretary of State

I, JACK H. BRIER, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of March, 1986.

JACK H. BRIER  
*Secretary of State.*

(Published in the KANSAS REGISTER, March 27 1986.)

#### HOUSE BILL No. 2896

AN ACT making and concerning appropriations for the fiscal year ending June 30, 1986, for the state park and resources authority and Kansas fish and game commission; authorizing certain transfers, imposing certain restrictions and limitations; and directing or authorizing certain receipts and disbursements and acts incidental to the foregoing; amending section 29 of chapter 38 of the 1985 Session Laws of Kansas and repealing the existing section.

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

Section 1. For the fiscal year ending June 30, 1986, appropriations are hereby made, restrictions and limitations are hereby imposed, and transfers, receipts, disbursements and acts incidental to the foregoing are hereby directed or authorized as provided in this act.

Sec. 2.

#### STATE PARK AND RESOURCES AUTHORITY

(a) There is appropriated for the above agency from the following special revenue fund all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

Renovation of Lake Scott state lake special revenue fund. . . . . No limit

(b) On the effective date of this act, the director of accounts and reports shall transfer \$300,000 from the forestry, fish and game commission fee fund of the Kansas fish and game commission to the renovation of Lake Scott state lake special revenue

fund of the state park and resources authority, for the project for renovation of Lake Scott state lake. Of the amount so transferred, \$100,000 shall be reimbursed to the forestry, fish and game commission fee fund of the Kansas fish and game commission by revenue transfers, during not more than five ensuing fiscal years, from funds available to the state park and resources authority as prescribed by appropriations acts of the legislature.

(c) The expenditure limitation established by section 4(b) of chapter 37 of the 1985 Session Laws of Kansas on the renovation of Lake Scott—FY 1985 account of the land and water conservation fund—state is hereby increased from the amount of the unencumbered balance in such account on June 30, 1985, to \$475,000.

Sec. 3. Section 29 of chapter 38 of the 1985 Session Laws of Kansas is hereby amended to read as follows: Sec. 29.

KANSAS FISH AND GAME COMMISSION

(a) There is appropriated for the above agency from the following special revenue funds for the fiscal year specified, all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Table with 2 columns: Fund Name, Fiscal Year. Row: Cheyenne Bottoms project fund, \$120,000.

Provided, That the Kansas fish and game commission may make expenditures from this fund pursuant to a contract which is hereby authorized and directed to be entered into by the Kansas fish and game commission, the state biological survey and the state geological survey: Provided further, That such contract shall provide for research and study as to the geologic, biologic, ecologic and hydrologic conditions in and around the Cheyenne Bottoms water fowl management area: And provided further, That the Kansas fish and game commission shall submit a report on such research and study to the governor and the legislature on or before January 12, 1987.

Cheyenne Bottoms project gift fund 0

(b) On July 1, 1985, the director of accounts and reports shall transfer \$10,000 from the nongame wildlife improvement fund to the Cheyenne Bottoms project fund.

(c) On July 1, 1985, the director of accounts and reports shall transfer \$50,000 from the state general fund to the Cheyenne Bottoms project fund.

(d) On July 1, 1985, the director of accounts and reports shall transfer \$60,000 from the forestry, fish and game commission fee fund to the Cheyenne Bottoms project fund.

(e) On June 30, 1986, the director of accounts and reports shall transfer \$50,000 from the Cheyenne Bottoms project gift fund to the state general fund and, after such transfer, the director of accounts and reports shall transfer any remaining moneys in the Cheyenne Bottoms project gift fund to the forestry, fish and game commission fee fund.

(f) In addition to the purposes for which expenditures are authorized for fiscal year 1986 from the salaries and wages and other operating expenditures account of the forestry, fish and game commission fee fund by section 5(a) of 1985 House Bill No. 2134, expenditures may be made for fiscal year 1986 from such account for projects to enhance the fisheries program, except that no expenditures shall be made for any project to enhance the fisheries program except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto. Expenditures under this subsection for projects to enhance the fisheries program shall be in addition to any expenditure limitation imposed on the salaries and wages and other operating expenditures account of the forestry, fish and game commission fee fund for fiscal year 1986 but shall not exceed \$217,555.

(g) In addition to the purposes for which expenditures are authorized for fiscal year 1986 from the forestry, fish and game commission fee fund by this section or section 5(a) of 1985 House Bill No. 2134, expenditures may be made for fiscal year 1986 from such fund for the following purpose, subject to the expenditure limitation prescribed therefor:

Restoration of Lake Scott state lake \$300,000

Provided, That no expenditures shall be made from the restoration of Lake Scott state lake account of the forestry, fish and game commission fee fund except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

(h) In addition to the purposes for which expenditures are authorized for fiscal year 1986 from the forestry, fish and game commission fee fund by this section or section 5(a) of 1985 House Bill No. 2134, expenditures may be made for fiscal year 1986 from such fund for the following purposes, except that no expenditures shall be made from the forestry, fish and game commission fee fund for any of the following purposes, except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto and subject to the expenditure limitations prescribed therefor:

Table with 2 columns: Item, Amount. Rows include Rocky Ford repair—engineering and planning (\$40,000), Miami state fishing lake spillway improvements (7,096), Repair road below spillway of Clark state fishing lake (30,274), Community lake development (26,480), State fishing lake facility development (214,715), Pratt hatchery renovation—engineering and planning (40,360), Farlington fish hatchery renovation—engineering and planning (40,760), Statewide stream access development (81,460).

(i) There is appropriated for the above agency from the following special revenue fund for the fiscal year specified, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

Table with 2 columns: Fund Name, Fiscal Year. Row: Walleye stocking fee fund, 80.

Provided, That expenditures may be made from this fund to provide walleye to the general public for the purpose of stocking private waters: Provided further, That the Kansas fish and game commission is hereby authorized to fix, charge and collect fees for providing walleye for such purpose: And provided further, That such fees shall be fixed in order to recover all or part of the expenses incurred to provide walleye for such purpose: And provided further, That all fees received for such purpose shall be deposited in the state treasury and credited to this fund.

Sec. 4. Section 29 of chapter 38 of the 1985 Session Laws of Kansas is hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body February 20, 1986.

HOUSE concurred in SENATE amendments March 17, 1986. MIKE HAYDEN Speaker of the House. GENEVA SEWARD Chief Clerk of the House.

Passed the SENATE as amended March 12, 1986. ROBERT V. TALKINGTON President of the Senate. LU KENNEY Secretary of the Senate.

APPROVED March 21, 1986. JOHN CARLIN Governor. STATE OF KANSAS Office of Secretary of State

I, JACK H. BRIER, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of March, 1986. JACK H. BRIER Secretary of State.

(SEAL)

## State of Kansas

## DEPARTMENT ON AGING

PERMANENT ADMINISTRATIVE  
REGULATIONS

(Effective May 1, 1986)

## Article 1.—GENERAL PROVISIONS

**26-1-1. Definitions.** As used in Articles 1, 2, 3, 4, 5 and 6 of these rules and regulations: (a) "Area agency" or "area agency on aging" means the agency or organization within a planning and service area that has been designated by the secretary to develop, implement and administer a plan for the delivery of a comprehensive and coordinated system of services to older persons in the planning and service area.

(b) "Area plan" means the document developed by an area agency which describes the comprehensive and coordinated system of services to be provided to older persons in a planning and service area.

(c) "Comprehensive and coordinated system of services" means a program of interrelated supportive and nutrition services designed to meet the needs of older persons in a planning and service area.

(d) "Contract" means a procurement agreement.

(e) "Contractor" means the party or parties who, under contract with the department or an area agency, are to actually provide services to older persons in a planning and service area.

(f) "Contribution" means a donation of money, foodstamps or anything of monetary value, that is given by a participant to a service provider.

(g) "Department" means the Kansas department on aging, created by K.S.A. 75-5903 and any amendments to it.

(h) "Employment" means any activity which includes the exchange of labor or services for wages or money, food, clothing, shelter.

(i) "Employment-full-time" means employment of more than thirty (30) hours per week.

(j) "Employment-part-time" means employment of fewer than 30 hours per week.

(k) "Employment-permanent" means employment which is represented by an employer to be more than 30 days duration.

(l) "Employment-temporary" means employment which is represented by an employer to be of fewer than 30 days duration.

(m) "Family" means a collective body of persons who live in one house or under one head or management.

(n) "Federal act" means the older Americans act of 1965, as amended.

(o) "Financial audit" means an official examination and verification of a recipient's accounts which determines whether the financial statements of an audited entity present fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles.

(p) "Financial report-final" means a recipient prepared document which contains the complete finan-

cial results of the grant or the complete financial results of the sub-grant.

(q) "Grant" means an award of financial assistance in the form of money, or property in lieu of money, by the department.

(r) "Grantee" means any legal entity to which a grant is awarded and which is accountable to the department for the use of the grant. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant.

(s) "Granting agency" means the Kansas department on aging.

(t) "Income-low" means family income which does not exceed 125% of the poverty level as determined by the Federal Office of Management and Budget.

(u) "Income-monthly gross" means the monthly sum of income received by an individual or couple from the following sources: (1) wages or salary; (2) net-income from non-farm self-employment; (3) net income from farm self-employment; (4) social security; (5) dividends, interest, income from estate or trusts, net rental income or royalties; (6) public assistance or welfare payment; (7) pensions and annuities; (8) unemployment compensation; (9) workers compensation; (10) alimony; and (11) veteran's pensions.

(v) "Indian tribal organization" means the recognized governing body of any Indian tribe, or any legally established organization of Indians which is controlled, sanctioned, or chartered by the governing body of an Indian tribe.

(w) "In-home service" means the provision of health, medical or social services to a private individual in his or her non-institutional place of residence.

(x) "Kansan" means any person who currently resides within the State of Kansas.

(y) "Modification of a grant or contract" means a change that would:

(1) Alter the program scope, planned objectives, or the manner in which services are delivered;

(2) provide financial assistance or payments to any entity not authorized by the original grant or contract; or

(3) alter the approved budget of the original grant or contract, except as authorized in directives issued by the secretary.

(z) "Notification of grant award" or "NGA" means the document, issued by the department, awarding financial assistance for the provision of services to older persons and specifying the terms of the grant.

(aa) "Notification of sub-grant award" means the document, issued by an area agency, awarding financial assistance to a sub-grantee for the provision of services to older persons and specifying the terms of the sub-grant.

(bb) "Obligation" means the amount of orders placed, contracts and subgrants awarded, services received, and similar transactions during the grant period, which will require payment within 75 days following the last day in which the grant is active.

(cc) "Older person" means any person 60 years of age or older.

(dd) "Older worker" means any person 55 years of

age or older, who is employed or seeking employment.

(ee) "Planning and service area" or "PSA" means a geographic area of the state designated by the department for area plan development and area agency designation.

(ff) "Poverty level" means family income which does not exceed 100% of the poverty level as determined by the Federal Office of Management and Budget.

(gg) "Purchase of service grant" means an award of financial assistance in which the payment is made on a reimbursement basis at a unit rate of cost of service with an upper limit on the total cost of the grant. Payment is made in the form of money, or property in lieu of money by the department.

(hh) "Recipient" means grantee or sub-grantee. Use of the term "recipient" in a provision shall be taken as referring equally to grantees or sub-grantees.

(ii) "Redesignation" means a change in the geographic boundaries of a planning and service area or selection of an area agency that is different than the area agency previously designated for a particular planning and service area.

(ji) "Request for Proposal" or "RFP" means the document containing criteria which is used to solicit applications for a contract or subgrant from potential service providers.

(kk) "Secretary" means the secretary of the Kansas department on aging.

(ll) "Self-employed" means a private individual engaged in the direct provision of a service or labor in exchange for money, food, shelter, clothing or any other item, items or service of economic value.

(mm) "Service provider" means any legal entity that is obligated to provide services to older persons in any planning and service area.

(nn) "Service provider; in-home meal" means any legal entity to which funds are paid for the purpose of providing home delivered meals under the in-home nutrition programs.

(oo) "State act" means the Kansas act on aging, K.S.A. 75-5901 through K.S.A. 75-5923.

(pp) "State advisory council" means the advisory council on aging created by K.S.A. 75-5911, and any amendments to it.

(qq) "State plan" means the document submitted by the department in order to receive its allotment of funds under the older Americans act.

(rr) "Sub-grant" means an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to a sub-grantee.

(ss) "Sub-grantee" means any legal entity to which a sub-grant is awarded and which is accountable to the grantee for the use of the grant funds.

(tt) "Unit of local government" means:

(1) Any county, city, township, school district, or other similar political subdivision of the state, or any agency, bureau, office or department thereof; or

(2) Any Indian tribal organization.

(uu) "Unused supplies" means supplies that still have a useful life. (Authorized by and implementing

K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective, May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-1-2. Procedure for redesignation of planning and service area boundaries.** (a) Requests for redesignation of existing planning and service area boundaries shall be in writing and may be made by:

(1) Any unit of local government;

(2) any Indian tribal organization;

(3) any region within the state recognized for areawide planning; or

(4) any metropolitan area.

(b) At a minimum, the following factors shall be considered in decisions regarding redesignation of planning and service areas:

(1) The proposed boundaries' conformity with requirements of the state and federal acts;

(2) the geographical distribution of persons age 60 and over;

(3) the relationship of the proposed boundaries to those of other planning and service areas;

(4) the incidence of need for services and the degree to which resources are available to meet the needs;

(5) comments by older citizens, units of local government, and other interested parties in the planning and service area; and

(6) comments of the state advisory council.

(c) A public hearing on the proposed planning and service area redesignation shall be held prior to taking action on the request. At least one hearing shall be held in the locality of the state where redesignation will alter or modify the existing geographic boundaries.

(d) Applications shall be processed in the following manner:

(1) Within 60 calendar days following the receipt by the department of a request for redesignation, a public hearing shall be held in the geographic area which will be affected by the proposed redesignation.

(2) Advance notice of the hearing shall be given at least 10 calendar days prior to the date of the hearing by publishing the notice in a newspaper which has general circulation in the geographic area which will be affected by the proposed redesignation. The notice shall state the date, time, location, and purpose of the public hearing.

(3) Written comments shall be received before, at, and up to 10 calendar days following the hearing.

(4) The secretary shall render a decision on each request within 60 calendar days after the close of comment period.

(5) The applicant shall have 30 calendar days following the receipt of the decision to appeal the secretary's decision.

(e) The party requesting a redesignation of planning and service area boundaries may withdraw or ask for a continuance of its redesignation request at any time prior to receiving the secretary's decision. The request shall be in writing. Only one request for continuance shall be allowed for each redesignation

(continued)

request and, if granted, the continuance shall not exceed 90 calendar days from the date it is requested. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective, May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-1.3. Procedure for redesignation of area agency on aging.** (a) Only one area agency on aging shall be designated in each planning and service area.

(b) A request for redesignation of an area agency on aging may be submitted by any of the following:

- (1) Any unit of local government;
- (2) any established office on aging operating in a planning and service area;
- (3) any private or public nonprofit agency; or
- (4) any Indian tribal organization.

(c) An area agency on aging shall not be redesignated until:

(1) An on-site review has been completed to determine the capacity of the applicant to conform with the federal and state acts and rules and regulations promulgated pursuant to those acts;

(2) At least one public hearing has been conducted in the planning and service area;

(3) Evidence of support has been provided from:

- (A) Units of local government;
- (B) older persons;
- (C) the state advisory council;
- (D) local advisory councils; and
- (E) other interested parties; and

(4) Evidence has been supplied that the applicant possesses the legal and organizational capacity to carry out the functions specified in the federal and state acts.

(d) Applications shall be processed as follows:

(1) Within 60 calendar days following the receipt by the department of a request for redesignation, a public hearing shall be held in the geographic area which will be affected by the proposed redesignation.

(2) Advance notice of the hearing shall be given at least 10 calendar days prior to the date of the hearing by publishing the notice in a newspaper which has general circulation in the geographic area which will be affected by the proposed redesignation. The notice shall state the date, time, location, and purpose of the public hearing.

(3) Written comments shall be received before, at, and up to 10 calendar days following the hearing.

(4) The secretary shall render a decision to the applicant within 60 calendar days after the close of the comment period.

(5) The applicant shall have 30 calendar days following the receipt of the secretary's decision to appeal the decision.

(e) The party requesting a redesignation of an area agency may withdraw or ask for a continuance of its redesignation request at any time prior to receiving the secretary's decision. The request shall be in writing. Only one request for continuance shall be allowed each redesignation request and, if granted, the continuance shall not exceed 90 calendar days from the date it is requested. (Authorized by and imple-

menting K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-1.4. Annual public hearings.** (a) Notice of the annual hearing, including the date, time, location and purpose, shall be published in the Kansas Register, and in the largest newspaper of general circulation within the applicable locality. The notices shall also be distributed to area agencies on aging.

(b) The public may submit written comments to the department before, during, and up to 10 days following the annual public hearing held by the department to determine the needs, issues and concerns of older persons. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended May 1, 1986.)

**26-1.5. Area plan development.** (a) Each area agency shall develop and submit an area plan for approval by the department. An area agency shall not receive any funds until the area plan has been approved by the department.

(b) Each area plan shall be submitted on forms prescribed by the department and shall contain all of the information requested on the form, including:

- (1) The application for grant award;
- (2) A verification of application;
- (3) The assurance of Title VI civil rights compliance;
- (4) The assurance of compliance between the AAA and KDOA;
- (5) A copy of the organization chart of the AAA;
- (6) A profile of the AAA population;
- (7) A determination of area needs and AAA services;
- (8) A request for waiver of the requirement to provide an adequate proportion of Title III—B funds for priority services, if applicable;
- (9) A description of community focal points;
- (10) A statement of administrative objectives;
- (11) A statement of advocacy objectives;
- (12) A description of the manner in which implementation of objectives will be coordinated;
- (13) A description of program development objectives;
- (14) A description of information and referral objectives;
- (15) A description of outreach objectives;
- (16) A description of case management objectives;
- (17) A description of supportive services objectives;
- (18) A description of congregate nutrition services objectives;
- (19) A description of home-delivered nutrition services objectives;
- (20) The program characteristics of nutrition services;
- (21) A description of the program characteristics and supportive services data;
- (22) A copy of the form: "Title III-C(1)-congregate nutrition services";
- (23) A copy of the form: "An annual budget summary";



- (24) An annual budget for area plan administration;
- (25) Budget cost justifications for the program component;
- (26) Capital cost justifications for the program component;
- (27) Resource justifications for the program component;
- (28) A copy of the form: "Title III-B supportive services annual budgets";
- (29) A copy of the form: "AAA direct services—III-B annual budgets";
- (30) A copy of the form: "III-B supportive services data";
- (31) A congregate meal budget summary; and
- (32) A home-delivered meal budget summary.

(c) Each area agency shall ensure that units of local government, local advisory councils, potential service providers and older persons have an opportunity for involvement in the development of the area plan.

(d) Each area agency, as part of the area plan, shall describe the rationale for the proposed allocation of funds for services in the planning and service area. The rationale shall identify the manner in which the proposed distribution of funds will meet identified, priority nutrition and supportive service needs. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended May 1, 1986.)

**26-1-6. Operating policies and procedures.** (a) Each area agency receiving funding under an area plan shall have written policies and procedures to govern the conduct of its operations and functions. These policies and procedures shall:

- (1) describe the administrative and policy structure of the area agency;
- (2) describe the policies and procedures that are applicable to sub-grantees and service providers, and include any policies and procedures mandated by the department.

(b) Each area agency's written policies and procedures that are applicable to sub-grantees and service providers shall be officially adopted by action of the entity's governing body. Before adoption, the area agency shall provide an opportunity for comment on the proposed operating policies and procedures by units of local government, local advisory councils, potential service providers, and older persons. Notice of the opportunity for comment shall be published in a newspaper or newspapers of general circulation within the PSA at least 14 days before the policies and procedures are adopted by the area agency.

(c) Each area agency, prior to final adoption of its policies and procedures, shall first submit the procedures to the department for review.

(d) Each area agency shall provide without cost copies of the written policies and procedures to each sub-grantee and service provider with whom it has a sub-grant or contract and to the department. Other parties may obtain a copy of the written policies and procedures upon compliance with the Kansas open records act, K.S.A. 45-215 through 45-223. (Authorized

by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

## Article 2.—GRANTS AND CONTRACTS

**26-2-1. Notification of grant award (NGA) or contract.** (a) Each grantee or contractor of the department shall sign and return to the department the notification of grant award or contract before funds will be advanced. The notification of grant award or contract shall include:

(1) the total financial amount of the award or contract, including:

(A) the amount of funds to be provided by the department;

(B) the amount of funds to be provided by the grantee or contractor; and

(2) the effective and expiration dates of the grant or contract;

(3) assurance that all materials published in connection with the area agency activities shall conspicuously acknowledge the support of the Administration on Aging and the department; and

(4) special conditions which may be specified as part of the grant or contract.

(5) the signature of the authorized representative of the grantee or contractor and the secretary;

(b) Unless revised, computation of grant amounts which appear on the document, shall constitute a ceiling for state and federal participation in the approved cost.

(c) Unless specifically exempted by the secretary, providers of services funded, in whole or in part, by state funds shall comply with the financial requirements applicable to providers of services funded by federal funds. When an exemption is given, appropriate financial requirements shall be imposed concerning the use of these funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-2.** (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; revoked, T-86-34, Oct. 23, 1985; revoked, May 1, 1986.)

**26-2-3. Reporting requirements.** (a) Each grantee or contractor of the department shall by the due dates using the forms prescribed by the secretary, submit required program and financial reports deemed necessary by the department to comply with federal and state requirements.

(b) Each grantee shall be responsible for obtaining and reporting necessary information from those sub-grantees and service providers with whom they have sub-grants or contracts.

(c) Each grantee shall submit Title III final financial reports to the department on or before December 15th following the end of the grant period on September 30. The grantee shall submit a consolidated final financial report for each program component.

(continued)

These reports shall be accompanied and supported by copies of the area agency's subgrantee reports. Each grantee shall have received services and goods ordered and shall have liquidated corresponding obligations prior to submission of the final financial reports.

(d) If a grantee revises or modifies its final financial report the following are conditions and criteria to which the grantee shall adhere:

(1) A revised final financial report received by the Department on or before December 31st of the calendar year in which the grant period ended shall be considered as a final financial report.

(2) A revised final financial report received by the Department after December 31st but on or before April 15th of the year following the end of the grant shall be considered a final financial report only if accompanied by a CPA audit report which confirms accuracy of the revised financial report.

(e) Calculation of unearned (carryover) funds shall be based upon the final financial report submitted as of the date the computation began. Final financial reports received after the issuance of unearned funds on a Notification of Grant Award shall be used to adjust the carryover only if such report results in an increase or decrease in federal/state funds earned of .5% or more.

(f) Each grantee who submits a revised final financial reports, as defined in item (c)(4), shall adhere to the following:

(1) With an increase in unearned funds of .5% or more, the grantee shall submit a check payable to the Kansas department on aging for the amount of the increase in unearned funds;

(2) With an increase in unearned funds of less than .5%, the grantee may take no action at the time the revised final financial report is submitted;

(3) With a decrease in unearned funds, the grantee shall absorb the cost which results in the decrease in unearned funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-4. Modification of approved grants or contracts.** (a) A written request for modification of a grant or contract may be submitted to the department for approval.

(b) The secretary may agree to a modification of an approved grant or contract, if the secretary determines that the modification is consistent with the state plan and will not adversely affect the provision of services to older persons.

(c) The secretary shall provide notification of action taken on the request within 30 days of the date of receiving a request for modification. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-5. Assessments of performance and compliance with department grants and contracts.** (a) Each grantee or contractor shall submit to an annual on-site assessment to:

(1) determine the extent of compliance with state and federal requirements; and

(2) assess the degree to which objectives which are part of the grant or contract have been achieved.

(b) A written report of the on-site assessment shall be provided to the grantee or contractor describing the findings of the on-site assessment, and listing any corrective actions deemed necessary and the deadline for taking such action.

(c) Each grantee or contractor shall respond to the department to any exceptions noted by the department within 30 days from receipt of the written assessment report.

(d) If corrective actions listed within the assessment report are not taken:

(1) The corrective action deadline may be extended by the department;

(2) The current grant may be suspended or terminated by the department; or

(3) Subsequent grant applications may be denied by the department.

(e) Grantees shall assess their subgrantees annually. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended T-86-34, Oct. 23, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-6. Withholding of payments; basis.** (a) Payments to a grantee or contractor shall be withheld by the department if:

(1) Expenditures by the grantee or contractor fail to comply with applicable federal or state requirements; or

(2) The secretary suspends or terminates the grant or contract.

(b) Payments may be withheld by the department if a grantee or contractor fails to submit any report required by the department on or before the established due date.

(c) Payments that are withheld shall be released within 30 days after the requirements are met by the grantee or contractor. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-7. Closeout, suspension or termination of grants or subgrants.** The department, and each grantee of the department which has made one or more subgrants, may close out, suspend or terminate a grant or subgrant in accordance with the provisions of 45 C.F.R. sections 74.110 through 74.116, as in effect on July 1, 1984, which are adopted by reference, with the following exceptions:

(a) Each reference in the federal regulations to "HHS" shall be deemed to refer to the department when the department is a party in an action with the grantee and refers to the grantee when the grantee is a party in an action with the subgrantee;

(b) Each reference in the federal regulations to "the Federal Government" shall be deemed to refer to the department or grantee of the department;

(c) Each reference in the federal regulations to "Federal" shall be deemed to refer to "state";

(d) Subsections (b) and (d) of 45 C.F.R. Section 74.112 is deleted.

(e) Subpart O of 45 C.F.R. excluding 74.142-74.145 shall be included and any amounts due the federal government under subpart O shall constitute a debt or debts owed by the grantee to the federal government, and shall, if not paid upon demand, be recovered from the grantee or its successor or assignees by setoff or other action as provided by law. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-2-3. Final financial reports.** (a) Title III final financial reports shall be due to the department on or before December 15th following the end of the grant period on September 30.

(b) The recipient shall submit a consolidated final financial report for each program component. These reports shall be accompanied and supported by copies of the area agency's subgrantee reports. The recipients shall have received services and goods ordered and shall have liquidated corresponding obligations prior to submission of the final financial reports.

(c) Revised final financial reports received by December 31st of the calendar year in which the grant period ended shall be considered as a final financial report.

(d) A revised final financial report received by the department after December 31st shall be considered as a final report only if accompanied by a certified public accountant audit report which confirms the accuracy of the financial report and is received by April 15th of the year following the end of the grant period.

(e) Revised final financial reports received after December 31st of the calendar year in which the grant period ended not accompanied by a certified public account audit report shall not be considered a final financial report.

(f) Revised final financial reports received after April 15th of the year following the end of the grant period shall not be considered a final financial report.

(g) Each revised final financial report which is not considered a final financial report as defined above shall be handled as follows:

(1) If the revised final financial report indicates an increase in unearned funds of .5% or more, recipient shall submit a check payable to the department for the amount of the increase in unearned funds.

(2) If the revised final financial report indicates an increase in unearned funds of less than .5%, the recipient may take no action at the time the revised final financial report is submitted.

(3) If the revised final financial report indicates a decrease in unearned funds, the recipient shall absorb the cost which results in the decrease in unearned funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

### Article 3.—SUB-GRANTS AND CONTRACTS BY AREA AGENCIES

**26-3-1. Contracting and granting practices.** (a) An

area agency shall not make a sub-grant or contract involving funds made available by the department until an area plan or other document detailing the proposed use or uses of the funds has been approved by the department for a specific time period and the secretary has issued a notification of grant award to the area agency.

(b) In making a sub-grant or contract, each area agency shall use the funds awarded under a department-approved area plan for those services which are consistent with service definitions issued and provided by the department and the identified, priority service needs within the PSA.

(c) Each area agency and each sub-grantee of an area agency, when proposing to contract or sub-grant for services to older persons, shall select a service provider to deliver services in accordance with the provisions of paragraphs 8 to 15, inclusive, of Attachment O, "Procurement Standards," of OMB Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments, as in effect on June 9, 1981. These provisions are adopted by reference, with the following exceptions:

(1) Each reference in the federal regulations to "grantee" shall be deemed to refer to an area agency or sub-grantee of an area agency or both.

(2) Each reference in the federal regulations to "federal grantor agency" or "grantor agency" shall be deemed to refer to the department on aging or an area agency on aging.

(3) Each reference in the federal regulations to "Comptroller General of the United States" and "Office of Federal Procurement Policy" shall be deemed to refer to the secretary.

(4) The second sentence of subsection (e) of paragraph 11 is deleted; and

(5) Each reference to "\$10,000" in paragraph 11 of the federal regulations shall be deemed to be \$2,500.

(d) An area agency may use the small purchase procedure described in paragraph 11(a) of Attachment O, if the procurement is for a total dollar amount of fewer than \$2,500. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended T-86-34, Oct. 23, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-3-2. Sub-grants.** (a) Each notification of sub-grant award shall prescribe the following:

(1) The total financial amount of the award, including:

(A) The amount of funds to be provided by the area agency; and

(B) the amount of funds to be provided by the sub-grantee.

(2) The conditions of the grant, including:

(A) The effective and expiration dates of the grant;

(B) a list of services to be provided by the sub-grantee; and

(C) other assurance and conditions contained within the application agreement.

(D) special conditions, if any, which may be specified as a part of the sub-grant.

(continued)

(b) Each notice of sub-grant award shall be signed by the authorized representative of the area agency and the sub-grantee, and shall be recognized as official when signed by both parties.

(c) Services funded, in whole or in part, by state funds shall comply with the same financial requirements as those services funded by federal funds, unless specifically exempted by the secretary. When an exemption is given, appropriate financial requirements shall be imposed concerning the use of these state funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-3-3. Contracts for services.** (a) Any area agency that has received a notification of grant award may enter into a contract with a public or private non-profit organization to provide services to older persons in a PSA, without the prior, written approval of the secretary.

(b) Any area agency that has received a notification of grant award shall not enter into a contract with a for-profit organization to provide services to older persons in a PSA until the area agency has received written approval from the secretary to enter into such a contract.

(c) Any area agency that has received an NGA containing the subgrantee's proposal to enter into a contract with a for-profit organization shall submit to the department written request seeking written prior approval to enter such a contract.

(1) The request shall be made on forms prescribed and furnished by the department, and shall contain:

- (A) The name of the applicant agent;
- (B) the name of the provider;
- (C) the effective date and expiration date of the grant;
- (D) the service specifications;
- (E) the responsibilities of each party;
- (F) the amount of the contract;
- (G) the method of payment;
- (H) a cancellation clause;
- (I) the procedure for emergency delivery of service.
- (J) the method of evaluation of the contract;
- (K) the method of tracking services provided; and
- (L) the number of service units to be provided.

(2) The request shall be accompanied by the proposed contract.

(d) The secretary, within 30 days of the date of receiving any such request, shall notify the area agency of the decision to grant or deny the request.

(e) Within 15 days after receipt of an NGA from provider, the area agency shall submit to the department a copy of each subgrant and contract. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended T-86-34, Oct. 23, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-3-4. Responsibilities when sub-granting or contracting services under an area plan.** When sub-granting or contracting for services under an area plan, each area agency shall: (a) Sub-grant or contract for

services within 90 days after the effective date of the notification of grant award issued by the department, unless written approval for an extension of time is requested of, and granted by, the secretary.

(b) Not alter the sub-grant or contract during the final 60 days of any grant period, unless written approval to do so is requested of, and granted by, the secretary;

(c) Obtain prior, written approval from the department when proposing to contract or subgrant for services with any for-profit organization;

(d) Submit to the department, within 20 days following the issuance of any sub-grant or contract, a copy of the sub-grant or contract; and

(e) Retain records for each sub-grant or contract in the area agency office for review and audit purposes for a period of three calendar years from the end of the calendar year or from the date of the final financial report whichever is later, to which the records pertain. If any litigation or audit is begun or if a claim is instituted involving a sub-grant or contract, the records pertaining to such sub-grant or contract shall be retained until such litigation, audit, or claim is settled. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-3-5. Modification of approved sub-grants or contracts.** (a) A sub-grantee or contractor may submit, to an area agency, a written request for modification of a sub-grant or contract. "Modification of a sub-grant or contract" means any change that would:

- (1) Alter the program scope, planned objectives, or the manner in which services are delivered; or
- (2) Provide financial assistance or payments to any entity not authorized by the original sub-grant or contract.

(b) Any area agency may agree to a modification of a sub-grant or a contract with a non-profit public or private organization, if the area agency determines that such a modification is consistent with state and area plans and will not adversely affect the provision of services to older persons in the PSA.

(c) Any area agency, prior to agreeing to a modification of a contract with a for-profit organization, shall submit the modification to the department for its approval. The request shall include a statement that the area agency has determined that the proposed modification is consistent with the state and area plans and will not adversely affect the provision of services to older persons in the PSA.

(d) The secretary shall notify the area agency of action taken on the request within 30 days of the date of receiving a request for modification of a contract with a for-profit organization. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-3-7. Appeals from certain area agency decisions.** (a) Any potential service provider who complied with the method of procurement procedures used by an area agency but who was not selected to provide

services to older persons in a PSA, and any service provider that believes its subgrant or contract was suspended or terminated in a manner not consistent with K.A.R. 26-2-7, may appeal the action of the area agency by filing a written request for a hearing with the department.

(b) Any request for a hearing under this rule and regulation shall state clearly the action which prompts the request for hearing and shall be filed within 30 days from the date the action prompting the request for hearing was taken.

(c) Any request for a hearing shall be delivered or mailed to the area agency whose action is being appealed and to the department.

(d) Within 30 days of the date of receiving notification of the filing of a request for a hearing, an area agency shall submit to the department, and to the entity that requested the hearing, a statement of the basis upon which the action being appealed was taken by the area agency.

(e) Any request for a hearing filed under this rule and regulation shall be governed by the provisions of K.A.R. 26-4-2 through 26-4-4.

(f) The scope of review by the secretary of any area agency action shall be limited to determining whether the action of the area agency is:

- (1) Within the scope of the area agency's authority;
- (2) substantially supported by the evidence presented concerning the matter; and
- (3) unreasonable, or illegal. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

#### Article 4.—HEARINGS AND APPEALS

**26-4-1. Opportunity for a hearing regarding certain actions.** (a) If the secretary proposes to take any of the actions specified in subsection (b) of this regulation, the secretary, at least 45 days prior to taking such an action, shall give written notice of the proposed action and the basis for the proposed action to the entity or entities that will be affected by the proposed action.

(b) Notice, as prescribed in subsection (a), shall be required if the secretary proposes to:

- (1) Disapprove of a proposed area plan of any area agency;
- (2) deny a request for redesignation of the boundaries of any planning and service area;
- (3) withdraw the designation of any area agency;
- (4) suspend or terminate a grant or contract, except as provided by the terms of the grant or contract;
- (5) withhold payments under K.A.R. 26-2-6;
- (6) deny funding to an eligible applicant for funds under the in-home nutrition program; or
- (7) deny funding to an eligible applicant for funds under the older Kansans employment program.

(c) Each entity receiving notice of proposed action of the secretary may file a written request for a hearing concerning the proposed action, within 30 days of the date that the secretary sends the notice of proposed action.

(d) Each request for a hearing shall state clearly the

proposed action upon which a hearing is requested and shall be delivered or mailed to the department. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

**26-4-2. Hearing panel.** (a) Within 30 days from the date of receiving a request for a hearing under K.A.R. 26-3-7 or 26-4-1, the secretary shall appoint a hearing panel to consider the matter upon which a hearing has been requested. Each hearing panel shall consist of:

- (1) One department staff member who did not investigate or make a recommendation concerning the subject matter of the hearing;
- (2) One state advisory council member; and
- (3) One area agency on aging director or chairperson of an area agency governing body. The director or chairperson shall not represent the area agency involved in the subject matter of the hearing.

(b) The secretary shall designate one member of each hearing panel to serve as the presiding officer at the hearing. Within 10 days after being designated, the presiding officer shall:

- (1) Fix a date, time, and place for the hearing which shall be held within 30 days of the date the presiding officer is appointed;
- (2) Give written notice of the date, time and place of the hearing to the party who requested the hearing and to the department, area agency or sub-grantee of the area agency whose action or proposed action is the subject matter of the hearing. The notice shall be given at least 7 days prior to the date of the hearing; and

(3) Give written notice to the individual who requested the hearing, at least 7 days prior to the date of the hearing, that such individual:

(A) At any time prior to the hearing and during normal business hours, may examine and review the evidence upon which the action of the area agency or sub-grantee of the area agency, or proposed action of the secretary, is based;

(B) May appear at the hearing personally or through legal counsel or other authorized representative; and

(C) At the hearing, may present witnesses and documentary evidence and shall be afforded the opportunity to cross-examine any adverse witness or witnesses. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended May 1, 1986.)

**26-4-3. Hearing.** (a) The presiding officer shall conduct each hearing in accordance with the provisions of the notice of hearing and the requirements of this regulation.

(b) Prior to the commencement of the hearing, the members of the hearing panel may examine the file relating to the matter.

(c) Upon commencement of the hearing, the appellant shall be permitted to make an opening statement and present any witnesses, documents, or other evidence, and in general, present the case. Then the

(continued)

representative of the agency whose decision is being appealed may make an opening statement and present any witnesses, documents, or other evidence and, in general, present the case on behalf of the agency. Then any other interested person, upon receiving recognition by the presiding officer, upon presenting any evidence or statements that are relevant to the appeal. The appellant and the representative of the agency whose decision is being appealed may, in their turn, examine any witnesses and documents placed in evidence. Members of the hearing panel, from time to time during the hearing, may question any of the parties and witnesses and examine any documents offered in evidence.

(d) The hearing shall be of an informal and nonadversarial nature with no oath-taking required. For good cause shown, the hearing may be continued to a future date and time at which the hearing of the appeal shall be completed. Each party shall be allowed a period of time, which shall not exceed one hour, in which to present the case, unless the hearing panel, in the interest of justice, grants more time. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986.)

#### Article 5.—IN-HOME NUTRITION PROGRAM

**26-5-1. Application for funding.** (a) An agency choosing to provide services under the in-home nutrition program shall submit a proposal to the department on forms supplied by the department on or before June 1 of each year.

(b) The application shall contain the following:

- (1) Narrative overview of current and proposed program operation;
- (2) geographic area(s) to be covered;
- (3) documentation of need;
- (4) resources currently used by the program;
- (5) most recent financial statement, audit, and meals served for same time period;
- (6) current cost per meal and explanation of anticipated changes;
- (7) total dollars requested;
- (8) reimbursement rate requested; and
- (9) number of meals to be provided.

(c) Each applicant shall document a willingness to adhere to the provisions of the in-home contract agreement supplied by the department. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-2. Provider accountability.** (a) Upon receipt of funding from the department, the in-home service provider shall comply with reporting requirements of K.A.R. 26-2-3.

(b) Accurate, current, and complete disclosure of the financial results of the program shall be made in accordance with the financial reporting requirements of the contract.

(c) Accounting records shall contain information pertaining to authorizations, obligations, unobligated

balances, assets, outlays, income, and liabilities and shall identify adequately the source and application of funds for program activities.

(d) Effective control and accountability shall be maintained for all contract funds, real and personal property, and other assets. Recipients shall adequately safeguard all such property and shall assure that the property is used solely for authorized persons.

(e) Accounting records shall be supported by source documentation such as cancelled checks, paid bills, payrolls, and contract documents.

(f) Each recipient shall follow a systematic method to assure timely and appropriate resolution of audit findings and recommendations.

(g) Each recipient shall have an annual CPA audit performed by a certified public accountant. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-3. Termination of contracts.** (a) A contract may be terminated by the department for cause in whole or in part, at any time before the expiration date, if the provider has failed to comply with the terms of the contract. The department shall notify the provider in writing of the determination and the reasons for the termination, together with the effective date.

(b) A contract under the in-home nutrition program may be terminated on other grounds by either party at any time upon thirty (30) days written notice.

(c) The applicant denied funding, or the provider whose contract is terminated for cause or on other grounds, shall have the right to appeal the decision by following the procedures outlined in K.A.R. 26-4-1 through K.A.R. 26-4-4. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-4. Procurement.** (a) The procurement transactions made by in-home meals providers shall be conducted in a manner to provide competition in accordance with K.A.R. 26-3-1.

(b) The contracts for food service between an in-home meal provider and a profit-making prepared food provider shall be approved by the department prior to implementation. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-5. Services to be provided.** (a) The in-home meal service provider shall provide a hot or other appropriate home-delivered meal to eligible homebound individuals at least once per day and five or more days per week.

(b) Each in-home meal service provider shall:

(1) comply with all state and local laws and regulations governing sanitation, preparation and handling of food; and

(2) follow appropriate procedures which assure preservation of nutritional values and food safety in purchasing food and preparing and delivering meals.

(c) Each meal served in the in-home nutrition program shall contain at least one-third of the current recommended daily dietary allowances as established

by the Food and Nutrition Board of the National Academy of Sciences—National Research Council. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-6. Eligibility for services.** The in-home meal service provider shall make a written determination of the eligibility of each individual requesting nutrition services prior to the individual's receipt of a home-delivered meal and annually thereafter. The provider shall use the following eligibility criteria:

(a) Applicant shall be age 60 years or over and reside in Kansas.

(b) applicant shall be homebound by reason of illness or incapacitating disability or otherwise isolated; and

(c) applicant shall have a maximum monthly gross income not to exceed the income level established annually by the department. Priority shall be placed on providing service to individuals with gross income equal to or less than 100% of the poverty level. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-5-7. Client contributions.** The in-home meal service provider shall:

(a) inform the client of the opportunity to contribute toward the cost of the service;

(b) provide for a confidential collection of client contributions;

(c) not deny any eligible person a meal if the person does not contribute to the cost of the meal; and

(d) use the meal contributions, in the in-home nutrition program, for current costs and to reduce the state cost of the program. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

#### Article 6.—EMPLOYMENT PROGRAM

**26-6-1. Eligibility requirements to operate older Kansans employment programs (OKEP) shall include:**

(a) The following types of organizations;

(1) Any area agency on aging;

(2) any non-profit organization which provides social services; or

(3) any unit of local government.

(b) Completion of an application issued by the department.

(c) Using the department's competitive bid process, selection to become grantee shall be based upon the organization's:

(1) experience with employment and related personnel matters;

(2) prior contacts or affiliations with major private sector employers;

(3) objectives and methods of achieving objectives, including staff qualifications and work schedules;

(4) budget proposals, including cost justification, support for future fundings, and ability to provide in-kind services or share the program costs;

(5) prior experience with meeting the needs of the elderly; and

(6) adherence to equal employment opportunity

guidelines. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-2. Types of mandated services under OKEP shall include:** (a) Outreach and recruitment to enroll the planned participants per quarter;

(1) Coordination of program activities with other community agencies which serve older persons; and

(2) education of employers in local communities concerning the advantages of hiring older workers,

(b) counseling;

(c) training in job-seeking skills;

(d) job development; and

(e) job placement with emphasis upon placement in private sector jobs including jobs that are shared, flex-time, and part-time. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-3. Allowable expenses for OKEP.** An agency receiving funding for services shall comply with the same requirements as those for JTPA found in K.A.R. 26-6-7. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-4. Minimum performance standards to maintain grant shall include:** (a) Units of service including:

(1) Enrollment, at minimum, of the planned participants per quarter; and

(2) placement, at minimum, of the planned participants per quarter.

(b) fiscal accountability, including:

(1) Engagement of an independent certified public accounting (CPA) firm to perform a financial audit of any grant or subgrant of a least \$25,000 to:

(A) Perform a financial audit on a yearly basis;

(B) begin the financial audit after the last active day of the grant; and

(C) complete the financial audit within six months after the last active day of the grant;

(2) submission of the financial audit of the program to the granting agency within 30 days after the completion of the financial audit;

(3) reconciliation of the financial audit and the grantee financial report; and

(4) grantee submission of the financial reconciliation to the granting agency within 30 days after the financial audit completion.

(c) maintenance of records;

(d) maintenance of confidentiality;

(e) submission of reports to the department as follows:

(1) Monthly program reports;

(2) monthly financial reports;

(3) quarterly performance reports;

(4) annual reports;

(5) minority participation reports as required; and

(6) other reports as requested by the department;

(f) adherence to other requirements of the department. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

(continued)

**26-6-5. Participant eligibility requirements for OKEP shall include:** (a) Kansas residency; (b) age of 55 years of age or older; (c) priority given to minority or low income elderly persons. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-6. Grant or contract terminations.** (a) Grants can be terminated for the following reasons:

(1) Failure, after 30 days written notice from the department, to meet departmental requirements, concerning minimum program, outreach, and performance standards;

(2) fraud;

(3) loss of legislative appropriations; or

(4) use of OKEP funds for political or other non-allowable purposes.

(b) grantees may appeal funding termination in accordance with K.A.R. 26-4-1. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-7. JTPA.** (a) The federal employment program is referenced in 20 CFR—Parts 626-638; Public Law 97-300, amended 12-31-82, 97-404.

(b) Additional program requirements for the JTPA program in the state of Kansas are referenced in the Kansas job training partnership act fiscal policies and procedures, the Kansas job training partnership act management information system manual, the Kansas department of human resources equal opportunity and grievance procedure guide for JTPA, and all applicable Kansas department of human resources program issuances. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

**26-6-8. Application for funding.** (a) Each agency or organization choosing to provide services under the JTPA 3% program shall submit a proposal to the department when required by the department.

(b) At a minimum, each proposal shall contain the following:

(1) Narrative description of outreach, recruitment, and eligibility determination procedures;

(2) narrative description of assessment, referral and selection process;

(3) narrative description of how equitable enrollment of JTPA target groups, including women, minorities, the handicapped, and public assistance recipients will be achieved;

(4) geographic area(s) to be covered;

(5) narrative description of program activities such as job search assistance, job development, skill training, on-the-job training, and supportive services;

(6) description of applicant organization's administrative structure;

(7) documentation of existing and proposed cooperative agreements between other related service providers in the area(s) to be served;

(8) description of specific, measurable, project objectives, including objectives for entered employment rate, average hourly wage and placement, and cost per entered employment;

(9) total dollars requested; and

(10) detailed budget, with narrative description providing support for each budget item.

(c) Each applicant shall document a willingness to adhere to the provisions of the JTPA 3% grant agreement. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986.)

JOYCE V. ROMERO  
Secretary of Aging

Doc. No. 003969

## State of Kansas

### DEPARTMENT OF REVENUE

#### PERMANENT ADMINISTRATIVE REGULATIONS

(Effective May 1, 1986)

#### Article 2.—INHERITANCE TAXES

**92-2-42.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1546; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-43.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1543; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-44.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1545; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-45.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1547, 79-1552, 79-1556; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-47.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1537; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-49.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1561; effective, E-80-26, Dec. 26, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-50.** (Authorized by K.S.A. 59-1405, K.S.A. 1979 Supp. 79-1583, 79-1560, 79-1561; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-51.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1563; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-53.** (Authorized by K.S.A. 1979 Supp. 79-1583, 79-1563; effective, E-80-26, Dec. 12, 1979; effective May 1, 1980; revoked May 1, 1986.)

**92-2-56. Family settlement agreements.** To be effective for purposes of estate distribution and inheritance tax liability determinations, a family settlement agreement shall be properly executed and presented to a court of competent jurisdiction for its approval, pursuant to K.S.A. 59-618a, and its amendments. The copy of the agreement filed with the Department of Revenue shall indicate that it has been so presented. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537; effective May 1, 1986.)



**92-2-57. Distributees; prior transfers between class A distributees.** (a) Any person or entity acquiring an interest in property as a result of a decedent's death shall be a distributee of such decedent's estate.

(b) When more than one individual dies as a result of a common disaster, and it cannot be determined whether one survived the other or others, problems concerning title to property or the devolution thereof shall be resolved under the provisions of the Kansas uniform simultaneous death law, K.S.A. 58-701 to 58-707, and its amendments. The Kansas inheritance tax shall apply to the property of each decedent as so determined.

(c) When a person is taxed as a class A distributee upon receipt of property from a decedent's estate, and that person dies within five years of the date of death of the first decedent, the same property may pass partially exempt to a person who is a class A distributee of the second decedent. The portion of the value which is exempt upon the death of the second decedent shall be that portion which was actually taxed upon the death of the first decedent. The tax contemplated in determining the extent to which property was taxed and the tax thereon paid in the estate of the first decedent shall be the inheritance tax imposed by K.S.A. 79-1537, and its amendments. The portion of the value which was not taxed upon the death of the first decedent, because of the personal deduction of the distributee or for any other reason, shall be included as a part of the taxable estate of the second decedent. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537; effective May 1, 1986.)

**92-2-58. Debts forgiven by will.** The discharge or bequest, in a will, of any debt or demand of a testator against any person shall be construed as a specific bequest of the debt or demand. The amount thereof shall be included in the inventory of the assets of the decedent. The amount of the indebtedness shall be set over to the debtor the same as any other specific bequest, included in the debtor's distributable share, and subjected to tax. Notes or other evidence of debt which are forgiven by provision made in any will and which are otherwise barred from collection by operation of law shall be exempt from Kansas inheritance tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537a; effective May 1, 1986.)

**92-2-59. Surviving spouses.** (a) Only a person decreed to have been a common law spouse by a court of competent jurisdiction shall be given the same status as a spouse by marriage for inheritance tax purposes.

(b) Any property interest passing to the surviving spouse of a decedent shall be exempt from Kansas inheritance tax, regardless of the manner in which the interest is held or passed.

(c) If the tax for an estate is determined under the provisions of K.S.A. 79-1539 or 79-1540, and its amendments, the share passing to the surviving spouse shall be chargeable with the tax in proportion to the amount of the share of the estate received by the surviving spouse. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537b, 79-1539, 79-1540; effective May 1, 1986.)

**92-2-60. Charitable distributees.** (a) Any property interest passing from the decedent to a charitable organization shall be exempt from Kansas inheritance tax, regardless of the manner in which the interest is held or passed.

(b) If the tax due for an estate is determined under the provisions of K.S.A. 79-1539 or 79-1540 and its amendments, the share passing to a charitable organization shall be chargeable with the tax when there are no other distributees whose distributive shares are large enough to pay the tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537c, 79-1539, 79-1540; effective May 1, 1986.)

**92-2-61. Qualified terminable interest property election.** (a) A qualified terminable interest property election shall be made on form IH 80, Kansas inheritance tax return for estates filing federal estate tax returns, or form IH 90, Kansas inheritance tax return for estates not filing federal estate tax returns, and by attaching or including information sufficient to identify the particular assets or groups of assets subject to the election. A qualified terminable interest property election may be made without regard to the filing of, or making of a similar election on, a federal estate tax return. The election shall be irrevocable once it is made.

(b) Elections, including less than all qualified property, shall be allowed. If a partial election is made, a computation schedule or other information sufficient to identify the particular assets or groups of assets subject to the partial election shall be included. If identification of particular assets is not possible, the dollar amount, or percentage, of all assets subject to the election shall be indicated. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1537d; effective May 1, 1986.)

**92-2-62. Tax to residue.** When a will or other written instrument specifically provides for the payment of inheritance tax from the residue of the decedent's estate, the tax due on property which is not a part of the residue of the estate, shall be deducted from the residue before it is distributed and taxed. Tax due on the balance of the residue shall not be deducted from the residue in making distribution and calculating tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1538; effective May 1, 1986.)

**92-2-63. Additional tax; credit for state death taxes.** If the Kansas inheritance tax, computed in accordance with K.S.A. 79-1537, and its amendments, is less than an amount equal to the federal credit for state death taxes, the difference between the inheritance tax and the amount of the federal credit shall be due as an additional tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1539; effective May 1, 1986.)

**92-2-64. Minimum tax; credit for state death taxes.** If no Kansas inheritance tax is due upon the distributive shares of an estate under K.S.A. 79-1537, and its amendments, an amount equal to the federal credit for state death taxes shall be due as a minimum tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1540; effective May 1, 1986.)

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**92-2-65. Proration of credit for state death taxes; tax chargeable against distributee's interests.** (a) When an estate is comprised of property both within and without the Kansas jurisdiction, the amount of the credit for state death taxes shall be prorated between the jurisdictions, based upon the relationship between the value of the gross estate within the Kansas jurisdiction and the value of the federal gross estate.

(b) The tax imposed pursuant to K.S.A. 79-1539 or 79-1540, and its amendments, shall be chargeable against the interests of each distributee in proportion to the amount of the shares of the estate received by each. Even though no tax may be due on a distributable share pursuant to K.S.A. 79-1537, and its amendments, the distributee shall pay a portion of the tax. A charitable beneficiary shall be required to pay a proportionate part of the tax only when there is no other beneficiary whose distributive share is large enough to pay the tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1541; effective May 1, 1986.)

**92-2-66. Valuation of property included in the gross estate.** (a) The property included in a decedent's gross estate pursuant to K.S.A. 79-1547 through 79-1557, and their amendments, shall be valued as follows:

(1) **Stocks and Bonds.** The value of stocks and bonds shall be the fair market value per share or bond on the applicable valuation date. Treasury Reg. Sec. 20.2031-2 (1976) is hereby adopted by reference and shall be followed in determining the fair market value of stocks and bonds.

(2) **Business interests.** The value of any interest of a decedent in a business, whether a partnership or a proprietorship, shall be the fair market value of that interest on the applicable valuation date. Treasury Reg. Sec. 20.2031-3 (1958) is hereby adopted by reference and shall be followed in determining the fair market value of these business interests.

(3) **Notes.** Notes owned by the decedent shall be valued at their fair market value on the applicable valuation date. Treasury Reg. Sec. 20.2031-4 (1958) is hereby adopted by reference and shall be followed in determining the fair market value of notes.

(4) **Cash.** The amount of cash belonging to the decedent at the date of death, whether in the decedent's possession or deposited with a bank, shall be included in the decedent's gross estate. Treasury Reg. 20.2031-5 (1958) is hereby adopted by reference and shall be followed in determining the valuation of cash on hand or on deposit.

(5) **Household items and personal effects.** The value of household items and personal effects shall be the fair market value of those items on the applicable valuation date. Treasury Reg. Sec. 20.2031-6 (1958) is hereby adopted by reference and shall be followed in determining the fair market value of household items and personal effects.

(6) **Life insurance and annuity contracts.** The valuation of certain life insurance contracts on the life of another individual, certain annuity contracts and shares in an open-end investment company shall be determined under Treasury Reg. Sec. 20.2031-8 (1974), which is hereby adopted by reference.

(7) **Interests affected by lapse of time; estates of decedents dying after December 31, 1978 and before May 1, 1986.** Annuities, life estates, terms for years, remainders and reversions shall be valued in the manner and according to the tables provided in Treasury Reg. Sec. 20.2031-10 (1970), which is hereby adopted by reference.

(8) **Interests affected by lapse of time; estates of decedents dying after April 30, 1986.** Annuities, life estates, terms for years, remainders and reversions shall be valued in the manner and according to the tables provided in Treasury Reg. Sec. 20.2031-7 (1984), which is hereby adopted by reference.

(9) **Other property.** The valuation of any property not specifically described in the preceding subsections of this regulation shall be determined in accordance with the general principles set forth in Treasury Reg. Sec. 20.2031-9 (1958) and Treasury Reg. Sec. 20.2031-1 (1965), which are hereby adopted by reference.

(b) In the event the alternate valuation method is elected for federal estate tax purposes pursuant to 26 U.S.C. Sec. 2032, the alternate valuation method shall also be used for Kansas inheritance tax purposes, as provided in K.S.A. 79-1543, and its amendments. If a federal estate tax return is filed and the alternate valuation method is not elected, the Kansas alternate valuation method shall not be used. If a federal estate tax return is not filed, the estate may be valued for Kansas inheritance tax purposes as of the date of death or under the alternate valuation method provided in K.S.A. 79-1543, and its amendments. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1543, 79-1546 to 79-1557; effective May 1, 1986.)

**92-2-67. Special valuation of certain farm and closely held business properties.** (a) An election under K.S.A. 79-1545, and its amendments, shall be made on a timely filed form IH 80, Kansas inheritance tax return for estates filing federal estate tax returns, and by attaching to it a notice of election and an agreement to special valuation by persons with an interest in the property. The notice of election and agreement to special valuation shall be made in accordance with the form and informational content requirements set forth in Treasury Reg. Sec. 20.2032A-8 (1980), which is hereby adopted by reference. The special use valuation method provided by K.S.A. 79-1545, and its amendments, may be elected only when the special use valuation method is elected for federal estate tax purposes pursuant to 26 U.S.C. Sec. 2032A. The election shall be irrevocable once it is made. If a federal estate tax return is not filed, or if a federal estate tax return is filed but the special use valuation method is not elected, the Kansas special use valuation method shall not be used. The special valuation method provided by K.S.A. 79-1545, and its amendments, may not be elected if a qualified real property exclusion election has been made with respect to the estate under K.S.A. 79-1545b, and its amendments.

(b) A protective election to specially value qualified real property may be made only when a protective election to specially value qualified real property is

made for federal estate tax purposes. A protective election may be made on a timely filed form IH 80, and by attaching to it a copy of the protective election to specially value qualified real property made for federal estate tax purposes.

(c) Requirements of material participation for valuation of certain farm and closely held business real property shall be determined in accordance with the general principles set forth in Treasury Reg. Sec. 20.2032A-3 (1980), which is hereby adopted by reference.

(d) The method of valuing farm real property shall be determined in accordance with the general principles set forth in Treasury Reg. Sec. 20.2032A-4 (1980), which is hereby adopted by reference.

(e) Within 90 days of the receipt of: (1) any line adjustment by the internal revenue service, or (2) a federal closing letter, the representative of the estate shall submit to the director of taxation a true copy of the line adjustments and computation of tax as adjusted, or the closing letter. Failure to comply shall result in the accrual of interest on the amount of any underpayment of tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1545, as amended by L. 1985, Ch. 316, Sec. 1; effective May 1, 1986.)

**92-2-68. Exclusion of certain farm and closely held business properties from gross estate.** (a) An election under K.S.A. 79-1545b, and its amendments, shall be made on a timely filed form IH 80, Kansas inheritance tax return for estates filing federal estate tax returns, or form IH 90, Kansas inheritance tax return for estates not filing federal estate tax returns, and by attaching to it a notice of election and an agreement to special valuation by persons with an interest in the property. The notice of election and agreement to special valuation shall be made in accordance with the general principles relating to form and informational content requirements set forth in Treasury Reg. Sec. 20.2032A-8 (1980), which is hereby adopted by reference. The qualified real property exclusion method provided by K.S.A. 79-1545b, and its amendments, may be elected without regard to the filing of, or special use valuation election made on, a federal estate tax return. The election shall be irrevocable once it is made. The qualified real property exclusion method provided by K.S.A. 79-1545b, and its amendments, shall not be elected if a special use valuation election has been made with respect to such estate under K.S.A. 79-1545, and its amendments.

(b) A protective election to exclude qualified real property may be made only when a federal estate tax return is filed and a protective election to specially value qualified real property is made for federal estate tax purposes. A protective election may be made on a timely filed form IH 80, and by attaching to it a copy of the protective election to specially value qualified real property made for federal estate tax purposes.

(c) Requirements of material participation for the exclusion of certain farm and closely held business real property shall be determined in accordance with the general principles set forth in Treasury Reg. Sec. 20.2032A-3 (1980), which is hereby adopted by reference.

(d) Within 90 days of the receipt of (1) any line adjustment by the internal revenue service, or (2) a federal closing letter, the representative of the estate shall submit to the director of taxation a true copy of the line adjustments and computation of tax as adjusted, or the closing letter. Failure to comply shall result in the accrual of interest on the amount of any underpayment of tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1545b, as amended by L. 1985, Ch. 316, Sec. 2; effective May 1, 1986.)

**92-2-69. Transfers in contemplation of death.** (a) Estates of decedents dying prior to January 1, 1983, shall include all property which the decedent transferred within one year prior to death, except property transferred pursuant to a bona fide sale for an adequate and full consideration in money or money's worth.

(b) Estates of decedents dying after December 31, 1982, shall include property which the decedent transferred within one year prior to death, except property transferred pursuant to a bona fide sale for an adequate and full consideration in money or money's worth, only when the donor retains control over the asset transferred, or when one or more items of property transferred to any transferee has an aggregate value of more than \$10,000. The gross estate of a decedent dying after December 31, 1982, shall not include the value of any one or more lifetime gifts aggregating less than \$10,000 of value nor the first \$10,000 of one or more gifts of more than \$10,000 of value where the decedent had made an absolute gift and had not retained any incidents of control or ownership. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1549; effective May 1, 1986.)

**92-2-70. Transfers with retained life estate.** The determination of what property is to be included in a decedent's gross estate, as a transfer with a retained life estate, and its value, shall be made in accordance with the general principles set forth in Treasury Reg. Sec. 20.2036-1 (1960), which is hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1550; effective May 1, 1986.)

**92-2-71. Transfers taking effect at death.** The determination of what property is to be included in a decedent's gross estate, as a transfer taking effect at death, and its value, shall be made in accordance with Treasury Reg. Sec. 20.2037-1 (1958), which is hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1551; effective May 1, 1986.)

**92-2-72. Revocable transfers.** The determination of what is to be included in a decedent's gross estate as a revocable transfer, and its value, shall be made in accordance with Treasury Reg. Sec. 20.2038-1 (1962), which is hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1552; effective May 1, 1986.)

**92-2-73. Annuities or other payments receivable by reason of surviving decedent.** The determination of what is to be included in a decedent's gross estate as an annuity, and its value, shall be made in accordance

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with the general principles set forth in Treasury Reg. Sec. 20.2039-1 (1976), Treasury Reg. Sec. 20.2039-2 (1981), Treasury Reg. Sec. 20.2039-4 (1984), and Treasury Reg. Sec. 20.2039-5 (1981), which are hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1553; effective May 1, 1986.)

**92-2-74. Joint tenancy.** (a) For the estates of decedents dying after December 31, 1981, any interest in property held by the decedent and the decedent's spouse as joint tenants with right of survivorship shall be included in the gross estate only to the extent of one-half of the value of the joint interest.

(b) If the joint tenants are not spouses, or if the spouses are not the only joint tenants, or if the decedent's death occurred prior to January 1, 1982, the entire value of the interest shall be included in the estate of the decedent, except the part that may be shown to have originally belonged to a joint tenant other than the decedent and never to have been received or acquired from the decedent for less than adequate and full consideration. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1554; effective May 1, 1986.)

**92-2-75. Powers of appointment.** The determination of what is to be included in a decedent's gross estate as a power of appointment, and its value, shall be made in accordance with Treasury Reg. Sec. 20.2041-1 (1961), Treasury Reg. Sec. 20.2041-2 (1958), and Treasury Reg. Sec. 20.2041-3 (1958), which are hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1555; effective May 1, 1986.)

**92-2-76. Life insurance proceeds.** (a) The determination of what life insurance proceeds are to be included in a decedent's gross estate shall be made in accordance with Treasury Reg. Sec. 20.2042-1 (1974), which is hereby adopted by reference.

(b) Credit life insurance shall be considered to be paid to the decedent's estate rather than a named beneficiary. The amount of the credit life insurance shall not be allowed as an adjustment to the Kansas gross estate. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1556; effective May 1, 1986.)

**92-2-77. Transfers for insufficient consideration.** The determination of what is to be included in a decedent's estate as a transfer for insufficient consideration, and its value, shall be made in accordance with the general principles set forth in Treasury Reg. Sec. 20.2043-1 (1958), which is hereby adopted by reference. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1557; effective May 1, 1986.)

**92-2-78. Proration of deductions.** (a) When the assets of an estate are both within and without the jurisdiction of Kansas, the deduction for expenses and debts shall be prorated in the ratio that Kansas assets subject to debts bear to the entire estate subject to debts. For purposes of computing this ratio, assets which are specifically bequeathed or devised shall not be considered to be subject to debts unless the value of all assets which are not specifically bequeathed or devised is insufficient to pay all claims and debts.

(b) When an estate owns property both within and without the jurisdiction of Kansas and federal estate tax is levied upon the estate, or where the state of Kansas does not include all assets subject to federal estate tax for computation of inheritance taxes, the federal estate tax shall be allowed as a deduction in computing Kansas inheritance taxes in the ratio that assets subject to tax by Kansas bear to the gross valuation includible for federal estate tax purposes. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1560; effective May 1, 1986.)

**92-2-79. Deduction of expenses and debts.** (a) The determination of the deductibility of funeral expenses and administration expenses against the estate under K.S.A. 79-1561 shall be made in accordance with Treasury Reg. Sec. 20.2053-1 (1972), Treasury Reg. Sec. 20.2053-2 (1958) and Treasury Reg. Sec. 20.2053-3 (1979), which are hereby adopted by reference.

(b) Any claim or debt against a decedent's estate which accrued prior to the death of the decedent shall be deductible from the gross estate for inheritance tax purposes when allowed by the district court in probated estates. In the case of a non-probated estate, the director of taxation may examine and disallow any claims which are not legal and legitimate obligations of the estate. The determination of what claims and debts are allowable shall be made in accordance with the general principles set forth in Treasury Reg. Sec. 20.2053-4 through Sec. 20.2053-6 (1958), Treasury Reg. Sec. 20.2053-7 (1963) and Treasury Reg. Sec. 20.2053-8 (1958), which are hereby adopted by reference.

(c) The total amount of claims and debts allowable under subsection (b) shall be deducted from the adjusted gross estate in computing the amount of the distributable estate. Unless otherwise provided by the decedent's will, the portion of each distributee's share which is considered to be offset by claims and debts, and therefore not subject to inheritance tax, shall be dependent upon the type of conveyance by which the distributees receive their shares. For inheritance tax purposes, conveyances shall be offset by claims and debts in the order specified by K.S.A. 59-1405, and its amendments. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1561; effective May 1, 1986.)

**92-2-80. Expense deductions not allowable as deductions for income tax purposes.** (a) Expenses which have been, or will be, deducted for inheritance tax purposes shall not be deducted for income tax purposes. To deduct an item for income tax purposes, there shall be attached to a timely filed inheritance tax return a schedule or information setting forth the nature and amount of the deduction, a statement that the amounts have not been allowed as deductions under K.S.A. 79-1559(d) and (e) or K.S.A. 79-1561, and its amendments, and a waiver of the right to have the amounts allowed at any time as deductions under K.S.A. 79-1559(d) and (e) or K.S.A. 79-1561, and its amendments. The waiver shall be irrevocable once it is made.

(b) The manner in which expenses are deducted at the federal level shall not determine the manner of

deductions for Kansas. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1562; effective May 1, 1986.)

**92-2-81. Deductions for federal estate tax.** The amount of federal estate tax which will be allowed as a deduction for inheritance tax purposes shall be limited to the extent that the tax is imposed upon assets deemed to be included in the decedent's estate as of the date of death as defined by Kansas law. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1563; effective May 1, 1986.)

**92-2-82. Filing of return; payment of tax; liens; interest; computations by director.** (a) A complete return shall be filed within nine months after the date of the decedent's death to avoid the accrual of interest. When the filing of the return is delayed beyond nine months after the death of the decedent, and the director finds that such delay was due to the inability of the personal representative to determine that distributive shares of an estate or its proper recipients, or to litigation, interest shall commence at the time the problem resulting in the delay is resolved. A return shall be deemed to have been filed upon delivery to the inheritance tax section of the Kansas department of revenue. Returns mailed to the department shall be deemed to have been filed as of the postmark date.

(b) (1) A return shall disclose all information and be accompanied by any supplemental documents necessary for the determination of the tax liability. The following documents shall be submitted where applicable: (A) A certified copy of the will and codicils;

(B) a certified family settlement agreement;

(C) trust instruments and their amendments;

(D) ante nuptial or post nuptial agreements;

(E) an affidavit for proof of relationship of a stepchild or stepparent or an adopted child;

(F) the following proof of contribution, where available: (i) Copies of cancelled checks from an identifiable account;

(ii) an affidavit from a disinterested third party having knowledge of the decedent's and surviving joint tenant's financial affairs and who can trace the source of funds;

(iii) an affidavit from the seller of real estate to the decedent if the seller knows the source of funds used to acquire the real estate;

(iv) an affidavit from a banker knowing how funds in certain accounts were acquired; and

(v) copies of the decedent's and surviving joint tenant's income tax returns;

(F) a schedule of the computation and method used if the election is made to use a qualified real property exclusion;

(G) a schedule of the computation and method used when necessary to explain the values listed on any schedule;

(H) an explanation of any loss incurred during the settlement of the estate arising from fires, storms, shipwrecks or other casualties, or from theft, not compensated by insurance. The property on which the loss was incurred is required to be identified;

(I) a separate schedule showing the computation of

the net non-Kansas property and the net non-Kansas shares;

(J) a certified copy of any disclaimer filed;

(K) an explanation or the statutory citation creating an exemption applicable to assets of the estate;

(L) appropriate fees for waivers, copies, etc; and

(M) a copy of the return filed in the state of domicile if the decedent was a nonresident of Kansas and owned real property situated in Kansas or tangible personal property with a Kansas situs, or both.

(2) In all estates in which a federal estate tax return shall be made or required, the representative of the estate shall furnish the director of taxation, in addition to all other information required to be filed, true copies of the entire federal estate tax return showing recapitulation of assets and computation of the taxes. If only a portion of the federal estate tax return is required to be filed, and the schedules are not prepared, information necessary to identify the individual assets and expenses of the decedent's estate which are normally contained in the schedules shall be submitted to the inheritance tax section. Where an election is made to have the director compute the tax, failure to supply all information necessary for the determination of the tax liability shall result in the accrual of interest from the due date of the return.

(3) Within 90 days of the conclusion of litigation, the representative of the estate shall submit to the director of taxation true copies of any court order affecting the composition or distribution of the estate. Failure to comply shall result in the accrual of interest.

(4) If tax is paid with a return which does not disclose all information necessary for the determination of the tax liability, and subsequent receipt of this information results in additional tax liability, interest shall accrue upon the additional liability from the due date of the return.

(c) All property of which a decedent dies seized or possessed, in any form of investment, shall be charged with a general lien for all taxes and interest thereon which are or may become due on such property. The personal representative shall have a right to proceed against the property or interests passing to a distributee or against property or interests held by the distributee in the distributee's own right, in the following cases:

(1) If the personal representative has received an approved stay of payment of the balance of the taxes from the director, the personal representative shall have a right to proceed against each individual distributee receiving a share not within the custody or control of the personal representative. To enforce this right to proceed, the personal representative shall perfect a lien.

(2) If the personal representative pays the taxes due on shares not within the personal representative's custody and control, the personal representative shall have a right to proceed against the one or more individual distributees receiving such shares. To enforce this right, a lien shall be perfected. The right to proceed against an individual distributee arises only after issuance of a receipt for taxes. All associated forms and

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notices shall be prepared and issued by the inheritance tax section following a review of the specific situation.

(d) When it appears the filing of a return cannot be completed within nine months of the decedent's death, the personal representative of the estate, prior to the due date of the return, may request an extension of time to file the return. A request for an extension of time to file shall be made in writing, set forth the fact situation which makes timely filing impossible or unreasonably difficult, state the grounds upon which the extension should be allowed, and specify the time of extension or the extended due date requested.

(e) At the election of the personal representative, the taxes imposed may be determined by the director. The election shall be made by filing a return disclosing all information necessary for the determination of the taxes imposed. Upon receipt of all necessary information, the director shall determine the taxes due and owing and shall notify the personal representative of the tax liability by registered or certified mail. Notwithstanding any election made pursuant to this section, the taxes shall be due and payable at the same time and in the same manner as if the taxes had been determined by the personal representative. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1564; effective May 1, 1986.)

**92-2-83. Reporting adjustments of internal revenue service.** The representative of an estate shall notify the department of adjustments made by the internal revenue service pursuant to K.S.A. 79-1574, and its amendments, by submitting true copies of the line adjustments and of the adjusted computation of tax. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1574; effective May 1, 1986.)

**92-2-84. Overpayment of fees.** A fee which is overpaid shall not be refunded unless a written request for the refund is made by the party making the original payment. (Authorized by K.S.A. 79-1583; implementing K.S.A. 79-1580; effective May 1, 1986.)

### Article 3.—MOTOR FUEL TAX AND TRANSPORTATION OF LIQUID FUEL

**92-3-4. Export fuels; exemption claims.** Any distributor claiming a tax exemption on the sale or delivery of motor fuel for export shall file a monthly distributor's report, supported by a copy of the manifest or sales ticket, signed by the shipper. The distributor shall keep a copy of the manifest or sales ticket. The person receiving the fuel shall verify on the manifest or sales ticket that the fuel has been received. (Authorized by K.S.A. 79-3419; implementing K.S.A. 79-3408, as amended by L. 1985, Ch. 328, Sec. 1; effective Jan. 1, 1966; amended May 1, 1979; amended May 1, 1980; amended May 1, 1986.)

**92-3-6. Marking of vehicles transporting liquid fuels.** Each vehicle used in transporting liquid fuel, which is subject to the law pertaining to the transportation of liquid fuel, shall be marked or lettered as follows: (a) The liquid fuel carrier's name and address shall appear in plain letters not less than two inches in

height on a sharply contrasting background on each side of the vehicle.

(b) The liquid fuel carrier's license certification number shall appear in plain letters not less than two inches in height on a sharply contrasting background on each side of the vehicle. (Authorized by and implementing K.S.A. 55-512; effective Jan. 1, 1966; amended May 1, 1979; amended, E-82-26, Dec. 16, 1981; amended May 1, 1982; amended May 1, 1986.)

**92-3-9.** (Authorized by K.S.A. 66-1304, 79-3416, K.S.A. 1965 Supp. 55-512; effective Jan. 1, 1966; revoked May 1, 1986.)

**92-3-9a. Delivery to one other than original consignee.** (a) Subject to the provisions of K.S.A. 79-3416, if delivery of liquid fuels or motor fuels is made to some one other than the original consignee, the manifest shall legibly state: (1) the name and address of the original consignee;

(2) the name and address of the actual consignee;

(3) the license number of the actual consignee; and

(4) the quantity of fuel (corrected to 60 degrees Fahrenheit) received by the actual consignee.

(b) The person receiving the fuel shall verify on the manifest or sales ticket that the fuel has been received. (Authorized by K.S.A. 79-3419; implementing K.S.A. 79-3416; effective May 1, 1986.)

**92-3-12.** (Authorized by K.S.A. 83-125, K.S.A. 1965 Supp. 55-512; effective Jan. 1, 1966; revoked May 1, 1986.)

**92-3-12a. Vehicle tanks; re-marking when damaged.** If a vehicle tank, shell or head, seal, marker rod or indicator disc is damaged or altered in any manner after it has been calibrated, the owner or lessee shall report the damage or alteration to the director. The director may re-mark calibrations to indicate accurate measurements or calibrations. Motor fuel shall not be loaded into a damaged or altered vehicle tank until after the vehicle tank or the vehicle tank's components have been re-marked by the director to indicate accurate measurement. (Authorized by and implementing K.S.A. 55-512; effective May 1, 1986.)

**92-3-13.** (Authorized by K.S.A. 83-125, K.S.A. 1965 Supp. 55-512; effective Jan. 1, 1966; revoked May 1, 1986.)

**92-3-14. Calibration unit number.** Each tank vehicle calibrated shall have the unit number appear in plain letters not less than two inches in height on a sharply contrasting background on each side of the tank portion of the vehicle and shall be identified as "unit No. \_\_\_\_\_." (a) When a change of ownership of tank vehicle occurs, the seller shall return the certification card to the director of taxation. The new owner shall present the tank vehicle to the state calibration agent for inspection and registration within 30 days of the change in ownership. A fee shall not be charged to a new owner unless recalibration of the tank vehicle is necessary.

(b) All tank vehicles shall be inspected by the state calibration agent not less than once each five years and recalibrated at least once every 10 years. (Autho-

ized by K.S.A. 55-512; implementing L. 1985, Ch. 345, Sec. 1; effective Jan. 1, 1966; amended May 1, 1979; amended May 1, 1986.)

**92-3-15.** (Authorized by K.S.A. 79-3430, 79-3458; effective Jan. 1, 1966; revoked May 1, 1986.)

**92-3-17.** (Authorized by K.S.A. 79-3403, 79-3405; effective May 1, 1979; revoked May 1, 1986.)

**92-3-17a. License applications; bond requirements.** (a) Each applicant for a distributor, importer, or manufacturer license shall post a bond equal to a three months' average tax liability. New businesses may submit a bond equal to 25% of its estimated tax liability for a 12-month period. The bond shall not be less than the minimum required by statute. The bond requirements shall be met before a license is granted. The bond may be a surety bond executed by a approved corporate surety or a cash bond. Either a cashier's check payable to the director or an escrow account with a Kansas bank shall be used for a cash bond.

(b) The director may reduce the required bond to an amount equal to two months' tax liability, but not less than the minimum required by statute, in consideration of a satisfactory reporting history consisting of the prior 12 months in which there were no delinquencies or returned checks.

(c) Motor fuel tax bonds and financial statements shall be reviewed periodically by the director. The director may require an additional bond or a current certified financial statement if:

(1) the existing bond or financial statement is not sufficient to meet the current average three months' tax liability; or

(2) the licensee is not promptly filing or paying tax; or

(3) the corporate surety is no longer an approved surety. The licensee shall supply the additional bond or certified financial statement within 60 days of receiving notification. Notice shall be deemed received three days after depositing it in United States mail, postage prepaid. (Authorized by K.S.A. 79-3419; implementing K.S.A. 79-3403, 79-3405; effective May 1, 1986.)

**92-3-19. Principal business for handling allowances.** (a) Each distributor's principal business shall be determined on the basis of national gross sales figures. Each distributor claiming a handling allowance for motor vehicle fuel shall provide the director annual figures on total gross business from all sources and on total business from the marketing of motor vehicle fuels or petroleum products. The figures shall be given on a national basis. Each new distributor shall provide total gross sales figures for all sales and for petroleum related product sales for the first six months of its business. Documentation of sales figures shall be made available to the director during reasonable business hours.

(b) Any tax assessed because of a disallowed handling allowance shall be due and payable 60 days after assessment. Interest and penalties may be imposed on any taxes remaining unpaid after the due date. (Au-

thorized by K.S.A. 79-3419; implementing K.S.A. 79-3408, as amended by L. 1985, Ch. 328, Sec. 1, 79-3411; effective May 1, 1986.)

**92-3-20. Refunds, books and records.** (a) Each person claiming a refund of motor fuel tax for non-highway usage shall substantiate the claim with adequate records. An officer, partner, or owner shall verify each return as to the accuracy of the information included on the return.

(b) An adequate record includes:

(1) An account of all motor fuel purchases that lists each supplier and whether fuel was purchased for exempt or taxable use;

(2) an account of non-highway usage either by an actual record of use or a standard approved by the director;

(3) an account of loss of non-highway fuel due to pilferage, spillage or diversion to nonexempt use; and

(4) a perpetual inventory which uses a system of metered withdrawals or a physical inventory which includes at least a monthly actual inventory and an inventory taken at the close of each period for which a claim is filed.

(c) If a claimant for motor-vehicle fuel tax refund uses storage facilities which contain both fuels for highway and non-highway use, the claimant shall support the return with an accurate record of fuel used for highway and non-highway use. The claimant shall document the usage by:

(1) Different meters attached to a single tank, if one meter is used exclusively for highway fuel and another meter is used exclusively for non-highway fuel;

(2) a single meter capable of recording the type of withdrawal; or

(3) an accurate account that records each withdrawal and its use at the time of withdrawal.

(d) Fuel used shall be presumed to be for highway use unless it is accurately documented for non-highway use. (Authorized by K.S.A. 79-3419; implementing K.S.A. 79-3458; effective May 1, 1986.)

#### Article 8.—CEREAL MALT BEVERAGE TAX

**92-3-11. Storage of cereal malt beverage in warehouse in which beer or wine is also stored.** [a] Any cereal malt beverage wholesaler or distributor licensed by the director of taxation, department of revenue, who also holds a beer distributor's license issued pursuant to K.S.A. 41-307, may store cereal malt beverage and beer in the same warehouse. The cereal malt beverage and beer shall be kept separate, in clearly designated areas, at all times.

[b] Any cereal malt beverage distributor who is authorized to sell wine pursuant to L. 1985 chapter 168, section 5, may store cereal malt beverage and wine in the same warehouse. The cereal malt beverage and wine shall be kept separate, in clearly designated areas, at all times. Cereal malt beverage distributors who store and sell wine shall also comply with K.S.A. Article 4, chapter 41, and all other statutes and regulations concerning the wholesale storage and sale

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of alcoholic liquor. (Authorized by K.S.A. 41-211, 41-1717 implementing L. 1985 ch.168, sec. 5; K.S.A. 41-401, K.S.A. 41-2713; effective Jan. 1, 1966; amended May 1, 1986.)

**92-8-18. Regulations that apply to CMB distributors who sell wine.** Any cereal malt beverage distributor licensed pursuant to K.S.A. 41-2713 who stores and sells wine pursuant to L. 1985, ch. 168, sec. 5, shall be subject to, and shall comply with, the following regulations: K.A.R. 13-2-1 through K.A.R. 13-2-15, inclusive; K.A.R. 13-5-2; K.A.R. 14-1-1; K.A.R. 14-2-1; K.A.R. 14-2-2; K.A.R. 14-2-4; K.A.R. 14-2-5; K.A.R. 14-2-6; K.A.R. 14-2-9 through K.A.R. 14-2-23, inclusive; K.A.R. 14-4-1; K.A.R. 14-4-3; K.A.R. 14-4-4; K.A.R. 14-4-6 through K.A.R. 14-4-23, inclusive; K.A.R. 14-4-26; K.A.R. 14-6-6; K.A.R. 14-7-1; K.A.R. 14-7-4; K.A.R. 14-7-6; K.A.R. 14-8-1; K.A.R. 14-8-2; K.A.R. 14-8-6 through K.A.R. 14-8-13, inclusive; K.A.R. 14-9-1 through K.A.R. 14-9-10, inclusive; K.A.R. 14-10-1a through K.A.R. 14-10-4, inclusive; K.A.R. 14-17-1; K.A.R. 14-17-2; K.A.R. 14-17-4. (Authorized by K.S.A. 79-3835; implementing L. 1985, ch. 168, sec. 5; effective May 1, 1986.)

#### Article 11.—WITHHOLDING AND ESTIMATED TAX

**92-11-1. Requirements of withholding tax from wages.** Each employer maintaining an office or transacting business or deriving income within the state and making payment of any wages taxable under "the Kansas income tax act" to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period an amount of tax as provided in K.A.R. 92-11-4, and its amendments. (Authorized by K.S.A. 79-3236, 79-3297a; implementing K.S.A. 79-3296, 79-3297a; effective Jan. 1, 1966; amended, E-67-14, Aug. 9, 1967; amended Jan. 1, 1968; amended Jan. 1, 1972; amended, E-77-6, Mar. 19, 1976; amended Feb. 15, 1977; amended, E-78-21, Aug. 10, 1977; amended May 1, 1978; amended May 1, 1986.)

**92-11-4. Determining tax to be withheld.** (a) General. The Kansas income tax to be withheld by an employer shall be determined in accordance with a method prescribed by the director which takes into account the employee's annualized gross wages, allowable federal income tax deduction, standard deduction, number of exemptions claimed and applicable tax rate or the income tax table provided by the department.

(b) Supplemental wages. The treatment given supplemental wages for federal withholding purposes shall be the treatment given supplemental wages for Kansas withholding purposes. The same percentage applied to determine federal withholding shall be applied to the federal withholding amount to determine the amount of Kansas withholding.

(c) Payroll periods. The Kansas tax shall be withheld on the basis of the same payroll period used for federal income tax purposes.

(d) Withholding exemptions. The employer shall

allow the number of exemptions claimed by the employee on federal form W-4.

(e) Withholding of additional amounts pursuant to agreement.

(1) Whenever the employer and employee agree that an additional amount shall be withheld from employee's wages for federal purposes, that agreement shall also apply for Kansas income tax purposes.

(2) The amount deducted and withheld pursuant to such an agreement between the employer and employee shall be considered as tax required to be deducted and withheld under this section. All provisions of law and regulations applicable to the tax shall be applicable to any amount deducted and withheld pursuant to the agreement. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3297a; effective Jan. 1, 1966; amended, E-67-14, Aug. 9, 1967; amended Jan. 1, 1968; amended, E-77-6, March 19, 1976; amended Feb. 15, 1977; amended, E-78-21, Aug. 10, 1977; amended May 1, 1978; amended, E-80-26, Dec. 12, 1979; amended May 1, 1980; amended, T-83-10, June 9, 1982; amended May 1, 1983; amended, T-84-15, July 1, 1983; amended May 1, 1984; amended May 1, 1986.)

#### **92-11-7. The information statement for employee.**

(a) General. Each employer required to deduct and withhold from an employee a tax under the Kansas withholding tax act shall be required to furnish to the employee with respect to the wages paid by such employer during the calendar year copies of approved wage and tax statements showing:

(1) The employer's name, address and employer's federal and state withholding tax identification numbers in the appropriate spaces;

(2) the employee's name, address and social security number;

(3) the amount of wages subject to federal withholding tax and the amount of federal tax withheld;

(4) the amount of wages subject to Kansas withholding tax and the amount of Kansas tax withheld;

(5) the amount of wages subject to social security tax and the amount of social security tax withheld;

(6) the tax year for which the statement was rendered; and

(7) other information as required by the director of taxation.

(b) In no case shall the tax year be changed in any manner. All forms other than those supplied by the department of revenue shall have prior approval and in no case shall any of the information contained on the statement be blocked out. An employer shall be required to furnish the employee with wage and tax statements on or before January 31, following the close of the calendar year, or if the employment of the employee is terminated before the close of such calendar year, the employer may mail the wage and tax statements to the employee on or before January 31, following the close of the calendar year or may furnish the wage and tax statement to the employee at the time of the last payment of wages. All copies furnished to the employee shall be legible in every respect. If the copies are not legible, the copies will not be



considered to have been furnished to the employee. The failure to furnish the wage and tax statements to two or more employees shall be considered to be separate offenses.

(c) Each employer, on or before the last day of February following the close of the calendar year, shall file with the department of revenue the state copy of each wage and tax statement together with an employer's annual withholding tax return. The state copy of the wage and tax statement furnished to the department of revenue shall be clearly legible. If the copy is not legible in any respect, the copy will not be considered filed with the department.

(d) Wages to be reported on statements. Where a wage and tax statement is required to be furnished to an employee, the employee's aggregate wages paid for the entire calendar year for services performed both within and without Kansas shall be reported on such forms regardless of whether the employee is a resident or a nonresident.

(e) Kansas withholding to be separately stated. In each payroll record furnished an employee for any purpose, the amount of Kansas withholding tax shall be separately stated from the withholding of wages for any other purpose, including federal income tax withheld, social security tax withheld, medicare tax withheld, city earnings or income tax withheld, other state income tax withheld, and any other item withheld. The word "payroll record," as used in this subsection, shall apply to the payroll check stub or any other document which the employer may furnish an employee. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3299; effective Jan. 1, 1966; amended May 1, 1976; amended May 1, 1986.)

**92-11-9. Kansas employer's final withholding tax deposit report.** The last report of tax withheld for any employer who discontinues business or permanently ceases to pay wages shall be marked "final report" and filed by the due date or within 30 days after the end of the month in which business or payment of wages ceased, whichever is the earlier date, irrespective of the usual reporting period due date. The report and remittance shall be sent to the department of revenue, state of Kansas, state office building, Topeka, Kansas 66612, with the state copy of the wage and tax statement for each employee and the annual withholding tax return. The employer shall also file a request for cancellation of employer's withholding identification number. An employer who has temporarily ceased to pay wages, including an employer engaged in seasonal activities, shall continue to file reports but shall enter on the face of the report the date of the last payment of wages and the date when said employer expects to resume making such payments. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3298, as amended by L. 1985, Ch. 323 Sec. 1; effective Jan. 1, 1966; amended May 1, 1986.)

**92-11-10. Correcting mistakes in withholding.** (a) If the correct amount of tax is not paid to the department of revenue, proper adjustment may be made on the first return filed after the error is discovered, subject to the rules set forth herein. If the overpay-

ment of tax on the employer's return was occasioned by an overwithholding from the employee's wages a credit adjustment shall not be filed. If overwithholding has resulted in an overpayment and if the overwithholding may not be adjusted during the calendar year, the overwithholding shall be included in the employee's wage and tax statement and allowed as a credit against the Kansas income tax of the employee from whose wages the tax was overwithheld.

(b) The employer shall be liable for any underpayment. If tax is not deducted, or less than the correct amount of tax is deducted from the employee's wages, the employer may deduct the amount of the undercollection from later payments to the employee. Reimbursement is a matter for settlement between the employer and the employee.

(c) The employer shall be liable for the amount stated on the wage and tax statement submitted to the employee. If an overstatement of the Kansas income tax withheld has occurred, the employer shall be liable for the overstatement. The director of taxation may excuse the employer from payment of the overstatement on the wage and tax statement if the employer submits satisfactory proof that the employee has only the corrected wage and tax statement. Reimbursement of any unexcused overstatement shall be a matter for settlement between the employer and the employee. If an understatement of the Kansas income tax withheld has occurred on the wage and tax statement, the employer shall be responsible for preparing corrected wage and tax statements for the employees.

(d) A revised employer's annual withholding tax return shall accompany corrected wage and tax statements sent to the department.

(e) Corrected wage and tax statements shall not be accepted after December 31 of the year following the tax year. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3299, 79-32,100; effective Jan. 1, 1966; amended May 1, 1986.)

**92-11-11. Filing Kansas employer's annual withholding tax return and copies of wage and tax statements.** (a) The Kansas employer's annual withholding tax return, shall be filed by the employer with the department of revenue, state of Kansas, state office building, Topeka, Kansas 66612, on or before the last day of February following the close of the calendar year, together with copies of all wage and tax statements for the year. The employer's annual withholding tax return and the accompanying wage and tax statements shall be transmitted separately from the Kansas employer's withholding tax deposit report, except in the case of an employer who discontinued business or permanently ceased to pay wages and filed a final report as provided in K.A.R. 92-11-9 and its amendments.

(b) Where the number of wage and tax statements is substantial, they may be forwarded to the department of revenue in packages of convenient size. The packages shall be identified with the name and the withholding tax identification number of the employer and numbered consecutively. The employer's annual withholding tax return shall be placed in package

(continued)

number one and the number of packages shall be indicated on the form. The wage and tax statements shall be forwarded in a logical sequence, such as social security number sequence, alphabetical listing, job number or time clock number.

(c) If an employer's total payroll consists of a number of separate units or establishments, the wage and tax statements may be assembled accordingly and a separate list submitted for each unit or establishment. In such case, a summary list shall be prepared, the total of which shall agree with the corresponding entry made on the employer's annual withholding tax return.

(d) Any employee copies of the wage and tax statements, which after reasonable effort cannot be delivered to employees, shall be transmitted to the Kansas department of revenue. Any undeliverable wage and tax statements submitted to the department of revenue shall be accompanied by a letter stating that they are submitted because they could not be delivered to the employees involved.

(e) If wage and tax statements are corrected by the employer or are reissued by an employer, such forms shall be clearly marked either "corrected by employer" or "reissued by employer," and copies furnished to the employee and the department of revenue as required by K.A.R. 92-11-7 and 92-11-10 and its amendments. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3299; effective Jan. 1, 1966; amended May 1, 1986.)

**92-11-12. Use of preaddressed forms.** Employers shall use the preaddressed forms furnished by the department of revenue for the purpose of filing their withholding tax deposit report. If an employer's preaddressed forms are lost or damaged so as to require replacement, a request for duplicate forms listing the employer's name and withholding tax identification number shall be sent to the department of revenue, state of Kansas, state office building, Topeka, Kansas 66612. An employer required to file a Kansas employer's withholding tax deposit report, who does not have a preaddressed form shall obtain and use a new withholding tax deposit report, which may be obtained from the department of revenue, state of Kansas, state office building, Topeka, Kansas 66612. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3298, as amended by L.1985, Ch.323, Sec.1; effective Jan. 1, 1966; amended May 1, 1986.)

## Article 12.—INCOME TAX

**92-12-91. Payroll factor; in general.** (a) The payroll factor of the apportionment formula for each trade or business of the taxpayer shall include the total amount paid by the taxpayer in the regular course of its trade or business for compensation during the tax period.

(b) The total amount "paid" to employees shall be determined upon the basis of the taxpayer's accounting method. If the taxpayer has adopted the accrual method of accounting, all compensation properly accrued shall be deemed to have been paid. Notwithstanding the taxpayer's method of accounting, at the election of the taxpayer, compensation paid to em-

ployees may be included in the payroll factor by use of the cash method if the taxpayer is required to report such compensation under such method for unemployment compensation purposes.

(c) The compensation of any employee on account of activities which are connected with the production of nonbusiness income shall be excluded from the factor.

(d) The term "compensation" means wages, salaries, commissions, and any other form of remuneration paid to employees for personal services. Payments made to an independent contractor or any other person not properly classifiable as an employee shall be excluded. Only amounts paid directly to employees shall be included in the payroll factor. Amounts considered paid directly include the value of board, rent, housing, lodging, and other benefits or services furnished to employees by the taxpayer in return for personal services when the amounts constitute income to the recipient under the federal internal revenue code. In the case of employees not subject to the federal internal revenue code such as those employed in foreign countries, the determination of whether the benefits or services would constitute income to the employees shall be made as though the employees were subject to the federal internal revenue code. The term "employee" means any officer of a corporation, or any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee. Generally, a person will be considered to be an employee if the person is included by the taxpayer as an employee for purposes of the payroll taxes imposed by the federal insurance contributions act; except that, since certain individuals are included within the term "employees" in the federal insurance contributions act who would not be employees under the usual common-law rules, it may be established that a person who is included as an employee for purposes of the federal insurance contributions act is not an employee for purposes of this regulation.

(e) In filing returns with this state, if the taxpayer departs from or modifies the treatment of compensation paid used in returns for prior years, the taxpayer shall disclose in the return for the current year the nature and extent of the modification.

(f) If the returns or reports filed by the taxpayer with all states to which the taxpayer reports under the multistate tax compact or the uniform division of income for tax purposes act are not uniform in the treatment of compensation paid, the taxpayer shall disclose in its return to this state the nature and extent of the variance. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3283, 79-3289, 79-4301; effective May 1, 1979; amended May 1, 1986.)

## Article 19.—KANSAS RETAILERS' SALES TAX

**92-19-35. Application for certificate of registration; bond requirements.** (a) Each corporation applying for a certificate of registration shall post a bond with the department in an amount equal to their six

months' average tax liability, or \$1,000, whichever is greater. New businesses applying for sales tax certificates of registration, who have no previous tax experience, may estimate their expected sales tax liability projected over a 12 month period and submit a bond in an amount equal to 50 percent of the projected tax liability or \$1,000, whichever is greater.

(b) Certificates of registration shall not be issued until the bond requirements are met. Bond requirements may be satisfied through surety bonds purchased from a corporate surety, escrow bond agreement or through the posting of a cash bond with the department.

(c) Sales tax bonds may be reviewed on a periodic basis by the department, and the director may at any time require an additional bond if the existing bond is not sufficient to meet the current average six months' sales tax liability. The director may reduce the required bond to an amount equal to three months' average tax liability, but not less than \$1,000, in consideration of a satisfactory reporting history consisting of the prior 12 months in which there were no delinquencies or returned checks. (Authorized by K.S.A. 79-3618; implementing K.S.A. 79-3616; effective May 1, 1979; amended May 1, 1986.)

#### Article 22.—HOMESTEAD TAX RELIEF

**92-22-3.** (Authorized by K.S.A. 79-4510, K.S.A. 1978 Supp. 79-4501, 79-4502(e), 79-4508; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended, E-80-2, Jan. 18, 1979; amended May 1, 1979; revoked May 1, 1986.)

**92-22-4. Domicile; temporary absence.** (a) To be eligible for a homestead property tax refund, the claimant shall have maintained a domicile within the state of Kansas during the entire year preceding the year in which the claim is filed.

(b) For purposes of the homestead property tax refund act, a claimant shall be deemed to be domiciled in this state if the claimant resides in this state and maintains the principal home within this state. The intent of the claimant shall be controlling.

(c) Temporary absence from the domicile shall not disqualify a claimant for a refund. A seasonal absence or absence of a reasonable duration shall constitute a temporary absence. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4502; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-5. Homestead used for rental or business purposes.** If a portion of the homestead is used for rental or business purposes, that part of ad valorem property tax applicable to the rented or business portion of the homestead shall not be subject to refund. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4502; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-6.** (Authorized by K.S.A. 1976 Supp. 79-4502(i), 79-4502(j), 79-4510; effective, E-77-6, March

19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-7.** (Authorized by K.S.A. 1976 Supp. 79-4502(g), 79-4502(h), 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-8. Proof of disability.** (a) Disability may be proved by filing a certified statement of a physician licensed to practice in the state of Kansas. In lieu of the statement, the claimant may file a copy of a social security or other employer's certificate of disability showing that the claimant is receiving benefits based upon a total and permanent disability which prevented the claimant from engaging in any substantial gainful activity during the entire calendar year preceding the year in which the claim is filed for refund.

(b) A statement signed by a physician licensed to practice in the state of Kansas indicating central visual acuity of 20/200 or less in the better eye with the use of correcting lens or a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall constitute medical proof establishing blindness. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4511; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-9.** (Authorized by K.S.A. 1976 Sup. 79-4502(a), 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-10.** (Authorized by K.S.A. 1976 Supp. 79-4502(b), 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-11. Household income.** Household income shall not include the income of a dependent minor or an incapacitated person who occupies the homestead if the person is not seized of legal title or a party to the rental agreement of the homestead. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4502; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-13.** (Authorized by K.S.A. 1976 Supp. 79-4502(f), 79-4509, 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-14. Rent constituting property taxes accrued; services.** A claimant shall not include services rendered within gross rent as an equivalent of cash. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4502; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-15.** (Authorized by K.S.A. 1976 Supp. 79-4502(e), 79-4507, 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-16.** (Authorized by K.S.A. 1976 Supp. 79-4510, 79-4515; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-17. Exercise of right to file claim on behalf of claimant.** Each individual filing a claim as a legal

(continued)

guardian or conservator shall attach an attested copy of the court order granting the power under which the claim is filed. An individual filing a claim as an attorney-in-fact shall attach a written document stating that an attorney-client relationship in fact exists. A claim for refund allegedly filed pursuant to the authority of a power of attorney shall not be allowed unless a copy of the duly executed and recorded power of attorney is attached to the claim. In lieu of a duly executed and recorded limited power of attorney, an individual may file a claim on behalf of the claimant if the person completes and submits to the director of taxation an affidavit in support of demand for homestead property tax refund on a form prescribed by the director. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4503; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended, E-80-2, Jan. 18, 1979; amended May 1, 1979; amended May 1, 1986.)

**92-22-18. Death of claimant subsequent to filing claim; disbursement of refund.** (a) When a claimant dies after properly filing a timely claim, a disbursement to another member of the household shall not be allowed by the director of taxation unless an affidavit of membership in the claimant's household and a copy of the death certificate or other proof of death are submitted to the director.

(b) A disbursement to an individual appointed executor or administrator of the claimant's estate shall not be allowed unless an attested copy of the court order appointing that individual as executor or administrator and a copy of the death certificate or other proof of death are submitted to the director of taxation.

(c) A disbursement to an heir at law shall not be allowed unless an affidavit of heirship and a copy of the death certificate or other proof of death are submitted to the director of taxation.

(Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4503; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-19. Extension of time to file claim.** A request for an extension of time to file a claim for a homestead property tax refund under K.S.A. 79-4517 shall be submitted to the director of taxation prior to October 15 of the year following the year in which the taxes were levied. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4505, 79-4517; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-20.** (Authorized by K.S.A. 1976 Supp. 79-4508, 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-21.** (Authorized by K.S.A. 1976 Supp. 79-4504, 79-4510; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-25. Proof in support of claim.** When a deed has not been recorded to indicate ownership of the property by a claimant, the claimant shall complete and file with the director of taxation a statement of ownership setting forth the interest held in the property claimed and a statement establishing by

whom the property taxes are paid. (Authorized by K.S.A. 79-4510; implementing K.S.A. 79-4502, 79-4511; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; amended May 1, 1986.)

**92-22-26.** (Authorized by K.S.A. 1976 Supp. 79-4510, 79-4516; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-27 to 92-22-29.** (Authorized by K.S.A. 1976 Supp. 79-4510, 79-4513; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-30.** (Authorized by K.S.A. 1976 Supp. 79-4510, 79-4511(c); effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

**92-22-31.** (Authorized by K.S.A. 1976 Supp. 79-4510, 79-4514; effective, E-77-6, March 19, 1976; effective Feb. 15, 1977; revoked May 1, 1986.)

### Article 23.—BINGO

**92-23-16. Cashing of prize checks.** Checks written by licensees for prizes of \$100 or more shall not be cashed by any licensee or member of the licensed organization, or any premises' lessor or employee or agent of the lessor, or any other person located upon the premises where the licensee is conducting bingo games. (Authorized by K.S.A. 79-4708; implementing K.S.A. 79-4706; effective May 1, 1986.)

**92-23-38. Bingo; books and records; inspection and preservation.** (a) Each licensee shall keep and maintain such records that are necessary to determine the amount of tax due and to determine that the games of bingo operated or conducted by the licensee are operated or conducted in compliance with K.S.A. 79-4701 to 79-4711, and their amendments. The records shall show:

(1) the date and location of each bingo game conducted;

(2) the name of the operator or manager who conducted or operated each bingo game;

(3) the number of games played daily;

(4) the value of all prizes awarded for each game played;

(5) the value of all other prizes awarded in connection with games of bingo;

(6) the date that every prize was awarded;

(7) the name and address of each winner of a bingo game in which the prize awarded was \$100 or more in value, and all winners of prizes in disputed bingo games. A prize shall not be awarded to any individual who refuses to give the individual's name and address to a licensee in compliance with this regulation;

(8) the daily total of receipts received by the licensee for admission, charges for participation and other charges in connection with games of bingo; and

(9) the number of players present each day that bingo games are conducted.

(b) All books and records required by this section shall be preserved for a period of three years following the date the game to which they pertain was managed, operated or conducted.

(c) All books and records maintained in compliance

with this regulation shall be available for, and subject to, inspection by the director of taxation or the director's duly authorized agents and employees at a location previously designated by the licensee. The books and records shall be subject to inspection at any reasonable time. The books and records for the preceding four months shall be available for inspection without advance notice at all times that the licensee is operating or conducting games of bingo.

(d) Each licensee shall provide all information, tax returns, and records regarding, or related to, the operation, management or conduct of bingo games that is requested by the department of revenue. Failure to provide requested information shall constitute grounds for revocation of a bingo license. (Authorized by K.S.A. 79-4708; implementing K.S.A. 79-4706; effective, E-77-49, Sept. 30, 1976; effective Feb. 15, 1977; amended, E-81-27, Sept. 10, 1980; amended May 1, 1981; amended May 1, 1985; amended May 1, 1986.)

#### Article 51.—TITLES AND REGISTRATION

**92-51-22. Registration period beginning date; fee due.** The date of the assignment or reassignment of a manufacturer's certificate of origin or certificate of title shall be the beginning date of a registration period. The registration fee shall be due on that date, but may be paid at any time during a period of not to exceed 30 days, inclusive of weekends and holidays, after the assignment or reassignment. If the registration fee is not paid within the period of time prescribed by this regulation, the penalty for the late payment of the fee shall be computed from the date of the assignment or reassignment. (Authorized by K.S.A. 74-2011, K.S.A. 1984 Supp. 8-134; implementing K.S.A. 8-127, as amended by L. 1985, Ch. 43, Sec. 3; K.S.A. 1984 Supp. 8-143, as amended by L. 1985, Ch. 43, Sec. 8; effective, E-82-26, Dec. 16, 1981; effective May 1, 1982; amended, T-85-40, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1986.)

**92-51-26. Corrections of titles and registration receipts.** In the case of a clerical error on the title or registration receipt including the transposition of engine or serial numbers, misspelling of the name of owner, or a mistake in the year, model or make of car, or the omission of some necessary information on the application, correction of the error or submission of the omitted information shall be made through the Kansas department of revenue, division of vehicles, state office building, Topeka, Kansas 66626, or the department's designee. (Authorized by K.S.A. 74-2011, K.S.A. 1984 Supp. 8-134; implementing K.S.A. 1984 Supp. 8-135, as amended by L. 1985, Ch. 43, Sec. 6; effective, E-82-26, Dec. 16, 1981; effective May 1, 1982; amended May 1, 1986.)

**92-51-34. License plates; extension of time for new issuance.** (a) The current issuance cycle for new license plates, as established under K.S.A. 8-132(b), and its amendments, and K.A.R. 92-51-34, shall be extended for an additional one-year period. During

calendar years 1986 and 1987, one decal shall be furnished for the license plate issued for each registration of a vehicle, as provided in K.S.A. 8-134 and its amendments, and one decal shall be furnished for each renewal of registration of a vehicle. New license plates shall be issued during the calendar year of 1988 and during every fifth calendar year thereafter for registration or registration renewal for any type of vehicle.

(b) During each of the four years following 1988 and during each of the four years following a year in which new license plates are issued, the division of vehicles shall not issue new license plates, but shall issue one decal for the license plate issued for each registration and one decal for each renewal of registration. (Authorized by and implementing K.S.A. 1984 Supp. 8-132; effective, T-84-15, July 1, 1983; effective May 1, 1984; amended May 1, 1984; amended May 1, 1986.)

#### **92-51-38. Unclaimed personalized license plates.**

(a) The county treasurer shall retain all unclaimed personalized license plates for a period of three months after receipt from the manufacturer. At the end of the three months, the county treasurer shall destroy the personalized plate, as directed by the director of vehicles, notifying the division of vehicles of the plate combinations destroyed.

(b) The \$40 fee for the issuance of a personalized license plate which is not claimed by the applicant shall not be refunded to the applicant. Applicants requesting the same personalized combination shall be required to pay the \$40 fee. (Authorized by and implementing K.S.A. 1984 Supp. 8-132; effective May 1, 1986.)

**92-51-39. Title and registration fees; refunds; additional fees.** Additional title and registration fees due to the division of vehicles or refunds under \$25 due to an applicant may be processed in conjunction with the payment of the annual registration fee. Refund amounts and additional fee amounts to be deducted or added to the registration fee shall be identified on the registration notice delivered to the applicant. Additional fees due shall be paid at the time of registration. (Authorized by and implementing K.S.A. 1984 Supp. 8-134; effective May 1, 1986.)

HARLEY T. DUNCAN  
Secretary of Revenue

Doc. No. 003991

## State of Kansas

## OFFICE OF THE GOVERNOR

## EXECUTIVE ORDER NO. 86-85

INTERIM ALLOCATION FOR  
NONESSENTIAL FUNCTION BONDSPURSUANT TO H.R. 3838 OF  
THE 99TH CONGRESS

## OF THE UNITED STATES OF AMERICA

WHEREAS, on December 17, 1985, the United States House of Representatives passed H.R. 3838; and

WHEREAS, H.R. 3838 was received by the United States Senate on December 18, 1985, and was referred to the Committee on Finance; and

WHEREAS, the provisions of H.R. 3838, if enacted, together with the Internal Revenue Code of 1954, as amended, would be known as the "Internal Revenue Code of 1985"; and

WHEREAS, Section 701(b) of H.R. 3838 restricts the aggregate amount ("State Ceiling") of certain bonds designated as "nonessential function bonds," the interest on which would be exempt from federal income taxation, which may be issued within any state of the United States during any calendar year to \$175 per resident of a state; and

WHEREAS, the proposed effective date of Section 701(b) of H.R. 3838, if passed in its present form by the United States Senate and signed into law by the President of the United States, is January 1, 1986; and

WHEREAS, it is considered necessary that the State of Kansas provide for an orderly financing of projects subject to the State Ceiling pending final action, if any, on H.R. 3838 by the Congress of the United States; and

WHEREAS, Section 701(b) of H.R. 3838 provides a formula for allocating the State Ceiling among the various state agencies, cities, counties and other issuing authorities in a state ("Issuers"), which shall be effective unless the legislature or governor of a state provides for a different formula for allocating a ceiling within a state; and

WHEREAS, the provisions of Section 701(b) of H.R. 3838 for allocating the State Ceiling within the State of Kansas are unworkable in the State of Kansas; and

WHEREAS, the Governor of the State of Kansas has, pursuant to Executive Order Nos. 84-77 and 84-78, established a mechanism for allocating the state ceiling of "private activity bonds" in accordance with Section 103(n) of the Internal Revenue Code of 1954, as amended; and K.S.A. 74-5041 to 74-5043, inclusive, provides a formula for allocating the state ceiling of "qualified mortgage bonds" in accordance with Section 103A of the Internal Revenue Code of 1954, as amended; but no formula is presently in effect for allocating other types of bonds subject to the State Ceiling; and

WHEREAS, the Governor of the State of Kansas has found and determines that the economic development of the State of Kansas and the best interests of the citizens of the State of Kansas will be served by the

promulgation of a different formula for allocating the State Ceiling among Issuers in the State of Kansas.

NOW, THEREFORE, pursuant to the authority vested in me as Governor and chief executive of the State of Kansas and in accordance with Section 701(b) of H.R. 3838, 99th Congress, I hereby establish the following formula for allocating the State Ceiling for the State of Kansas for calendar year 1986.

(1) For calendar year 1986, the State Ceiling shall be allocated to Issuers, whether local or state, by the Secretary of Economic Development ("Secretary") in accordance with the provisions of this Order.

(2) The State Ceiling shall be allocated by type of bond (as defined by H.R. 3838) to be issued in accordance with the following ceiling:

Type of Bond	Amount of Ceiling
(a) Qualified 501(c)(3) Bonds	25/175th
(b) Qualified Mortgage Bonds and Exempt Facility Bonds for Qualified Residential Rental Projects ("Housing Bonds")	75/175th
(c) Qualified Bonds Other Than (a) and (b) Above	75/175th

(3) Prior to any issuance of Nonessential Function Bonds that are subject to the State Ceiling subsequent to the effective date of this Order, all Issuers, whether state or local, shall first submit an Application for each Project to the Secretary on forms prescribed by the Secretary.

(4) As to each type of bond to be issued, the Secretary shall consider and approve each properly filed Application for an allocation of \$10,000,000 or less (\$35,000,000 or less with respect to Qualified Mortgage Bonds) on the basis of the chronological order of receipt from Issuers, whether local or state, up to the amount of the Ceiling for each type of bond specified in Section (2). If an Application is in excess of \$10,000,000 (\$35,000,000 with respect to Qualified Mortgage Bonds), the Secretary may approve the total amount, approve a partial amount or reject the Application.

(5) Within five working days after receipt of an Application, the Secretary shall notify the Issuer in writing of the amount of the approved allocation. Approval of any allocation shall expire sixty days after the date of approval of the Secretary unless a longer period is specified by the Secretary, or an extension has been approved by the Secretary as provided in Section (6), or a waiver is approved by the Secretary pursuant to Section (7).

(6) An Issuer may request an extension of time by filing a written notice for extension with the Secretary, which must be received by the Secretary not less than five days prior to the expiration date specified in Section (5). The Secretary may approve an extension of not to exceed thirty days. The Secretary shall notify the Issuer within five days if the request for exten-

- sion has been approved. In the event the bonds are not issued on or before the last day of the extension period, the approved allocation shall expire at the close of business on the last business day of the extension.
- (7) On and after October 1, if requested in writing by an Issuer, the Secretary may issue a waiver of the expiration of an approved allocation or any extension thereof, if the Issuer:
- indicates that the bonds cannot be issued in the same calendar year in which the allocation was approved; and
  - agrees to exercise the elective carry forward provisions described in Section 701(b) of H.R. 3838 for that Project.
- (8) In the event an approved allocation expires as provided in Sections (5) or (6), the Issuer may re-submit an Application for an allocation for the same Project. Such re-submitted Application shall be reviewed in the order received with no preference or priority given as a result of the prior Application for the same Project.
- (9) All Issuers, whether state or local, are required to report to the Secretary, on forms prescribed by the Secretary, the amount of all Nonessential Function Bonds issued pursuant to approved allocation under this Order:
- by telephone not later than the second business day after the date of issuance of such bonds; and
  - by restricted mail, return receipt requested, postmarked not later than the fifth calendar day after the issuance of such bonds.
- (10) Notwithstanding any provision of this Order to the contrary, any Application for calendar year 1986 for an allocation under Executive Order Nos. 84-77 and 84-78, which has been approved by the Secretary prior to the effective date of this Order, shall be deemed to be an Application under this Order and shall be deemed to have been approved by the Secretary on the effective date of this Order, to the extent such allocation under Executive Order Nos. 84-77 and 84-78 is for a bond the interest on which would be exempt from federal income taxation pursuant to H.R. 3838. Otherwise, in order to request an allocation under this Order, a separate Application for an allocation under this Order must be submitted to the Secretary as provided in Section (3). Within thirty days following the effective date of this Order, all Issuers, whether state or local, are required to report in writing to the Secretary the date of issue and principal amount of all Nonessential Function Bonds subject to this Order which were issued between January 1, 1986, and the effective date of this Order.
- (11) Failure by an Issuer to report as required in Sections (9) and (10), or to abide by the terms of this Order, may, at the discretion of the Secretary, result in the forfeiture of the future allocations for Nonessential Function Bonds.
- (12) The Secretary shall review and evaluate the use and demand for Nonessential Function Bonds. If it appears that the State Ceiling or a Ceiling specified in Section (2) will be exceeded prior to the end of any calendar year, the Secretary shall recommend to the Governor an alternative method to utilize the unused or uncommitted portion of the State Ceiling.
- (13) Notwithstanding any provision of this Order to the contrary, prior to the date of enactment of H.R. 3838, this Order shall not relieve any Issuer of its responsibilities pursuant to Executive Order Nos. 84-77 and 84-78, and K.S.A. 74-5041 to 74-5043, inclusive.
- (14) This Executive Order shall continue in full force and effect until the earlier of:
- the effective date of any act of the Legislature of the State of Kansas with respect to the subject matter hereof; or
  - the date of subsequent Executive Order with respect to the subject hereof is promulgated.

This document shall be filed with the Secretary of State as Executive Order No. 86-85 and shall become effective immediately.

Dated March 24, 1986.

JOHN CARLIN

Governor

Attest: JACK H. BRIER  
Secretary of State

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