

KANSAS REGISTER



JACK H. BRIER
Secretary of State

State of Kansas

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IN THIS ISSUE	Page
State Planning Council on Developmental Disabilities Services	
Notice of Meeting	827
Social and Rehabilitation Services	
Request for Grant Applications	827
Department of Administration	
Notice of Commencement of Negotiations for Architectural and Engineering Services	828
Notice of Commencement of Negotiations for Technical Services	828
Adult Services Advisory Council	
Notice of Meeting	829
Department of Health and Environment	
Public Notice	829
Attorney General	
Opinions No. 86-69 through 86-72	829
Mid States Port Authority	
Notice to Bidders	830
Department of Transportation	
Special Notice to Contractors	830
Notice to Contractors	830
Notice of Bond Sale	
U.S.D. 450, Shawnee County (amended)	832
City of Kansas City	834
State Board of Education	
Notice of Hearing on Proposed Administrative Regulations	837
Notice to Bidders for State Purchases	843
New State Laws	
House Sub. for SB 546, establishing a program providing incentives for the reduction of rates of interest upon agricultural production loans	846
SB 555, relating to banks and banking; concerning capital requirements for certain banks . .	847
SB 734, concerning the health care provider insurance availability act; relating to certain persons engaged in postgraduate training programs	848
SB 621, concerning scholarships available to medical students; placing limitations on the awarding thereof	852

(continued)

SB 455, relating to banks and banking; concerning the holding of real estate; loan limits; common trust funds 855

Sub. for SB 756, establishing the Kansas statewide risk capital system act 857

Sub. for SB 757, enacting the Kansas venture capital company act 863

SB 719, authorizing the State Board of Regents to construct and equip a facility for the care of and clinical research on animals at the University of Kansas Medical Center 864

HB 3048, authorizing the Secretary of Corrections to purchase certain real property with improvements thereon located in Jefferson County, Kansas 866

HB 3122, providing for the establishment of certain legislative committees and task forces for the consideration of matters affecting economic development in the state 867

Temporary Administrative Regulations

State Corporation Commission 868

Emergency Medical Services Council 870

Behavioral Sciences Regulatory Board 871

Executive Appointments 871

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PHONE: 913/296-3489

State of Kansas
SOCIAL AND REHABILITATION SERVICES
STATE PLANNING COUNCIL ON
DEVELOPMENTAL DISABILITIES SERVICES

NOTICE OF MEETING

The State Planning Council on Developmental Disabilities Services will meet at 9 a.m. Tuesday, June 3, in the board room, sixth floor, State Office Building, Topeka.

JOHN KELLY
 Executive Secretary

Doc. No. 004280

State of Kansas
SOCIAL AND REHABILITATION SERVICES
REQUEST FOR GRANT APPLICATIONS

The Alcohol and Drug Abuse Services (ADAS) of the Department of Social and Rehabilitation Services (SRS), in conjunction with the Department of Corrections (DOC), is requesting grant applications for the following:

Adult Alcohol and Drug Abuse
Intermediate Treatment Program

This program shall be designed to provide 30 beds to serve adult males currently within the Kansas correctional system, and will be located at the Kansas State Industrial Reformatory (KSIR) in Hutchinson. Services will also need to be provided to assist with up to 30 clients who have completed a treatment program but are awaiting parole from KSIR.

The maximum award for the first grant year (12 months) is \$292,000. This amount will be the cash available to the program. The DOC will provide the following non-cash items to further the fulfillment of the grant activities: facility, utilities, housekeeping/maintenance supplies, beds, linen, towels, recreation, telephone, food, food preparation, medications, psychological consultation, medical consultation and hygiene items.

Community Based, Adult Alcohol and
Drug Abuse Intermediate Treatment

This program shall be designed to serve adults who are being paroled from the Kansas correctional system.

Grant funds are available in the amount of \$50 a day up to a maximum amount of \$120,000 per year. (Note: the amount offered above includes SRS dollars for room and board. Clients accepted for treatment at the grantee agency can receive food stamps and a medical card, if eligible, but they can not receive GA payments.) Applicants may bid on the entire amount available or any part thereof. Applicants must project these services as new and additional services and cannot supplant any existing dollars or services by the submission of this application.

Community Based, Adult Alcohol and
Drug Abuse Reintegration Treatment

This program shall be designed to serve adults who are being paroled from the Kansas correctional system and who are paroled and have completed a community based treatment program.

A maximum amount of \$108,000 is available statewide to provide reintegration services for parolees. It is anticipated that more than one location will be selected to provide these services. Grant funds are available in the amount of \$15 a day. The program is not restricted to this amount in the development of the program budget, and the applicant should supplement the ADAS dollars with additional sources of income, i.e., donations, local governmental funds, client fees, SRS general assistance (GA), food stamps, etc. Applicants must project these services as new and additional services and cannot supplant any existing dollars or services in this application.

Grant application packets, which include a grant application and the standards for the licensure/certification of alcohol and/or drug abuse treatment programs, are available for the above listed services from the Alcohol and Drug Abuse Services by contacting Michael A. Flyzik, Administrator, Grants Management Section, Alcohol and Drug Abuse Services, 2700 W. 6th, Biddle Building, Topeka, KS 66606, (913) 296-3925.

All applications for this project must be received by the Alcohol and Drug Abuse Services at the above address by 5 p.m. Thursday, June 12.

Outpatient Alcohol and Drug Abuse Treatment
Services for Parolees from Kansas Correctional
Institutions

These programs can be located throughout the state of Kansas, but priority will be given to services located in the major population centers of Kansas.

Grants will be awarded for outpatient services at a rate not to exceed \$25 per one hour session. The maximum amount of ADAS dollars requested per grant is \$45,000. Applicants must project these services as new and additional services and cannot supplant any existing dollars or services in this application.

Grant application packets, which include a grant application and the standards for the licensure/certification of alcohol and/or drug abuse treatment programs, are available from the Alcohol and Drug Abuse Services by contacting Michael A. Flyzik, Administrator, Grants Management Section, Alcohol and Drug Abuse Services, 2700 W. 6th, Biddle Building, Topeka, KS 66606, (913) 296-3925.

All applications for this project must be received by the Alcohol and Drug Abuse Services at the above address by 5 p.m. Tuesday, June 3.

JAMES A. McHENRY, JR.
 Commissioner of Alcohol and
 Drug Abuse Services

Doc. No. 004281

State of Kansas

**DEPARTMENT OF ADMINISTRATION
DIVISION OF ARCHITECTURAL SERVICES**

**NOTICE OF COMMENCEMENT
OF NEGOTIATIONS FOR ARCHITECTURAL
AND ENGINEERING SERVICES**

Notice is hereby given of the commencement of negotiations for contracts for architectural and engineering services for following projects:

Architectural

Remodel Building 740, Forbes Field, Department of Administration, Topeka

Science Classroom Building, Wichita State University, Wichita

Addition to and remodeling of Special Purpose School, Rainbow Mental Health Facility, Kansas City

Addition to Governor's residence, Department of Administration, Topeka

Engineering

Improved chilled water distribution system, Kansas State University, Manhattan

Replace electrical system in Albert Taylor Hall, Emporia State University, Emporia

Reroute utility tunnel, Osawatomie State Hospital, Osawatomie

Construct Van Buren parking lot, Department of Administration, Topeka

The State Building Advisory Commission will nominate individuals or firms for the above projects at its July meeting. Nominated individuals or firms will be interviewed by negotiating committees at a later date.

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, to achieve eligibility. The requirements of a Kansas office do not apply to engineers and engineering firms, but they must be permitted by law to practice and be on file with the division to be eligible. All expressions of interest must be received by June 6, 1986. Only eligible individuals or firms will be considered.

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

The above listed projects are line item appropriations made by the 1986 legislature. Other projects requiring professional services may appear from other fund sources. Any additional information or questions regarding the above or other projects should be

directed to Jack Nelson at the Division of Architectural Services.

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

Doc. No. 004267

State of Kansas

**DEPARTMENT OF ADMINISTRATION
DIVISION OF ARCHITECTURAL SERVICES**

**NOTICE OF COMMENCEMENT
OF NEGOTIATIONS FOR
TECHNICAL SERVICES**

Notice is hereby given of the commencement of negotiations for a contract for air and water balancing of the mechanical system and an infrared scan for the renovation of Martin Allen Hall, Fort Hays State University, Hays.

Interested individuals or firms in the balancing field must be certified by the National Environmental Balancing Bureau or the Associated Air Balance Council and must be engaged in balancing work on a full-time basis. Balance agencies which are of the same parent company as the designers or contractors of a particular project will not be considered for that project. Submit qualifications with letter of interest.

Interested individuals or firms in the infrared scan field must be an independent testing company using trained personnel who work full time on infrared testing projects. Personnel shall be familiar with the operation of the infrared camera and capable of analyzing the results. The infrared survey shall be done with a Model No. 750 infrared camera as manufactured by AGA Corporation of Secaucus, New Jersey, or equal. Submit qualifications with letter of interest.

Any additional information, questions or expressions of interest should be directed to Myron Reed, Division of Architectural Services, 625 Polk, Topeka 66603, (913) 233-9367, by June 6, 1986.

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

Doc. No. 004266

State of Kansas

**SOCIAL AND REHABILITATION SERVICES
ADULT SERVICES ADVISORY COUNCIL****NOTICE OF MEETING**

The Adult Services Advisory Council will meet from 1:30 to 3:30 p.m. Tuesday, June 3, at the Staff Development Training Center, Feldman Building, 2700 W. 6th, State Complex West, Topeka.

ANITA FAVORS
Commissioner of Adult Services

Doc. No. 004268

State of Kansas

**DEPARTMENT OF HEALTH
AND ENVIRONMENT****PUBLIC NOTICE**

A docket of all administrative and appeal hearings pending before the Kansas Department of Health and Environment is posted at the entrance to the conference room, Executive Wing, Building 740, Forbes Field, Topeka, and in the legal office, Building 728. All persons interested may view the docket during regular office hours or may contact Sandy McAdam at 862-9360, Ext. 585, to obtain specific information. The docket lists the name of the case, the time and place of hearing, and the name of the attorney representing the department.

BARBARA J. SABOL
Secretary of Health
and Environment

Doc. No. 004275

State of Kansas

ATTORNEY GENERAL**Opinion No. 86-69**

Schools—Capital Outlay Levy, Funds and Bonds—Procedure, Protest, Petition and Election; Effect of Substitute Resolution. Senator Roy M. Ehrlich, 35th District, Hoisington, May 7, 1986.

A board of education may pass a substitute capital outlay levy resolution during the 40-day time period following the last publication of a resolution. Once a valid petition has been filed with the county election officer challenging a capital outlay levy resolution, a substitute resolution may not be passed as an election must occur on the challenged resolution. Cited herein: K.S.A. 1985 Supp. 25-3602; K.S.A. 72-8801; Kan. Const., Art. 6, § 5. RLN

Opinion No. 86-70

Counties and County Officers—County Commissioners; Powers and Duties—Rearrangement of Commissioner Districts. Larry E. Scheller, Leavenworth County Clerk, Leavenworth, May 9, 1986.

The Leavenworth County Board of County Com-

missioners has the authority to rearrange its commissioner districts by county resolution, as long as the commissioners comply with the broad guidelines for redistricting contained in K.S.A. 19-204 and Kansas case law. The statute requires the board of commissioners to divide the county into commissioner districts which are "as compact and equal in population as possible." As stated in the statute, the commissioner districts are subject to rearrangement at least once every three years. Additionally, the Kansas Supreme Court has imposed the requirement that the integrity of the boundaries of voting precincts be maintained. If a county adheres to these guidelines in rearranging its county commissioner districts, the fact that the redistricting shifts some electors from one commissioner district to another, with the result that certain electors' ability to vote or run for the office of county commissioner is affected, will have no bearing on the legality of the county resolution. Cited herein: K.S.A. 19-204; Gen. Stat. 1915, § 2539; Kan. Const., Art. 4, § 2. BPA

Opinion No. 86-71

Grain and Forage—Inspecting, Sampling, Storing, Weighing and Grading Grain; Terminal and Local Warehouses—Power of the Director of the Grain Inspection Department to Require Additional Security of a Grain Warehouse Operator Petitioning a Chapter 11 Bankruptcy. Marvin R. Webb, Director, Grain Inspection Department, Topeka, May 13, 1986.

The Grain Inspection Department may require additional security of a grain warehouse operator who is currently petitioning for bankruptcy under Chapter 11 of the United States Code. Cited herein: 11 U.S.C. § 301; § 302; § 303; § 362; K.S.A. 1985 Supp. 34-228(b)(1); 34-229(e); 34-2,100. TL

Opinion No. 86-72

Intoxicating Liquors and Beverages—Cereal Malt Beverages—Employment of Violators of Intoxicating Liquor Laws as Grounds for License Revocation or Suspension. Stan Martin, City Attorney, Abilene, May 13, 1986.

The express language of K.S.A. 1985 Supp. 41-2708(a)(10) states that a county or city shall suspend or revoke the license of a cereal malt beverage licensee if the licensee employs any person who has been adjudged guilty of any violation of the intoxicating liquor laws. The legislature has distinguished between managerial and other types of employees, however, in allowing a licensee to employ as a manager or agent any person convicted of an intoxicating liquor law, as long as the conviction occurred more than two years prior to the date the licensee made application for the license. Cited herein: K.S.A. 41-2703; K.S.A. 1985 Supp. 41-2708.TL

ROBERT T. STEPHAN
Attorney General

Doc. No. 004277

State of Kansas

MID STATES PORT AUTHORITY

INVITATION TO BID

1986-1 REHABILITATION PROJECT

Sealed bids will be received from bidders until 11 a.m. Monday, June 23, for items identified in the bid form. Bids shall be addressed to the Mid States Port Authority, c/o Kyle Railroad Company, 3rd and Railroad Ave., Phillipsburg 67661, and marked "Bid to Provide Railroad Spikes and Rail Anchor, FOB Goodland." At that time, the bids will be opened and publicly read at the office of the Mid States Port Authority.

The bid package includes this invitation to bid, project description, instructions to bidders, bid form, specifications and agreement. Additional information concerning the scope of work, special conditions of existing structures, delivery schedules and visits to the work site can be obtained or arranged by contacting Bud Sargent at the address above.

The right is reserved to reject any and all bids and waive technical defects if, in its judgment, the interests of the railroad so require.

The bid for each item to be supplied will be evaluated separately. The Authority will evaluate each bid separately. The Authority reserves the right to award the contract for individual items in such quantities and groups as, in its judgment, the interests of the railroad require.

Contracts resulting from bids submitted are subject to financial assistance contracts between the Mid States Port Authority, Kyle Railroad Company, State of Colorado, and the Federal Railroad Administration. Bidders on this work will be required to comply with all applicable equal employment opportunity laws and regulations.

The Authority hereby notifies all bidders that a goal of utilization of disadvantaged business enterprises has been established for this contract.

The Authority hereby affirmatively assures that disadvantaged business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, sex, age or national origin in consideration for an award.

The contracts to be awarded are exempt from Kansas retail sales tax. Exemption information will be furnished to all successful bidders. Any bid received after the time and date specified above will not be considered.

T. L. GREEN
General Counsel

Doc. No. 004283

State of Kansas

DEPARTMENT OF TRANSPORTATION

SPECIAL NOTICE TO CONTRACTORS

A pre-bid conference for Project 435-46 K-2345-01, Johnson County, is scheduled for 10 a.m. Thursday, June 5, at the District One conference room, 121 W. 21st, Topeka. Project 435-46 K-2345-01 is located at the I-435 and Quivera Road Interchange, 0.4 mile, grading, bridge, and surfacing. Contractors wishing to bid on this project are required to attend the pre-bid conference in accordance with the provisions of 80 P-207-R1, dated Jan. 31, 1985. The project is tentatively scheduled to be let for bid at 10 a.m. June 19 at the construction bid letting, 10th and Jackson, Topeka.

JOHN B. KEMP
Secretary of Transportation

Doc. No. 004278

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. C.D.T. June 19, 1986, and then publicly opened:

DISTRICT ONE—Northeast

Doniphan—22 C-1990-01—County road, 1.2 miles east of Severence, then east, 0.1 mile, bridge replacement. (Federal Funds)

Doniphan—22 C-2415-01—County road, 3 miles north of Troy, bridge repair. (Federal Funds)

Doniphan—22 C-2420-01—County road, 9.0 miles east of Purcell, then east, grading and bridge. (Federal Funds)

Douglas—23 U-1043-01—19th and Massachusetts Street in Lawrence, intersection improvement. (Federal Funds)

Douglas—10-23 M-1415-01—K-10, Interchange at FAS 1374, 2 miles east of Lawrence, slide repair. (State Funds)

Jackson—43 C-2404-01—County road, 2.0 miles south and 3.0 miles west of Netawaka, grading. (Federal Funds)

Jackson—43 C-2405-01—County road, 0.5 mile west of Soldier, grading. (Federal Funds)

Jackson—43 C-2406-01—County road, 2.8 miles east of Circleville, grading. (Federal Funds)

Jackson—75-43 M-1424-01—U.S. 75, Shawnee-Jackson county line, then north, 12.8 miles, patching. (State Funds)

Johnson—7-46 K-0447-05—K-7, Clear Creek bridge 143, 0.6 mile north of K-12 on Frontage Road, bridge replacement. (Federal Funds)

Johnson—435-46 K-2345-01—I-435, Metcalf Avenue west to Quivera Road, 3.5 miles, grading, surfacing and bridge. (Federal Funds)

Johnson—46 U-1044-01—Dennis and Harrison

Streets in Olathe, intersection improvement. (Federal Funds)

Johnson—69-46 M-1420-01—U.S. 69/U.S. 169/K-150, Interchange ramps and loops, patching. (State Funds)

Nemaha—63-66 K-1829-03—K-63, bridge 18 over Nemaha-Lake spillway, bridge replacement. (Federal Funds)

Wabaunsee—70-99 M-1407-01—I-70, rest area, 25 miles west of Topeka, water system. (State Funds)

Wyandotte—35-105 K-2584-01—I-35, southbound bridge 14 and northbound bridge 15 over U.S. 169, bridge widening. (Federal Funds)

Wyandotte—105 U-0979-01—Roe Lane bridge over Turkey Creek in Kansas City, 0.1 mile, bridge replacement. (Federal Funds)

Wyandotte—105 U-1029-01—10th and Kansas Avenue in Kansas City, intersection improvement. (Federal Funds)

Wyandotte—105 U-1030-01—7th Street (U.S. 69) and Central Avenue (K-32) in Kansas City, intersection improvement. (Federal Funds)

DISTRICT TWO—Northcentral

Chase—50-9 K-2438-02—U.S. 50, west city limits of Strong City, then east to 5.4 miles east of FAS 856, 8.2 miles, pavement marking. (Federal Funds)

Cloud—81-15 K-2652-01—U.S. 81, 2.5 miles north of Concordia to the Cloud-Republic county line, 2.8 miles, overlay, widening. (State Funds)

Ellsworth—4-27 M-1401-01—K-4, 7 miles east and 1 mile north of Geneseo, 0.1 mile, slide repair. (State Funds)

Geary—57-31 M-1402-01—K-57, southwest side, 11.2 miles southeast of I-70, 0.2 mile, slide repair. (State Funds)

Geary—70-31 M-1427-01—I-70, Dickinson-Geary county line, then east, 12.7 miles, pavement patching. (State Funds)

Republic—81-79 K-2651-01—U.S. 81, Republic-Cloud county line, then north to the south city limits of Belleville, 11.6 miles, overlay, widening. (State Funds)

Republic—79 C-2309-01—County road, 3.8 miles north of Munden, then west, 0.2 mile, bridge replacement. (Federal Funds)

Washington—15W-101 M-1400-01—K-15W, east side, 4.5 miles south of the state line, 0.1 mile, slide repair. (State Funds)

DISTRICT THREE—Northwest

Ellis—26 U-0907-01—32nd Street at Lincoln Draw in Hays, 0.1 mile, bridge replacement. (Federal Funds)

Phillips—74 C-2120-01—County road, 4.5 miles west and 7.0 miles north of Phillipsburg, then north, 0.3 mile, bridge replacement. (Federal Funds)

Sheridan—90 C-1797-01—County road, 10.8 miles west and 2.3 miles north of Hoxie, then north, 0.2 mile, grading and culvert. (Federal Funds)

Thomas—70-97 M-1419-01—I-70, 3.2 miles east of K-184, then east of the junction of K-25 and I-70 in Colby, 14.3 miles, crack repair. (State Funds)

DISTRICT FOUR—Southeast

Bourbon—69-6 K-1935-01—U.S. 69, West fork of Drywood Creek bridge 12, 0.5 mile north of the Crawford-Bourbon county line, bridge repair. (Federal Funds)

Franklin—35-30 M-1405-01—I-35, 1.6 miles south of the junction of K-68 and I-35, then east, 0.1 mile, slide repair. (State Funds)

Montgomery—160-63 M-1404-01—U.S. 160, junction of U.S. 160 and U.S. 169, then north to the south city limits in Cherryvale, 0.6 mile, patching. (State Funds)

Montgomery—166-63 M-1403-01—U.S. 166, beginning at the Verdigris River bridge to the end of concrete pavement and on U.S. 169 from the junction of U.S. 166 to the end of concrete pavement, 1.1 miles, patching. (State Funds)

Wilson—103 C-2131-01—County road, 1.0 mile south and 9.5 miles west of Neodesha, then west, 0.2 mile, bridge replacement. (Federal Funds)

DISTRICT FIVE—Southcentral

Cowley—166-18 K-0208-01—U.S. 166, Sumner-Cowley county line, then east to Arkansas City, 4.8 miles, grading, surfacing and bridge. (State Funds)

Kiowa—54-49 M-1423-01—U.S. 54, east city limits of Greensburg, then east, 10.5 miles, milling. (State Funds)

Reno—78 U-0906-01—4th Street at Cow Creek diversion in Hutchinson, 0.2 mile, bridge replacement. (Federal Funds)

Sedgwick—87 U-1005-01—Kellogg (U.S. 54) and Tyler Street in Wichita, traffic signal. (Federal Funds)

Sedgwick—135-87 M-1418-01—I-135, eastbound U.S. 54 to northbound I-135 ramp in Wichita, handrail repair. (State Funds)

Sumner—81-96 K-1027-01—Ninnescah River along U.S. 81, beginning at the junction of K-55, then north, 0.3 mile, bank protection. (State Funds)

Sumner—166-96 K-0889-01—U.S. 166, 9.0 miles east of U.S. 81, then east to the Sumner-Cowley county line, 5.0 miles, grading, surfacing and bridge. (State Funds)

DISTRICT SIX—Southwest

Meade—54-60 K-2793-01—U.S. 54, west city limits of Meade, then east to the end of the four lane (exception), 1.8 miles, recycling. (State 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. 004279

(Published in the KANSAS REGISTER, May 22, 1986.)

**AMENDED
NOTICE OF BOND SALE
\$1,800,000
GENERAL OBLIGATION BONDS
SERIES 1986
OF UNIFIED SCHOOL DISTRICT 450
SHAWNEE COUNTY, KANSAS
(general obligation bonds payable from
unlimited ad valorem taxes)**

Amendment

This amended notice of bond sale amends the notice of bond sale dated May 8, 1986.

Sealed Bids

Sealed bids will be received by the undersigned, Clerk of the Board of Education of Unified School District 450, Shawnee County, Kansas, on behalf of the board at the Shawnee Heights High School, (910 Building), Tecumseh, Kansas, until 8 p.m. Central Daylight Time on Monday, June 2, 1986, for the purchase of \$1,800,000 principal amount of general obligation bonds, series 1986, of the school district hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the board immediately thereafter.

Bond Details

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

Year	Principal Amount
1988	\$ 60,000
1989	60,000
1990	60,000
1991	120,000
1992	130,000
1993	150,000
1994	220,000
1995	250,000
1996	250,000
1997	250,000
1998	250,000

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 March 1 and September 1 in each year, beginning on March 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 school district and the Attorney General of the State of Kansas.

The school 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 regis-

tered 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 bondholders.

The 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 school district and bond registrar at least two weeks prior to the closing date.

Redemption of Bonds Prior to Maturity

Bonds maturing in the years 1988 to 1992, inclusive, shall become due without option of prior payment. At the option of the school district, bonds maturing in the years 1993 to 1998, inclusive, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of bonds within the same maturity to be by lot by the school district in such equitable manner as it may determine) on September 1, 1992, or on any interest payment date thereafter at par, plus accrued interest thereon, to the date of redemption.

Whenever the school district is to select the bonds for the purpose of redemption, it shall, in the case of bonds in denominations greater than \$5,000, if less than all of the bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered bond as though it were a separate bond of the denomination of \$5,000.

If the school district shall elect to call any bonds for redemption and payment prior to the maturity thereof, the school district shall give written notice of its intention to call 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 not less than 30 days prior to the date fixed for redemption. If any bond be called for redemption and payment as aforesaid, all interest on such bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

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 1/8 or 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 rate specified shall be lower than any rate specified for an earlier maturity of the bonds. No bid of less than the 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 school 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 school district on the basis of such bid. Each bid shall also specify the average annual net interest rate to the school 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 school district, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the school 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 board shall determine which bid, if any, shall be accepted, and its determination shall be final. The school 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. 72-6761, as amended, for the purpose of paying the cost of constructing, equipping, repairing, remodeling and making additions to Tecumseh South Elementary School and Berryton Elementary School within the school district. The bonds and the interest thereon will constitute general obligations of the school 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 school district.

Legal Opinion

The bonds will be sold subject to the unqualified approving opinion of Gaar & Bell, bond counsel, Overland Park, Kansas, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the school district, printed on the bonds, and delivered to the successful bidder as and when the bonds are delivered. The legal opinion will state that in the opinion of bond counsel, under existing law, the interest on the bonds is exempt from present federal income taxation.

Delivery and Payment

The school district 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 school 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 state 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 school district will be able to comply with such requirements. The failure or inability of the school district to comply with the requirements of the bill could jeopardize the tax-exempt status of the bonds from their date of issuance. Holders 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 with respect to the postponement, until September 1, 1986 (or the date of enactment of tax reform legislation, if earlier) of certain provisions of the bill. In reliance upon the joint statement, if the bonds are issued prior to September 1, 1986, or the date of enactment of tax reform legislation, if earlier, the school district does not intend to comply with the provisions of the bill for which the effective date was postponed.

With respect to Section 802 of the bill, relating to interest incurred by financial institutions to carry tax-exempt bonds, the school district intends to designate the bonds as qualified project bonds for purposes of Section 802(e) of the bill.

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 in the amount of \$36,000, payable to the order of the school district to secure the school district from any loss resulting from the failure of the successful bidder to comply with the terms of his bid. No interest will be paid upon the successful bidder's good faith check. Said check shall be returned to the bidder if his bid is not accepted. If a bid is accepted, said check will be held by the school 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 school district. If a bid is accepted but the school 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

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will be retained by the school district as and for liquidated damages.

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 school district.

Bid Forms

All bids must be made on forms which may be procured from the clerk of the board. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The school 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 of the board and marked "Proposal for the Purchase of General Obligation Bonds." Bids may be submitted by mail or delivered in person to the undersigned at the Shawnee Heights High School (910 Building), Tecumseh, Kansas, and must be received by the undersigned prior to 8 p.m. Central Daylight Time on June 2, 1986.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the school district for the year 1985 is \$58,117,980. The total general obligation indebtedness of the school district as of the date of the bonds, including the bonds being sold, is \$5,220,000.

Additional Information

Additional information regarding the bonds may be obtained from the clerk or superintendent of the school district.

Dated May 12, 1986.

UNIFIED SCHOOL DISTRICT NO. 450
SHAWNEE COUNTY, KANSAS

Richard L. Allen
Clerk, Board of Education
Route 1
Tecumseh, KS 66542
(913) 379-0584

Doc. No. 004274

(Published in the KANSAS REGISTER, May 22, 1986.)

NOTICE OF BOND SALE

\$195,000

INTERNAL IMPROVEMENT BONDS SERIES "G," NO. 1 CITY OF KANSAS CITY, KANSAS (general obligations, payable from unlimited ad valorem taxes)

Sealed bids will be received by the city clerk of Kansas City, Kansas, in the office of the City Clerk, Municipal Office Building, One Civic Center Plaza, Kansas City, KS 66101, until 10 a.m. C.D.T. on Tuesday, June 3, 1986, at which time and place said bids will be publicly opened and read for the purchase of \$195,000 aggregate principal amount of internal improvement bonds, series "G," no. 1. All bids received will be reported to the city council for determination of the best bid at a meeting of the council to be held at said time, date and place.

Details of the Bonds

The bonds will consist of an issue of \$195,000 principal amount of internal improvement bonds, series "G," no. 1. The bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, dated June 1, 1986, becoming due serially on June 1 of each year in the principal amounts as follows:

Series "G" No. 1

Year	Principal Amount	Year	Principal Amount
1987	15,000	1995	15,000
1988	15,000	1996	10,000
1989	15,000	1997	10,000
1990	15,000	1998	10,000
1991	15,000	1999	10,000
1992	15,000	2000	10,000
1993	15,000	2001	10,000
1994	15,000		<u>195,000</u>

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on June 1 and December 1 of each year, beginning December 1, 1986.

Place of Payment and Bond Registration

Both principal and interest on the bonds will be payable in lawful money of the United States of America at the Office 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 in the Office of the Kansas State Treasurer pursuant to a plan of registration approved by the city and the Attorney General of the State of Kansas, registered as either fully registered certificated bonds or uncertificated bonds. Consideration will be given to the successful purchaser's preference regarding the plan of registration; however, the city will make the final decision on the registration plan and the bid may not be conditioned on the plan of registration.

The city will pay for all initial registration costs and for printing of a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market will be the responsibility of the bondholders. The 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 June 16, 1986. In the absence of such information, the city will deliver bonds in the denomination of each maturity registered in the name of the successful bidder.

Redemption of Bonds

The bonds maturing in the year 1994 and thereafter may, at the option of the city, be called for redemption and payment prior to maturity as a whole or in part in inverse numerical order on June 1, 1993, or on any interest payment date thereafter at a redemption price equal to 10 percent of the principal amount of bonds so called for redemption, together with accrued interest thereon to date of redemption, without premium. In the event of any such redemption, the city will give 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 given by publication in the Kansas Register at least 30 days prior to the date fixed for redemption, and by mailing said notice by United States certified mail addressed to the paying agent for the bonds and to the original purchaser of the bonds, at least 30 days prior to the date fixed for redemption.

Whenever the city is to select the bonds for the purpose of redemption, it will, in the case of bonds in denominations greater than \$5,000 if less than all of the bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered bond as though it were a separate bond of the denomination of \$5,000.

Authority, Purpose and Security for the Bonds

The bonds are being issued pursuant to and in full compliance with the constitution and laws of the state of Kansas, including K.S.A. 12-6a01 to 12-6a17, inclusive, as amended, for the purpose of paying the cost of certain sewer and street improvements.

The bonds will be general obligations of the city, payable as to both principal and interest from special assessments levied upon the property benefited by such improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount on all the taxable tangible property within the city.

Conditions of Bids

Bids 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 bonds will be sold in one block on an "all or none" basis. The same rate shall apply to all bonds maturing in the same year. Each interest rate specified shall be a multiple of 1/8 or 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 rate specified shall be lower than any rate specified for an early maturity of the bonds. No supplemental interest payments will be authorized. No bid less than the principal amount of the bonds plus accrued interest thereon to the date of their delivery will be considered. 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, the net interest cost to the city on the basis of such bid, and the average annual net interest rate 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 said 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 city will determine which bid, if any, shall be accepted, and the determination shall be final.

Delivery of and Payment for the Bonds

The city will pay for and furnish to the successful bidder the unqualified approving opinion of its bond counsel, Gaar & Bell, and also for printing and registering the bonds and will deliver the same properly prepared, executed and registered to the successful bidder within 45 days after the date of sale at such bank or trust company located in the contiguous United States of America, as may be specified by the successful bidder without cost to the successful bidder. Delivery elsewhere will be at the expense of the successful bidder. Payment for the bonds shall be made in federal reserve funds or other funds which shall be available to the city on the same day the bonds are delivered to the successful bidder. The successful bidder will be furnished with a certified transcript 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 the delivery of the bonds affecting their validity.

Legal Opinion

The bonds will be sold subject to the legal opinion of Gaar & Bell, Overland Park, Kansas, bond counsel, whose unqualified approving opinion will be furnished and paid for by the city, will be printed on the bonds and provided 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 laws and regulations, the interest on the bonds is exempt from federal income taxation.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on certificated bonds or assigned to

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uncertificated bonds, but neither the failure to print such number on 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 successful bid and this notice of bond sale. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid for by 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 state 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 from their date of issuance. Holders 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 with respect to the postponement, until September 1, 1986 (or the date of enactment of tax reform legislation, if earlier) of certain provisions of the bill. In reliance upon the joint statement, if the bonds are issued prior to September 1, 1986, or the date of enactment of tax reform legislation, if earlier, the city does not intend to comply with the provisions of the bill for which the effective date was postponed.

Good Faith Deposit

Each bid must be accompanied by a good faith deposit in the form of a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$3,900 (2 percent of the total par value of the bonds), made payable to the order of the Treasurer of the City of Kansas City, Kansas, to secure the city from any loss resulting from the failure of the bidder to comply with the term of the bid. No interest will be paid on the deposit made by the successful bidder. Said check will be returned to the bidder if the bid is not accepted. If a bid is accepted, said check will be held by the city until the bidder has complied with all of the terms and conditions of this notice, at which time the check will be paid to or upon the order of the bidder. If a bid is accepted but the city fails to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check or the proceeds thereof 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 city as and for liquidated damages.

Bid Forms

All bids shall be subject to the terms and conditions contained in this notice of bond sale and must be made on the forms which may be obtained from the city clerk. No additions or alterations may be made to such forms 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 and addressed to the City Clerk, Municipal Office Building, One Civic Center Plaza, Kansas City, KS 66101, and marked "Bid for the purchase of bonds." Bids may be submitted by mail or delivered in person and must be received by the city clerk by 10 a.m. C.D.T. on June 3, 1986.

Official Statement

The city has prepared an official statement dated May 8, 1986, copies of which may be obtained from the city clerk. Upon the sale of the bonds, at the request of the successful bidder, the city will furnish the successful bidder with a reasonable number of copies thereof without additional cost. 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 city for the year 1985 is \$425,236,056. The total general obligation bonded indebtedness of the city as of the date of the bonds, including the bonds being sold, is \$31,705,000. In addition, the city has outstanding as of the date of the bonds \$49,740,864 of temporary notes, of which \$426,000 will be retired out of the proceeds of the bonds herein offered for sale, special assessment payments and other funding sources. Of the above total amount of indebtedness, \$12,294,053 of outstanding bonds and \$5,165,100 of outstanding temporary notes are exempt from the statutory debt limit.

The temporary note balance herein mentioned is scheduled for payment from the following funding sources: benefit district special assessment payments \$1,663,564; community development funds \$345,000; general obligation bonds \$16,360,500; and restricted sales tax revenue \$31,371,800 either prior to or after bonding. Collection and projection of restricted sales tax are as follows: 1984 actual \$2,763,428; 1985 actual \$4,866,539 (includes \$337,899 due from previous year); 1986 estimated \$4,825,000; and 1987 projected \$5,116,250. The unencumbered cash balance of restricted sales tax as of May 1, 1986 is \$3,187,795.

Bond Ratings

On April 15, 1984, the city of Kansas City, Kansas, issued \$26,725,000 of general obligation refunding bonds, series 1984. Such bonds were insured by American Municipal Bond Assurance Corporation, causing such bonds to be rated "AAA" by Standard & Poor's Corporation. The rating of the city's general

obligation indebtedness by Moody's Investors Service remains unaffected by the refunding bonds and is "A-1." Bonds issued subsequent to April 15, 1984, are rated "AA" by Standard & Poor's Corporation and "A-1" by Moody's Investors Services, Inc. The city has applied to bond rating agencies for a rating on the bonds herein offered for sale.

Dated May 8, 1986.

David T. Isabell
Finance Director
Municipal Office Building
One Civic Center Plaza
Kansas City, KS 66101
(913) 573-5260

Doc. No. 004248

State of Kansas

DEPARTMENT 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, June 10, in Room 121 of the Kansas State Education Building, 120 E. 10th, Topeka, to consider the proposed amendments to State Board Regulations 91-1-91a, 91-1-93a, 91-1-101a, 91-1-104a, 91-1-108b, 91-1-108c, 91-1-112b, and 91-1-119f.

The following is a summary of the substance of the proposed regulations:

The proposed amendments to 91-1-91a, 91-1-101a, 91-1-104a, 91-1-108b, 91-1-108c, 91-1-112b, and 91-1-119f would authorize teacher education institutions which currently meet the requirements of this regulation to submit their programs in the areas of middle-level English, foreign language, home economics, mathematics, science and social studies, and general mathematics, for approval by the State Board of Education. After May 1, 1987, all institutions will be required to meet the requirements of these regulations in order to receive program approval in any of the designated areas.

The proposed amendment to 91-1-93a changes the requirements for initial provisional endorsement in nine areas of special education so that three specified competencies are required for initial provisional endorsement in any of the areas rather than six competencies. This change would make it possible for an applicant to meet these requirements during the course of one summer academic term.

A copy of each 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 each 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 parties will be given a reasonable opportunity to present their

views or arguments, either orally or in writing, in regard to the proposed regulations. Individuals or group representatives who cannot appear at the hearing may submit to the secretary of the state board, at least five days before the hearing, their views in regard to the proposed regulations. 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.

91-1-91a. Middle-level English. (a) Each applicant for an English endorsement at the middle level shall have successfully completed a state-approved middle-level English program and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to acquire:

(1) An understanding of the structure and history of the English language.

(2) Competence in speaking, reading, and writing skills.

(3) An understanding of the basic structural and semantic attributes of written and oral communications.

(4) An understanding of the social and regional variations in language.

(5) A knowledge of the nature of nonprint and non-verbal expression and their relationship to verbal expression.

(6) An understanding of language development in individuals. The program shall allow the student to acquire a knowledge of:

(a) the processes through which individuals acquire, understand, and use their language; and

(b) the characteristics of oral and written language in the developing child and adolescent.

(7) A knowledge of adolescent literature and a representative body of English and American literature.

(8) An understanding of the various ways language is used in social, aesthetic, and other applied settings.

(c) ~~This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level English program be approved by the state board under the provisions of this regulation.~~

(d) *On and after May 1, 1987, any institution desiring to have an approved middle level English program shall meet the requirements of this regulation. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)*

91-1-93a. Special education. (a) (1) Each applicant for a special education endorsement shall have successfully completed a state-approved program in at

(continued)

least one of the following special education subject areas: behavior disorders; early childhood handicapped; gifted; hearing impaired; learning disabilities; mentally retarded; physically impaired; severely multiply handicapped or visually impaired. Each applicant shall be recommended by a teacher education institution.

(2) Each applicant shall have successfully completed a state-approved program to teach regular education students at the level for which the special education subject area endorsement application is submitted, except any applicant for an endorsement to teach early childhood handicapped or severely multiply handicapped may substitute an undergraduate degree in occupational therapy, speech-language pathology, child development, nursing or ~~other another~~ related field.

(b)(1) Upon written request from an administrator of an accredited or approved educational agency to a teacher education institution, provisional endorsement in one of the special education subject areas listed in subsection (a) may be recommended by a teacher education institution that has a state-approved program in the special education subject area for which the provisional endorsement application is submitted.

(2) Each applicant for a provisional endorsement shall have successfully completed:

(A) the ~~subject area outcomes of paragraphs (c) (1), (2), (3), (5), (8) and (12) (A) and (B) of this regulation and one of the placements from paragraph (c) (14) requirements of paragraph (c)(2);~~

(B) the requirements of:

(i) paragraphs (c)(4) and (5); or

(ii) (c)(6), (7) and (8); and

(C) at least one of the placements required by paragraph (c)(14).

(3) Provisional endorsement shall be for one year. With verification of successful experience during that year, the individual may be recommended for yearly renewal of the provisional endorsement for a maximum of three additional years if progress is made each year toward completing the requirements for full endorsement in the area.

(c) An approved special education subject area program shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of special education foundations. The course of study shall allow students to acquire the ability to:

(A) explain the relationship of special education to regular education;

(B) describe contributions of other disciplines to the identification, classification, treatment and education of exceptional pupils;

(C) identify contributors to the growth and improvement of special education knowledge and practices;

(D) describe types of instructional arrangements for exceptional pupils;

(E) explain the impact that state and national legislation, litigation and professional and parent organizations have upon the development of special education programs;

(F) describe the roles that teachers, other professionals and parents assume in providing instruction

and other services for exceptional and nonexceptional pupils;

(G) explain commonalities and differences among special education areas in terms of etiology, diagnosis, characteristics, treatment/instructional approaches and post-school status;

(H) explain the manner in which a code of ethical conduct applies to continued development of professional skills, responsibility for the welfare of those served, sharing knowledge with others and cooperative efforts with colleagues; and

(1) describe ways to use past and present literature to improve performance as a professional special educator.

(2) Acquire knowledge of the concepts used to establish etiology, identify characteristics of *exceptionality* and select instructional and intervention strategies. The course of study shall allow students to acquire the ability to:

(A) describe procedures used to identify and classify variance from normal standards in social, communication, cognitive, motor and affective behaviors;

(B) describe contributions of family, biological and environmental factors to the origins of variant behaviors;

(C) explain the procedures used to screen and diagnose, and the manner in which these are related to selection of an instructional and intervention plan;

(D) give examples of behavioral performance profiles; and

(E) compare the similarities and differences among instructional and intervention strategies and describe the basis for the selection of strategies and the manner in which the effectiveness of strategies is determined.

(3) Acquire the ability to apply and report the results of preinstructional assessment procedures. The course of study shall allow students to acquire the ability to:

(A) select and use formal and informal measurement instruments commensurate with a pupil's developmental level;

(B) score and interpret norm and criterion-referenced tests of academic achievement;

(C) modify or construct measurement devices when other instruments are not applicable;

(D) collect and analyze performance information through systematic observations and recordings of social and academic behaviors;

(E) use task analysis or similar procedures to determine the effectiveness of a pupil's problem-solving strategy;

(F) evaluate the impact of a present placement on a pupil's presenting problems; and

(G) present a report of assessment results.

(4) Acquire the ability to relate instructional content and media to pupil needs. The course of study shall allow students to acquire the ability to:

(A) select instructional content that enables pupils to acquire knowledge and skills in areas such as literacy, self-care, personal growth, career preparation and social competence;

(B) select media to attain instructional goals and objectives; and

(C) explain the relationship between pupil failure and inappropriate behavior, and content and media that are too easy or difficult.

(5) Acquire the ability to use assessment data to plan and implement instructional methodology. The course of study shall allow students to acquire the ability to:

(A) establish goals and objectives from assessment information;

(B) develop the scope and sequence of learning activities for pupil attainment of instructional goals and objectives;

(C) apply computer and related technology to instructional processes;

(D) vary instructional format and schedule to enhance pupil performance;

(E) select and apply specialized methods; and

(F) provide a pupil with information about performance results for the purpose of enhancing continued progress and the development of self-evaluation skills.

(6) Acquire the ability to plan learning environments. The course of study shall allow students to acquire the ability to:

(A) arrange the instructional setting to enhance pupil performance;

(B) ensure pupil access to necessary instructional media;

(C) designate areas for specific pupil activities; and

(D) use visual displays consistent with instructional goals and objectives.

(7) Acquire knowledge of processes to establish constructive pupil-teacher and pupil-pupil interpersonal relationships. The course of study shall allow students to acquire the ability to:

(A) explain the impact of cultural, social, affective and other pupil variables upon interpersonal relationships;

(B) describe methods to establish and maintain communication with a pupil;

(C) model behavior appropriate to specific circumstances, such as anger, affection, humor, honesty;

(D) explain how communication methods are used to support pupil efforts to achieve; and

(E) develop a plan to enable exceptional and non-exceptional pupils to understand that both groups have needs in common and needs that are unique to individuals.

(8) Acquire the ability to implement individual and group behavior management procedures. The course of study shall allow students to acquire the ability to:

(A) observe and record pupil performance on instructional and related objectives;

(B) apply appropriate expectations and consequences for pupil performance;

(C) plan programs to increase appropriate and decrease inappropriate pupil behaviors; and

(D) involve pupils in the development of group and self-management plans.

(9) Acquire the ability to establish a program evaluation plan. The course of study shall allow students to acquire the ability to:

(A) develop measurement strategies consistent with instructional objectives;

(B) calculate the effects of the program upon individual pupil performance and use them to determine total program effectiveness;

(C) use evaluation results to maintain or change an instructional program;

(D) communicate evaluation results to administrators, other teachers, parents and members of the community; and

(E) develop a system to follow the progress of pupils who no longer need special education and related services.

(10) Acquire knowledge of and ability to apply principles related to development of cooperative and supportive relationships with colleagues. The course of study shall allow students to acquire the ability to:

(A) model communication, consultation and problem-solving skills that can be used to provide regular and special educators with knowledge of instructional and management procedures for exceptional pupils;

(B) develop a plan to communicate program needs to others;

(C) describe the manner in which suggestions from others can be used for program improvement;

(D) explain procedures for planning and implementing staff development activities; and

(E) participate as a member of an interdisciplinary team in activities related to planning, implementing and evaluating instructional and related programs for a pupil.

(11) Acquire knowledge of procedures to involve parents in planning and implementing instructional and related programs. The course of study shall allow students to acquire the ability to:

(A) model consultation and communication skills that can be used in individual and group parent conferences;

(B) develop a plan to instruct parents in methods for implementing a home-based teaching and management plan for their child;

(C) locate and describe community services for exceptional pupils and their parents; and

(D) explain parental rights and responsibilities that are described in state and federal statutes and regulations.

(12) Acquire knowledge of general management, supervisory and regulatory role functions. The course of study shall allow students to acquire the ability to:

(A) describe the state special education plan to colleagues and members of the community;

(B) explain procedural due process rights to others;

(C) apply the knowledge and abilities required by paragraphs (3) through (9) of this regulation in developing, implementing and evaluating an individualized education program;

(D) explain the role of paraprofessionals and volunteers in an instructional program; and

(E) describe a local educational agency's policies and procedures for providing special education and related services; and

(13) Acquire knowledge of procedures used in reg-

(continued)

ular ~~class~~ classroom, resource, self-contained, hospital and homebound, special school, residential center and other instructional placements and the ability to describe operational variables or characteristics that discriminate among types of instructional placements.

(14) Acquire the knowledge and abilities required by paragraphs (1) through (13) of this regulation in a minimum of two of the placements common to the exceptionality area.

(d) Programs for applicants who choose to add a level or levels to an exceptionality area endorsement in addition to the level approved for certification to teach nonexceptional pupils shall require students to complete a course of study allowing the student to:

(1) Acquire the ability to apply level-relevant knowledge and skills of the exceptionality area to level-associated curriculum and instructional methods. The course of study shall allow students to acquire the ability to:

(A) describe the impact of exceptionality upon cognitive, affective, social and motor domains;

(B) assess pupil performance before and after an instructional unit;

(C) plan instructional experiences that are appropriate in scope and sequence; and

(D) select instructional methods and media that function to increase pupil growth in knowledge and skills.

(2) Acquire the knowledge and abilities required by paragraphs (d)(1)(A) through (d)(1)(D) of this regulation in one of the placements common to the exceptionality area at the level for which the endorsement is added. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended (temporary) July 12, 1985; (permanent) May 1, 1986; amended June 11, 1986.)

91-1-101a. Middle-level foreign language. (a) Each applicant for a foreign language endorsement at the middle level shall have successfully completed a state-approved middle-level foreign language program and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire basic reading, writing, and speaking skills of the language including:

(A) ability to read prose and verse of average difficulty;

(B) knowledge of the grammatical structure and phonology of the language;

(C) ability to write a composition with correct vocabulary and syntax;

(D) ability to produce correct pronunciation; and

(E) ability to understand basic oral communication.

(2) Recognize the relationship between language and culture, including:

(A) an understanding of the geography, history, arts, and social customs of the country or countries in which the language is spoken; and

(B) a recognition of the manner in which foreign cultures differ from our own.

(3) Recognize differences in sound systems, forms,

idioms, and structures between English and the foreign language.

(c) This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level foreign language program be approved by the state board under the provisions of this regulation.

(d) On and after May 1, 1987, any institution desiring to have an approved middle level foreign language program shall meet the requirements of this regulation. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)

91-1-104a. Middle-level home economics. (a) Each applicant for a home economics endorsement at the middle level shall have successfully completed a state-approved, middle-level home economics program and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of the multidisciplinary approach of home economics. The course of study shall allow students to acquire the ability to:

(A) identify the comprehensive scope of home economics;

(B) analyze the contribution of each area of home economics to personal and family life; and

(C) demonstrate knowledge of the occupational opportunities in the field.

(2) Acquire knowledge of the family unit. The course of study shall allow students to acquire the ability to:

(A) understand the development, care, and guidance of the child from infancy through preschool;

(B) analyze factors which influence positive self-concept and successful interpersonal relations; and

(C) relate development of self-concept to peer and family relationships throughout the life cycle.

(3) Acquire knowledge of home economics content. The course of study shall allow students to acquire the ability to:

(A) identify and apply the principles of the decision-making process to personal, family, consumer, and resource management;

(B) evaluate consumer issues as they relate to the individual, family, and the community;

(C) recognize the effect of housing and space needs on individuals and families;

(D) identify and apply methods and techniques of clothing selection, care and construction that are time and energy efficient;

(E) understand the principles of nutrition, food selection and preparation;

(F) identify the relationship of grooming practices to personal health and appearance; and

(G) identify safety procedures in the management of home and family life.

(4) Acquire knowledge of home economics education. The course of study shall allow students to acquire the ability to:

(A) develop and evaluate curriculum appropriate for middle-level home economics; and

(B) develop and demonstrate the use of teaching materials, resources and techniques appropriate for middle-level home economics.

(c) ~~This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level home economics program be approved by the state board under the provisions of this regulation.~~

(d) ~~On and after May 1, 1987, any institution desiring to have an approved middle level home economics program shall meet the requirements of this regulation. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)~~

91-1-108b. General mathematics. (a) Each applicant for a general mathematics endorsement at the secondary level shall have completed a state-approved program to teach general mathematics and the fundamentals of algebra and geometry and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of the structure of the real number system and its application. The course of study shall allow students to acquire the ability to:

(A) state and apply the field properties of the real number system;

(B) use the field properties in developing and justifying the algorithms and concepts of arithmetic and algebra;

(C) solve linear and quadratic equations, systems of linear equations and equations involving radicals;

(D) perform functional operations of addition, subtraction, multiplication, and division on polynomial functions with real coefficients;

(E) construct and interpret graphs of single-variable functions; and

(F) utilize matrices to organize and manipulate data.

(2) Acquire knowledge of geometric concepts. The course of study shall allow students to acquire the ability to:

(A) apply informal geometric concepts to physical world experiences;

(B) solve problems using metric and non-metric properties;

(C) construct simple geometric figures;

(D) recognize and construct proofs involving mathematical concepts and principles;

(E) use the principles of transformational geometry;

(F) identify the undefined terms, definitions, assumptions and major theorems of Euclidean geometry; and

(G) describe the axiomatic approach to developing a geometric system.

(3) Acquire knowledge of probability and statistics. The course of study shall allow students to acquire the ability to:

(A) calculate the total number of possible outcomes of a random experiment by using counting techniques involving permutations and combinations;

(B) state the probability axioms and calculate the probabilities of simple and compound events;

(C) define and calculate conditional probabilities;

(D) draw graphs such as histograms and frequency curves to represent a set of data;

(E) determine the normal distribution and binomial distribution;

(F) use the sample mean to estimate the population mean; and

(G) identify uses and abuses of statistics in various fields.

(4) Acquire computer programming techniques and applications. The course of study shall allow students to acquire the ability to:

(A) identify the uses and limitations of computers;

(B) identify and explain the general function of the fundamental components of a computer system;

(C) design and code computer programs in a high-level programming language; and

(D) design and select software for use in mathematics education and integrating it into the curriculum.

(5) Acquire problem-solving techniques. The course of study shall allow students to acquire the ability to:

(A) design appropriate mathematical models which represent or describe practical problems from the natural sciences, social sciences, business, or technology;

(B) estimate, determine, and interpret solutions as they apply or relate to practical problems;

(C) use calculators and computers in problem-solving and in exploring and developing mathematical concepts; and

(D) apply the tools and techniques of measurement for the collection and analysis of data.

(6) Acquire knowledge of the historical development of mathematical ideas. The course of study shall allow students to acquire the ability to:

(A) trace the historical development of mathematical topics appropriate for this level;

(B) identify the contribution to mathematics made by prominent mathematicians; and

(C) identify the contribution of various cultures to the development of mathematical principles and philosophies.

(7) Acquire methods of teaching secondary mathematics. The course of study shall allow students to acquire the ability to:

(A) organize and present mathematical ideas in various teaching styles;

(B) identify and construct evaluation instruments appropriate to assessing student learning of skills, concepts, facts, and problem-solving;

(C) diagnose problem areas and prescribe remedial activities in mathematics for students at all levels of ability;

(D) identify instructional materials used in the teaching of mathematics;

(E) identify professional mathematics organizations and describe their contribution to the teaching of mathematics; and

(F) identify and apply current and emerging trends in secondary mathematics education.

(c) ~~This regulation shall take effect on and after May~~

(continued)

~~1, 1987. Prior to May 1, 1987, any institution may request that its middle-level general mathematics program be approved by the state board under the provisions of this regulation.~~

~~(d) On and after May 1, 1987, any institution desiring to have an approved middle level general mathematics program shall meet the requirements of this regulation. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)~~

91-1-108c. Middle-level mathematics. (a) Each applicant for a mathematics endorsement at the middle-level shall have successfully completed a state-approved program in middle-level mathematics and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of the structure of the real number system and its applications. The course of study shall allow students to acquire the ability to:

(A) use the field properties of the real number system in developing and justifying algorithms and concepts of arithmetic and algebra;

(B) solve systems of linear equations and quadratic equations;

(C) perform basic functional operations on polynomial functions; and

(D) construct and interpret graphs of single-variable functions and use matrices to organize and manipulate data.

(2) Acquire knowledge of geometric concepts. The course of study shall allow students to acquire the ability to:

(A) solve geometric problems, develop proofs, and construct geometric figures;

(B) apply geometric concepts to the physical world; and

(C) demonstrate knowledge of the principles of Euclidean geometry.

(3) Acquire knowledge of probability and statistics. The course of study shall allow students to acquire the ability to:

(A) state the probability axiom and calculate the probabilities of simple and compound events; and

(B) demonstrate the ability to understand and apply the principles of descriptive statistics.

(4) Acquire a knowledge of computer applications. The course of study shall allow students to acquire the ability to:

(A) demonstrate a knowledge of the functions and limitations of a computer system; and

(B) adapt software for use in mathematics education.

(5) Acquire knowledge of problem-solving techniques. The course of study shall allow students to acquire the ability to:

(A) design mathematical models which represent practical problems; and

(B) use appropriate data collection and analysis procedures to solve mathematical problems.

(6) Acquire knowledge of the historical and cross-cultural development of mathematical ideas.

(7) Acquire knowledge of the metric system.

~~(c) This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level mathematics program be approved by the state board under the provisions of this regulation.~~

~~(d) On and after May 1, 1987, any institution desiring to have an approved middle level mathematics program shall meet the requirements of this regulation. (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)~~

91-1-112b. Middle-level science. (a) Each applicant for a science endorsement at the middle level shall have successfully completed a state-approved, middle-level science program and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of the basic principles of biological science, physical science, and earth science including a knowledge of:

(A) classification systems, basic health principles, continuity, structure/function, diversity, evolution, nutrition, behavior, life cycles and energy systems;

(B) metric measures, matter and energy, the basic principles of physics, and the basic principles of chemistry; and

(C) basic geology, forces changing the earth, meteorology, and descriptive astronomy.

(2) Acquire an understanding and ability to use the scientific method by being proficient in:

(A) organization and use of laboratory equipment;

(B) field observation; and

(C) process skills, including identifying and controlling variables, interpreting data, formulating and teaching hypotheses, and experimenting.

(3) Acquire an understanding of the relationships between scientific principles and everyday life. The course of study shall allow students to acquire the ability to exhibit:

(A) skill in using science to improve human life and to help students cope with an increasingly technological world; and

(B) awareness of the nature of a wide variety of science and technological careers open to students.

(4) Acquire the ability to apply mathematical principles to the study of scientific issues.

(5) Acquire the ability to use computers for classroom instruction in science.

(6) Acquire the ability to relate the study of science to science-related societal issues.

~~(c) This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level science program be approved by the state board under the provisions of this regulation.~~

~~(d) On and after May 1, 1987, any institution desiring to have an approved middle level science program shall meet the requirements of this regulation.~~

(Authorized by and implementing Kansas Constitution, Article 6, Section 2(a), effective May 1, 1985; amended June 11, 1986.)

91-1-119f. Middle-level social studies. (a) Each applicant for a social studies endorsement at the middle level shall have successfully completed a state-approved, middle-level social studies program and shall be recommended by a teacher education institution.

(b) Approved programs shall require students to complete a course of study allowing the students to:

(1) Acquire knowledge of the history, government and physical features of the United States, including:

(A) the major political, economic, and social forces which have shaped the development of the United States;

(B) the meaning and interpretation of the United States Constitution;

(C) the structure and operation of the government of the United States and the state of Kansas; and

(D) the major geographical features of the United States.

(2) Acquire knowledge of the relationships between the United States and other parts of the world, including:

(A) the history, geography, and culture of a major foreign culture area; and

(B) comparative political and economic systems and their relationships to those characteristics of the United States.

(3) Acquire the ability to analyze a major social, political, economic, or cultural problem from an interdisciplinary perspective.

(4) Acquire the ability to relate current social, economic, and political events to social science theory.

(c) ~~This regulation shall take effect on and after May 1, 1987. Prior to May 1, 1987, any institution may request that its middle-level social studies program be approved by the state board under the provisions of this regulation.~~

(d) *On and after May 1, 1987, any institution desiring to have an approved middle level social studies program shall meet the requirements of this regulation.* (Authorized by and implementing Kansas Constitution, Article 6, Section 2(a); effective May 1, 1985; amended June 11, 1986.)

KANSAS STATE BOARD OF EDUCATION

By Robert J. Clemons
Chairman

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

Doc. No. 004255

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. D.S.T., and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information.

WEDNESDAY, MAY 28, 1986

#65702

University of Kansas, Lawrence—WANG UPGRADE

MONDAY, JUNE 2, 1986

#26832-A (SUPPLEMENT)

University of Kansas Medical Center, Kansas City and other state agencies—MISCELLANEOUS HOSPITAL SUPPLIES

#27165

University of Kansas Medical Center, Kansas City—HUMAN SERUM ALBUMIN

#27166

Statewide—CORRECTIONAL OFFICER UNIFORM COMPONENTS

#65748

University of Kansas, Lawrence—LAB CENTRIFUGES

#65749

University of Kansas, Lawrence—LOUNGE FURNITURE

#65750

Kansas State University, Manhattan—HPLC APPARATUS

#65751

Kansas State University, Manhattan—LAB APPARATUS

#65752

Department of Transportation, Topeka—SHEAR AND TRANSFORMER BASES, Kansas City

#65753

Department of Transportation, various locations—MAST ARMS

#65754

University of Kansas, Lawrence—FURNISH AND INSTALL ACOUSTICAL TREATMENT

#65756

Kansas State Historical Society, Topeka—ACRYLIC SHEET-ROD-TUBING

#65757

University of Kansas, Lawrence—RESURFACE TENNIS COURTS

#65759

University of Kansas, Lawrence—POLYGRAPH

#65760

Kansas State University, Manhattan—LASER PRINTER

#65770

University of Kansas, Lawrence—PAINT SPRAY BOOTH

#65771

Department of Social and Rehabilitation Services, Topeka—WASHING MACHINE BAGS

#65774

Wichita State University, Wichita—EXERCISE TESTING SYSTEM

(continued)

#65806
University of Kansas, Lawrence—COMPACTOR

#65807
University of Kansas, Lawrence—
PLOTTER—HARRIS COMPATIBLE

#65808
University of Kansas, Lawrence—MOWER

#65809
University of Kansas, Lawrence—HEATING AND
AIR CONDITIONING CONTROLS

#65810
Department of Transportation, Norton—MRA-Z OR
F ONLY AGGREGATE, Osborne

#65811
University of Kansas, Lawrence—
PRINTERS—HARRIS COMPATIBLE

#65818
Kansas Correctional Industries, Lansing—HIGH
PRESSURE LAMINATE

#65819
Kansas State University, Manhattan—OFFICE
FURNITURE

#65820
Kansas State University, Manhattan—
DISHWASHING SUPPLIES

#65834
Kansas State University, Manhattan—PLAIN PAPER
COPIER

#65837
University of Kansas, Lawrence—PLAIN PAPER
COPIERS

#65839
Kansas State University, Manhattan—
MAINTENANCE/SEM

#65840
Department of Social and Rehabilitation Services,
Topeka—WHEELCHAIRS

#65841
Department of Transportation, Topeka—ERECT
RADIO TOWER, Wichita

TUESDAY, JUNE 3, 1986

#A-5275
Osawatomie State Hospital, Osawatomie—NEW
OVERLAYMENT OF ASPHALT AND PARKING
LOTS (PHASE 1 of 4)

#A-5314
Youth Center at Beloit, Beloit—NEW ASPHALT
OVERLAYMENT FOR ROADS AND PARKING
LOTS

#27149
Statewide—CANNED GOODS

#27170
University of Kansas Medical Center, Kansas
City—AUTOCLAVES, WASHER-STERILIZER
MAINTENANCE

#65755
Kansas State University, Manhattan—LAB
OSCILLOSCOPES

#65758
University of Kansas, Lawrence—LAB APPARATUS

#65790
University of Kansas, Lawrence—HPLC
EQUIPMENT

#65812
Kansas State Historical Society, Topeka—
BUILDING MATERIALS

#65813
Department of Transportation, Chanute—
LUBRICATING OIL

#65814
Department of Transportation, various
locations—DRILL BREAKERS

#65815
Wichita State University, Wichita—DENTAL X-RAY
EQUIPMENT

#65821
Judicial Center, Topeka—FURNISH AND INSTALL
CARD SECURITY SYSTEM

#65822
Department of Transportation, Topeka—LAB
APPARATUS

#65823
Kansas State University, Manhattan—OFFICE
FURNITURE

#65824
Fort Hays State University, Hays—TUB WALL
SURROUND UNITS

#65825
Kansas Technical Institute, Salina—USED
AIRCRAFT

#65826
Kansas State Industrial Reformatory, Hutchinson—
TOBACCO

#65838
Kansas Correctional Industries, Lansing—TRUCK

#65842
Kansas Correctional Industries, Lansing—TRAILER

#65843
Department of Transportation, various locations—
ROLLERS

#65893
Wichita State University, Wichita—LAB
APPARATUS

#65894
Wichita State University, Wichita—HPLC SYSTEM

#65895
Kansas State University, Manhattan—LAB
APPARATUS

WEDNESDAY, JUNE 4, 1986

#A-5267
Larned State Hospital, Larned—PROVIDE
TESTING AND MAINTENANCE OF ELECTRICAL
EQUIPMENT AND SYSTEMS

#A-5347
Department of Transportation, Topeka—DISTRICT
1 STORAGE BUILDING

#A-5516
Kansas Department of Corrections, Topeka—
REROOF VALLEY VIEW CENTER FACILITY,
Pre-Release Center, Winfield

#27164
Statewide—BATTERIES

#27168
Statewide—VHF-FM RADIO EQUIPMENT

#27169
Department of Administration, Buildings and
Grounds Services, Topeka—DIESEL
GENERATORS—State Santa Fe Office Building,
Topeka

#27172
University of Kansas Medical Center, Kansas
City—JULY (1986) MEAT PRODUCTS

- #27173
University of Kansas Medical Center, Kansas
City—CRYOGENIC GASES
- #27174
Statewide—EYE GLASSES
- #65816
Department of Social and Rehabilitation Services,
Topeka—VINYL FILM, Kansas Industries for the
Blind, Kansas City
- #65817
Department of Social and Rehabilitation Services,
Topeka—DUCK CLOTH, Kansas Industries for the
Blind, Kansas City
- #65827
Wichita State University, Wichita—WINDOW
BLINDS
- #65828
University of Kansas, Lawrence—HPLC
EQUIPMENT
- #65829
University of Kansas, Lawrence—LAB
CENTRIFUGE
- #65830
University of Kansas, Lawrence—LAB APPARATUS
- #65831
Department of Health and Environment,
Topeka—RADIATION DETECTION EQUIPMENT
- #65835
University of Kansas, Lawrence—NUCLEAR
APPARATUS
- #65836
University of Kansas, Lawrence—WORK BENCHES
- THURSDAY, JUNE 5, 1986**
- #A-5331
University of Kansas, Lawrence—REPLACE TILE
ROOFING, Watson Library Facility
- #A-5332
University of Kansas, Lawrence—SUB-BASEMENT
REMODELING AND MOISTURE CORRECTION
(REVISED 1st REBID), BAILEY HALL
- #27151
University of Kansas, Lawrence—JULY (1986)
MEAT PRODUCTS
- #65832
Department of Health and Environment, Topeka—
AIR QUALITY EQUIPMENT
- #65833
Fort Hays State University, Hays and Pittsburg State
University, Pittsburg—ELEVATOR REPAIR
- #65844
Kansas State Penitentiary, Lansing—CERAMIC
TILE
- #65845
Department of Administration, Buildings and
Grounds, Topeka—FURNISH AND INSTALL
WATER SERVICE PIPE LINE
- #65846
University of Kansas, Lawrence—CONTROLS FOR
HEATING AND A/C
- #65847
Kansas State University, Manhattan—CARPET
- #65848
Department of Transportation, Topeka—SEALANT,
CRACK, HOT APPLIED
- #65864
University of Kansas Medical Center, Kansas
City—LAB APPARATUS
- #65865
University of Kansas Medical Center, Kansas
City—LAB EQUIPMENT
- #65866
Kansas Correctional Industries, Lansing—
DETERGENT
- #65876
University of Kansas, Lawrence—FIRE AND
SMOKE DETECTOR
- #65877
Department of Transportation, Hutchinson—PLANT
MIX, BITUMINOUS MIXTURE-COMMERCIAL
GRADE, Wichita
- #65878
University of Kansas, Lawrence—LOUNGE
FURNITURE
- #65879
University of Kansas, Lawrence—INFRARED
HEATERS
- #65880
University of Kansas, Lawrence—WATERLINE
AND ACCESSORIES
- #65881
Department of Transportation, various locations—
MOTOR GRADER
- #65882
University of Kansas, Lawrence—
MICROCOMPUTERS, HARD DISKS, PRINTERS
- #65883
Kansas State University, Manhattan—
MICROCOMPUTER SYSTEM
- #65884
University of Kansas Medical Center, Kansas
City—COMMUNICATION SOFTWARE—MVS/SP
COMPATIBLE
- #65885
Pittsburg State University, Pittsburg—
SPECTROPHOTOMETER
- #65886
University of Kansas Medical Center, Kansas
City—MICROCOMPUTER SYSTEM AND
SOFTWARE
- #65887
Kansas State University, Manhattan—
MISCELLANEOUS PERIPHERAL COMPUTER
EQUIPMENT
- #65889
Kansas State Historical Society, Topeka—PLOTTER
AND SOFTWARE
- #65890
University of Kansas, Lawrence—
PRINTER/INTERFACE/DIGITIZER TABLET
- #65891
Secretary of State, Topeka—MICROFILM READER
PRINTER
- #65892
Kansas State University, Manhattan—
LAB CENTRIFUGE/ROTOR
- #65904
Kansas State University, Manhattan—
SALE OF USED COMPUTER EQUIPMENT
- FRIDAY, JUNE 6, 1986**
- #A-0000
University of Kansas, Lawrence—FURNISH AND
ERECT ON OWNER'S SITE IN JEFFERSON
COUNTY, ONE (1) UTILITY BUILDING

(continued)

#A-5317

Rainbow Mental Health Facility, Kansas
City—REPLACE CARPET—"A" Building
#65500-A

Kansas Neurological Institute, Topeka—BEVERAGE
BASE

#65888

Kansas Technical Institute, Salina—LAB
OSCILLOSCOPE

#65896

Kansas State University, Manhattan—LAB
CONSUMABLES

#65897

Kansas State University, Manhattan—
ULTRACENTRIFUGE

#65898

Department of Transportation, Norton—CEMENT
TYPE I AND TYPE III

#65899

Pittsburg State University, Pittsburg—COPIER
(400,000 BENCHMARK)

#65900

Department of Transportation, various locations—
CORRUGATED METAL ARCH, PIPE AND BANDS
#65901

#65902

Kansas Technical Institute, Salina—ELECTRONIC
TEST EQUIPMENT

#65902

Kansas State University, Manhattan—
DENSITOMETER

#65903

University of Kansas, Lawrence—BATHROOM
PARTITIONS

#65905

Department of Transportation, various locations—
STEEL DELINEATOR AND SIGN POSTS
#65906

#65906

University of Kansas, Lawrence—MINICOMPUTER
PERIPHERALS

#65907

Kansas State University, Manhattan—CAMAC
MODULES

#65908

Kansas State University, Manhattan—PLOTTERS

#65909

Kansas State University, Manhattan—NMR PROBE

#65910

Kansas State University, Manhattan—
CALORIMETER

#65911

Kansas State University, Manhattan—VACUUM
COMPONENTS

#65912

Kansas Technical Institute, Salina—TESTING
EQUIPMENT

#65913

Department of Social and Rehabilitation Services,
Topeka—CONTINUOUS FP-T FORM

#65914

University of Kansas, Lawrence—CELL COUNTER

#65915

University of Kansas, Lawrence—LOUNGE
FURNITURE

#65916

Department of Transportation, Salina—TREATED
WOOD SIGN POSTS

#65921

University of Kansas Medical Center, Kansas
City—LAB LABELS

MONDAY, JUNE 9, 1986

#27171

Statewide—IBM COMPATIBLE COMPUTER
DISPLAY TERMINAL, PRINTER AND
CONTROLLER

FRIDAY, JUNE 27, 1986

#27167

Department of Administration, Central Motor Pool,
Topeka—AUTOMOBILE PHYSICAL DAMAGE
INSURANCE

NICHOLAS B. ROACH
Director of Purchases

Doc. No. 004282

(Published in the KANSAS REGISTER, May 22, 1986.)

HOUSE Substitute for SENATE BILL No. 546

AN ACT establishing a program providing incentives for the reduction of rates of interest upon agricultural production loans to eligible agricultural borrowers; granting certain tax credits to banks and production credit associations making such loans; and prescribing certain limitations thereon.

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

Section 1. (a) On and after the effective date of this act and prior to July 1, 1987, a state bank or national banking association which extends or renews an agricultural production loan under the provisions of this act to an eligible agricultural borrower at an interest rate which is at least one whole percentage point less than the prime interest rate then specified by the bank on such loans with equivalent collateral, and a state bank or national banking association which reduces the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point shall receive a credit against its tax liability pursuant to K.S.A. 79-1106, *et seq.*, for taxable years commencing after December 31, 1987, to the extent hereinafter provided. Such tax credit shall be allowed for such interest rate reductions upon agricultural production loans having a total principal amount not exceeding 15% of the amount of such loans reflected in the bank's report of condition filed with the federal deposit insurance corporation as of December 31, 1985.

(b) For the purposes of this section, the term "eligible agricultural borrower" means any person, partnership or family farm corporation, as defined in K.S.A. 17-5903, and amendments thereto, located in the state of Kansas, having an agricultural production loan which has been classified by any banking regulator as substandard or doubtful or classified as a problem or vulnerable by either the farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration.

(c) An interest rate reduction may be applied under the provisions of this section only when the eligible borrower can be reasonably expected to service the principal and interest for the term of such person's loan.

(d) The total credit against tax liability shall be the amount by which the interest income to the state bank or national banking association on and after the effective date of this act and prior to July 1, 1987, has been reduced on such loans because of such reductions in rates of interest, except that the credit allowed as a result of an interest rate reduction on any one agricultural production loan shall not exceed an amount equal to 3% per annum on the unpaid principal balance of the loan. The tax credit allowed for any taxable year shall not exceed 1/5 of the total tax credit of the bank allowed under this act. Unused tax credit shall be carried forward as a credit to the bank's tax liability in each subsequent taxable year and shall then be taken into account, subject to the limitation that the credit in any one taxable year may not exceed 1/5 of the total tax credit.

Sec. 2. (a) On and after the effective date of this act and prior to July 1, 1987, any production credit association chartered under section 210 of the farm credit act of 1933, as amended, which

extends or renews an agricultural production loan under the provisions of this act to an eligible agricultural borrower at an interest rate which is at least one whole percentage point less than the lowest rate at which the production credit association is making agricultural production loans to its best agricultural loan customers with equivalent collateral, and any production credit association which reduces the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point shall receive a credit against its income tax liability pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, for taxable years commencing after December 31, 1987, to the extent hereinafter provided. Such tax credit shall be allowed for such interest rate reductions by a production credit association upon agricultural production loans having a total principal amount not exceeding 15% of the amount of such loans reflected in the production credit association's report filed with the farm credit administration for calendar year 1985.

(b) For the purposes of this section, the term "eligible agricultural borrower" means any person, partnership or family farm corporation, as defined in K.S.A. 17-5903, and amendments thereto, located in the state of Kansas, having an agricultural production loan which has been classified by any banking regulator as substandard or doubtful or classified as a problem or vulnerable by either a farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration.

(c) An interest rate reduction may be applied under the provisions of this section only when the eligible borrower can be reasonably expected to service the principal and interest of such person's loan.

(d) The total credit against tax liability shall be the amount by which the interest income to the production credit association on and after the effective date of this act and prior to July 1, 1987, has been reduced on such loans because of such reductions in rates of interest, except that the credit allowed as a result of an interest rate reduction on any one agricultural production loan shall not exceed an amount equal to 3% per annum on the unpaid principal balance of the loan. The tax credit allowed for any taxable year shall not exceed 1/5 of the total tax credit of the production credit association allowed under this act. Unused tax credit shall be carried forward as a credit to the production credit association's tax liability in each subsequent taxable year and shall then be taken into account, subject to the limitation that the credit in any one taxable year may not exceed 1/5 of the total tax credit.

Sec. 3. 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 April 4, 1986.

SENATE concurred in HOUSE amendments April 27, 1986.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended April 26, 1986.
 MIKE HAYDEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 9, 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 9th day of May, 1986.

JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SENATE BILL No. 555

AN ACT relating to banks and banking; concerning capital requirements for certain banks.

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

Section 1. (a) The state bank commissioner, with the prior approval of the state banking board, may establish minimum capital requirements for a bank which vary from capital requirements otherwise prescribed in K.S.A. 9-901a, and amendments thereto, but which result in not less than a 4% capital to assets ratio, whenever the commissioner determines that economic conditions necessitate such action to provide greater operational flexibility to well-managed, economically sound banks. A bank wanting to establish a minimum capital requirement under this section shall: (1) Be an agricultural or oil and gas bank or both; and (2) submit to the bank commissioner a written plan for restoring capital to the minimums required by the state banking board in appropriate incremental amounts by no later than January 1, 1993. The establishment of capital requirements may be subject to such other conditions as the commissioner and board deem advisable. Such other conditions, including capital requirements, shall be established by special order which shall not be subject to the provisions of article 4 of chapter 77 of the Kansas Statutes Annotated.

(b) As used in this section, "agricultural" or "oil and gas bank" means a bank whose agricultural and oil and gas loans in the aggregate are equal to, or greater than, 25% of the bank's total loans and leases, net of unearned income.

(c) The provisions of this section shall expire on January 1, 1993.

Sec. 2. 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 27, 1986.

SENATE adopted Conference Committee report April 25, 1986.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended April 4, 1986.

HOUSE adopted Conference Committee report April 25, 1986.
 MIKE HAYDEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 8, 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 8th day of May, 1986.

JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SENATE BILL No. 734

AN ACT concerning the health care provider insurance availability act, relating certain persons engaged in postgraduate training programs; amending K.S. 1985 Supp. 40-3401 and 40-3414 and K.S.A. 1985 Supp. 40-3402, 40-3403 and 40-3404, all three as amended by 1986 Senate Bill No. 382, and repealing the existing sections.

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

Section 1. K.S.A. 1985 Supp. 40-3401 is hereby amended to read as follows: 40-3401. As used in this act the following term shall have the meanings respectively ascribed to them herein:

- (a) "Applicant" means any health care provider;
- (b) "basic coverage" means a policy of professional liability insurance required to be maintained by each health care provider pursuant to the provisions of subsection (a) or (b) of K.S.A. 40-3402 and amendments thereto;
- (c) "commissioner" means the commissioner of insurance;
- (d) "fiscal year" means the year commencing on the effective date of this act and each year, commencing on the first day of the month, thereafter;
- (e) "fund" means the health care stabilization fund established pursuant to subsection (a) of K.S.A. 40-3403 and amendments thereto;
- (f) "health care provider" means a person licensed to practice any branch of the healing arts by the state board of healing arts, a person who holds a temporary permit to practice any branch of the healing arts issued by the state board of healing arts, a person engaged in a postgraduate training program approved by the state board of healing arts, a medical care facility licensed by the department of health and environment, a health maintenance organization issued a certificate of authority by the commissioner of insurance, an optometrist licensed by the board of examiners in optometry, a podiatrist registered by the state board of healing arts; a pharmacist registered by the state board of pharmacy, a licensed professional nurse who is licensed by the board of nursing and certified as a nurse anesthetist by the American association of nurse anesthetists, a professional corporation organized pursuant to the professional corporation law of Kansas by persons who are authorized by such law to form such a corporation and who are health care providers as defined by this subsection, a Kansas not-for-profit corporation organized for the purpose of rendering professional services by persons who are health care providers as defined by this subsection (f), a dentist certified by the state board of healing arts to administer anesthetics under K.S.A. 65-2899 and amendments thereto, a physical therapist registered by the state board of healing arts, or a mental health center or mental health clinic licensed by the secretary of social and rehabilitation services, except that health care provider does not include (1) any state institution for the mentally retarded or (2) any state psychiatric hospital;
- (g) "inactive health care provider" means a person or other entity who purchased basic coverage or qualified as a self-insurer on or subsequent to the effective date of this act but who, at the time a claim is made for personal injury or death arising out of the rendering of or the failure to render professional services by such health care provider, does not have basic coverage or self-insurance in effect solely because such person is no longer engaged in rendering professional service as a health care provider;
- (h) "insurer" means any corporation, association, reciprocal exchange, inter-insurer and any other legal entity authorized to write bodily injury or property damage liability insurance in this state, including workmen's compensation and automobile liability insurance, pursuant to the provisions of the acts contained in article 9, 11, 12 or 16 of chapter 40 of Kansas Statutes Annotated;
- (i) "plan" means the operating and administrative rules and procedures developed by insurers and rating organizations or the commissioner to make professional liability insurance available to health care providers;
- (j) "professional liability insurance" means insurance providing coverage for legal liability arising out of the performance of professional services rendered or which should have been rendered by a health care provider;
- (k) "rating organization" means a corporation, an unincorporated association, a partnership or an individual licensed pursuant to K.S.A. 40-930 or 40-1114, or both sections, and amendments to those sections, to make rates for professional liability insurance;

(l) "self-insurer" means a health care provider who has qualified as a self-insurer pursuant to K.S.A. 40-3414 and amendments thereto or the university of Kansas medical center for persons who are engaged, under the supervision of the clinical faculty member of the university of Kansas school of medicine, in a postgraduate training program approved by the state board of healing arts and operated by the university of Kansas medical center;

(m) "medical care facility" means the same when used in the health care provider insurance availability act as the meaning ascribed to that term in K.S.A. 65-425 and amendments thereto, except that as used in the health care provider insurance availability act such term, as it relates to insurance coverage under the health care provider insurance availability act, also includes any director, trustee, officer or administrator of a medical care facility;

(n) "mental health center" means a mental health center licensed by the secretary of social and rehabilitation services under K.S.A. 75-3307b and amendments thereto, except that as used in the health care provider insurance availability act such term, as it relates to insurance coverage under the health care provider insurance availability act, also includes any director, trustee, officer or administrator of a mental health center;

(o) "mental health clinic" means a mental health clinic licensed by the secretary of social and rehabilitation services under K.S.A. 75-3307b and amendments thereto, except that as used in the health care provider insurance availability act such term, as it relates to insurance coverage under the health care provider insurance availability act, also includes any director, trustee, officer or administrator of a mental health clinic;

(p) "state institution for the mentally retarded" means Norton state hospital, Winfield state hospital and training center, Parsons state hospital and training center and the Kansas neurological institute;

(q) "state psychiatric hospital" means Larned state hospital, Osawatomie state hospital, Rainbow mental health facility and Topeka state hospital;

(r) "person engaged in residency training" means a person engaged in a postgraduate training program approved by the state board of healing arts who is employed by the university of Kansas medical center only when such person is engaged in medical activities which do not include extracurricular, extra-institutional medical service for which such person receives extra compensation and which have not been approved by the dean of the school of medicine and the executive vice-chancellor of the university of Kansas medical center.

Sec. 2. K.S.A. 1985 Supp. 40-3402, as amended by 1986 Senate Bill No. 382, is hereby amended to read as follows: 40-3402. (a) A policy of professional liability insurance approved by the commissioner and issued by an insurer duly authorized to transact business in this state in which the limit of the insurer's liability is not less than \$200,000 per occurrence, subject to not less than a \$600,000 annual aggregate for all claims made during the policy period, shall be maintained in effect by each resident health care provider as a condition to rendering professional service as a health care provider in this state, unless such health care provider is a self-insurer or is a person who is engaged under the supervision of the clinical faculty member of the university of Kansas school of medicine, in a postgraduate training program approved by the state board of healing arts and operated by the university of Kansas medical center and is insured pursuant to K.S.A. 40-3414, and amendments thereto. Such policy shall provide as a minimum coverage for claims made during the term of the policy which were incurred during the term of such policy or during the prior term of a similar policy. Any insurer offering such policy of professional liability insurance to any health care provider may offer to such health care provider a policy as prescribed in this section with deductible options. Such deductible shall be within such policy limits.

(1) Each insurer providing basic coverage shall within 30

days after the premium for the basic coverage is received by the insurer or within 30 days from the effective date of this act, whichever is later, notify the commissioner that such coverage is or will be in effect. Such notification shall be on a form approved by the commissioner and shall include information identifying the professional liability policy issued or to be issued, the name and address of all health care providers covered by the policy, the amount of the annual premium, the inception and expiration dates of the coverage and such other information as the commissioner shall require. A copy of the notice required by this subsection shall be furnished to the named insured.

(2) In the event of termination of basic coverage by cancellation, nonrenewal, expiration or otherwise by either the insurer or named insured, notice of such termination shall be furnished by the insurer to the commissioner, the state agency which licenses, registers or certifies the named insured and the named insured. Such notice shall be provided no less than 30 days prior to the effective date of any termination initiated by the insurer or within 10 days after the date coverage is terminated at the request of the named insured and shall include the name and address of the health care provider or providers for whom basic coverage is terminated and the date basic coverage will cease to be in effect. No basic coverage shall be terminated by cancellation or failure to renew by the insurer unless such insurer provides a notice of termination as required by this subsection.

(3) Any professional liability insurance policy issued, delivered or in effect in this state on and after the effective date of this act shall contain or be endorsed to provide basic coverage as required by subsection (a) of this section. Notwithstanding any omitted or inconsistent language, any contract of professional liability insurance shall be construed to obligate the insurer to meet all the mandatory requirements and obligations of this act. The liability of an insurer for claims made prior to July 1, 1984, shall not exceed those limits of insurance provided by such policy prior to July 1, 1984.

(b) Unless a nonresident health care provider is a self-insurer, such provider shall not render professional service as a health care provider in this state unless such provider maintains coverage in effect as prescribed by subsection (a) of this section, except such coverage may be provided by a nonadmitted insurer who has filed the form required in paragraph (1) of subsection (b) of this section subsection (b)(1).

(1) Every insurance company authorized to transact business in this state, that is authorized to issue professional liability insurance in any jurisdiction, shall file with the commissioner, as a condition of its continued transaction of business within this state, a form prescribed by the commissioner declaring that its professional liability insurance policies, wherever issued, shall be deemed to provide at least the insurance required by this subsection when the insured is rendering professional services as a nonresident health care provider in this state. Any nonadmitted insurer may file such a form.

(2) Every nonresident health care provider who is required to maintain basic coverage pursuant to this subsection shall pay the surcharge levied by the commissioner pursuant to subsection (a) of K.S.A. 40-3404 and amendments thereto directly to the commissioner and shall furnish to the commissioner the information required in paragraph (1) of subsection (a) of this section subsection (a)(1).

(c) Every health care provider that is a self-insurer or, the university of Kansas medical center for persons who are engaged under the supervision of the clinical faculty member of the university of Kansas school of medicine in a postgraduate training center approved by the state board of healing arts and operated by the university of Kansas medical center engaged in residency training or a medical care facility or mental health center for self-insurers under subsection (e) of K.S.A. 40-3414 and amendments thereto shall pay the surcharge levied by the commissioner pursuant to subsection (a) of K.S.A. 40-3404 and amendments thereto directly to the commissioner and shall furnish to the commissioner the information required in paragraph (1) of subsection (a) of this section subsection (a)(1).

(d) In lieu of a claims made policy otherwise required under this section, a person engaged in a postgraduate training program operated by the university of Kansas medical center who is

providing services as a health care provider but while providing such services is not covered by the self-insurance provisions of subsection (d) of K.S.A. 40-3414 and amendments thereto may obtain basic coverage under an occurrence form policy if such policy provides professional liability insurance coverage and limits which are substantially the same as the professional liability insurance coverage and limits required by subsection (a) of K.S.A. 40-3402 and amendments thereto. Where such occurrence form policy is in effect, the provisions of the health care provider insurance availability act referring to claims made policies shall be construed to mean occurrence form policies.

Sec. 3. K.S.A. 1985 Supp. 40-3403, as amended by 1986 Senate Bill No. 382, is hereby amended to read as follows: 40-3403. (a) For the purpose of paying damages for personal injury or death arising out of the rendering of or the failure to render professional services by a health care provider, self-insurer or inactive health care provider subsequent to the time that such health care provider or self-insurer has qualified for coverage under the provisions of this act, there is hereby established the health care stabilization fund. The fund shall be held in trust in a segregated fund in the state treasury. The commissioner shall administer the fund or contract for the administration of the fund with an insurance company authorized to do business in this state.

(b) (1) There is hereby created a board of governors. The board of governors shall provide:

(A) Technical assistance with respect to administration of the fund;

(B) such expertise as the commissioner may reasonably request with respect to evaluation of claims or potential claims;

(C) advice, information and testimony to the appropriate licensing or disciplinary authority regarding the qualifications of a health care provider.

(2) The board shall consist of 13 persons appointed by the commissioner of insurance, as follows: (A) The commissioner of insurance, or the designee of the commissioner, who shall act as chairperson; (B) one member appointed from the public at large who is not affiliated with any health care provider; (C) three members licensed to practice medicine and surgery in Kansas who are doctors of medicine; (D) three members who are representatives of Kansas hospitals; (E) two members licensed to practice medicine and surgery in Kansas who are doctors of osteopathic medicine; (F) one member licensed to practice chiropractic in Kansas; and (G) two members of other categories of health care providers. Meetings shall be called by the chairperson or by a written notice signed by three members of the board. The board, in addition to other duties imposed by this act, shall study and evaluate the operation of the fund and make such recommendations to the legislature as may be appropriate to ensure the viability of the fund.

(3) The board shall be attached to the insurance department and shall be within the insurance department as a part thereof. All budgeting, purchasing and related management functions of the board shall be administered under the direction and supervision of the commissioner of insurance. All vouchers for expenditures of the board shall be approved by the commissioner of insurance or a person designated by the commissioner.

(c) Subject to subsections (d), (e) and (g), the fund shall be liable to pay: (1) Any amount due from a judgment or settlement which is in excess of the basic coverage liability of all liable resident health care providers or resident self-insurers for any such injury or death arising out of the rendering of or the failure to render professional services within or without this state; (2) any amount due from a judgment or settlement which is in excess of the basic coverage liability of all liable nonresident health care providers or nonresident self-insurers for any such injury or death arising out of the rendering or the failure to render professional services within this state. In no event shall the fund be obligated for claims against nonresident health care providers or nonresident self-insurers who have not complied with this act or for claims against nonresident health care providers or nonresident self-insurers that arose outside of this state; (3) any amount

(continued)

due from a judgment or settlement against a resident inactive health care provider for any such injury or death; (4) any amount due from a judgment or settlement against a nonresident inactive health care provider for any injury or death arising out of the rendering or failure to render professional services within this state. In no event shall the fund be obligated for claims against: (A) Nonresident inactive health care providers who have not complied with this act; or (B) nonresident inactive health care providers for claims that arose outside of this state, unless such health care provider was a resident health care provider or resident self-insurer at the time such act occurred; (5) reasonable and necessary expenses for attorney fees incurred in defending the fund against claims; (6) any amounts expended for reinsurance obtained to protect the best interests of the fund purchased by the commissioner, which purchase shall be subject to the provisions of K.S.A. 75-3738 to 75-3744, inclusive, and amendments thereto but shall not be subject to the provisions of K.S.A. 75-4101 and amendments thereto; (7) reasonable and necessary actuarial expenses incurred in administering the act, which expenditures shall not be subject to the provisions of K.S.A. 75-3738 to 75-3744, inclusive, and amendments thereto; (8) annually to the plan or plans, any amount due pursuant to subsection (a)(3) of K.S.A. 40-3413, and amendments thereto; (9) reasonable and necessary expenses incurred by the insurance department and the board of governors in the administration of the fund; and (10) return of any unearned surcharge; (11) *reasonable and necessary expenses for attorney fees and other costs incurred in defending a person engaged in residency training from claims for personal injury or death arising out of the rendering of or the failure to render professional services by such health care provider; and (12) any amount due from a judgment or settlement for an injury or death arising out of the rendering of or failure to render professional services by a person engaged in residency training, except that no such settlement shall be approved 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.*

(d) All amounts for which the fund is liable pursuant to paragraphs (1), (2), (3) or (4) of subsection (c) of this section shall be paid promptly and in full if less than \$300,000, or if \$300,000 or more, by installment payments of \$300,000 or 10% of the amount of the judgment including interest thereon, whichever is greater, per fiscal year, the first installment to be paid within 60 days after the fund becomes liable and each subsequent installment to be paid annually on the same date of the year the first installment was paid, until the claim has been paid in full. Any attorney fees payable from such installment shall be similarly prorated.

(e) In no event shall the fund be liable to pay in excess of \$3,000,000 pursuant to any one judgment or settlement against any one health care provider relating to any injury or death arising out of the rendering of or the failure to render professional services from and after July 1, 1984, subject to an aggregate limitation for all judgments or settlements arising from all claims made in any one fiscal year in the amount of \$6,000,000 for each provider.

(f) A health care provider shall be deemed to have qualified for coverage under the fund: (1) On and after the effective date of this act if basic coverage is then in effect; (2) subsequent to the effective date of this act, at such time as basic coverage becomes effective; or (3) upon qualifying as a self-insurer pursuant to K.S.A. 40-3414 and amendments thereto.

(g) Notwithstanding the provisions of K.S.A. 40-3402 and amendments thereto, if the board of governors determines that an individual health care provider presents a material risk of significant future liability to the fund, the board of governors is authorized by a vote of a majority of the members thereof, after notice and an opportunity for hearing, to terminate the liability of the fund for all claims against the health care provider for damages for death or personal injury arising out of the rendering of or the failure to render professional services after the date of termination. The date of termination shall be 30 days after the date of the determination by the board of governors. The board of

governors, upon termination of the liability of the fund under this subsection (g), shall notify the licensing or other disciplinary board having jurisdiction over the health care provider involved of the name of the health care provider and the reasons for the termination.

(h) (1) *Upon the payment of moneys from the health care stabilization fund pursuant to subsection (c)(11), the commissioner shall certify to the director of accounts and reports the amount of such payment, and the director of accounts and reports shall transfer an amount equal to the amount certified from the state general fund to the health care stabilization fund.*

(2) *Upon the payment of moneys from the health care stabilization fund pursuant to subsection (c)(12), the commissioner shall certify to the director of accounts and reports the amount of such payment which is equal to the basic coverage liability of self-insurers, and the director of accounts and reports shall transfer an amount equal to the amount certified from the state general fund to the health care stabilization fund.*

Sec. 4. K.S.A. 1985 Supp. 40-3404, as amended by 1986 Senate Bill No. 382, is hereby amended to read as follows: 40-3404. (a) Except for any health care provider whose participation in the fund has been terminated pursuant to subsection (g) of K.S.A. 40-3403 and amendments thereto, the commissioner shall levy an annual premium surcharge on each health care provider who has obtained basic coverage and upon each self-insurer for each fiscal year. Such premium surcharge shall be an amount equal to a percentage of the annual premium paid by the health care provider for the basic coverage required to be maintained as a condition to coverage by the fund by subsection (a) of K.S.A. 40-3402 and amendments thereto. The annual premium surcharge upon each self-insurer, except for the university of Kansas medical center for persons engaged in residency training, shall be an amount equal to a percentage of the amount such self-insurer would pay for basic coverage as calculated in accordance with rating procedures approved by the commissioner pursuant to K.S.A. 40-3413 and amendments thereto. The annual premium surcharge upon the university of Kansas medical center for persons who are engaged, under the supervision of the clinical faculty member of the university of Kansas school of medicine, in a postgraduate training program approved by the state board of healing arts and operated by the university of Kansas medical center engaged in residency training shall be an amount equal to a percentage of an assumed aggregate premium of \$600,000.

(b) In the case of a resident health care provider who is not a self-insurer, the premium surcharge shall be collected in addition to the annual premium for the basic coverage by the insurer and shall not be subject to the provisions of K.S.A. 40-252, 40-1113 and 40-2801 *et seq.*, and amendments to these sections. The amount of the premium surcharge shall be shown separately on the policy or an endorsement thereto and shall be specifically identified as such. Such premium surcharge shall be due and payable by the insurer to the commissioner within 30 days after the annual premium for the basic coverage is received by the insurer, but in the event basic coverage is in effect at the time this act becomes effective, such surcharge shall be based upon the unearned premium until policy expiration and annually thereafter. Within 15 days immediately following the effective date of this act, the commissioner shall send to each insurer information necessary for their compliance with this subsection. The certificate of authority of any insurer who fails to comply with the provisions of this subsection shall be suspended pursuant to K.S.A. 40-222 and amendments thereto until such insurer shall pay the annual premium surcharge due and payable to the commissioner. In the case of a nonresident health care provider or a self-insurer, the premium surcharge shall be collected in the manner prescribed in K.S.A. 40-3402 and amendments thereto.

(c) The premium surcharge shall be an amount deemed sufficient by the commissioner to fund anticipated claims based upon reasonably prudent actuarial principles. In setting the amount of such surcharge, the commissioner: (1) May require any health care provider who has paid a surcharge for less than 24 months to pay a higher surcharge than other health care providers; (2) shall require that any health care provider who is

insured by a policy of professional liability insurance with deductibles pay a surcharge based on an amount equal to a percentage at the annual amount of premium that would have been paid by the health care provider for basic coverage required to be maintained by the fund as provided by K.S.A. 40-3402 and amendments thereto without any deductibles; and (3) shall amortize any anticipated deficiencies in the fund over a reasonable period of time.

Sec. 5. K.S.A. 1985 Supp. 40-3414 is hereby amended to read as follows: 40-3414. (a) Any health care provider whose annual insurance premium is or would be \$100,000 or more for basic coverage calculated in accordance with rating procedures approved by the commissioner pursuant to K.S.A. 40-3413 and amendments thereto, may qualify as a self-insurer by obtaining a certificate of self-insurance from the commissioner. Upon application of any such health care provider, on a form prescribed by the commissioner, the commissioner may issue a certificate of self-insurance if the commissioner is satisfied that the applicant is possessed and will continue to be possessed of ability to pay any judgment for which liability exists equal to the amount of basic coverage required of a health care provider obtained against such applicant arising from the applicant's rendering of professional services as a health care provider. In making such determination the commissioner shall consider (1) the financial condition of the applicant, (2) the procedures adopted and followed by the applicant to process and handle claims and potential claims, (3) the amount and liquidity of assets reserved for the settlement of claims or potential claims and (4) any other relevant factors. The certificate of self-insurance may contain reasonable conditions prescribed by the commissioner. Upon not less than five days' notice and a hearing pursuant to such notice, the commissioner may cancel a certificate of self-insurance upon reasonable grounds therefor. Failure to pay any judgment for which the self-insurer is liable arising from the self-insurer's rendering of professional services as a health care provider, the failure to comply with any provision of this act or the failure to comply with any conditions contained in the certificate of self-insurance shall be reasonable grounds for the cancellation of such certificate of self-insurance. The provisions of this subsection shall not apply to the Kansas soldiers' home or to the university of Kansas medical center for persons who are engaged, under the supervision of a clinical faculty member of the university of Kansas school of medicine, in a postgraduate training program approved by the state board of healing arts and operated by the university of Kansas medical center any person who is a self-insurer pursuant to subsection (d) or (e).

(b) Any health care provider who holds a certificate of self-insurance shall pay the applicable surcharge set forth in subsection (c) of K.S.A. 40-3402 and amendments thereto.

(c) The Kansas soldiers' home shall be a self-insurer and shall pay the applicable surcharge set forth in subsection (c) of K.S.A. 40-3402 and amendments thereto.

(d) The university of Kansas medical center for persons who are engaged, under the supervision of a clinical faculty member of the university of Kansas school of medicine, in a postgraduate training program approved by the state board of healing arts and operated by the university of Kansas medical center shall be a self-insurer and the A person engaged in residency training shall be self-insured by the university of Kansas medical center, and such person shall be deemed a self-insurer for the purposes of the health care provider insurance stabilization act. The university of Kansas medical center shall pay the applicable surcharge set forth in subsection (c) of K.S.A. 40-3402 and amendments thereto on behalf of such person. Such self-insurance shall be applicable to a person engaged in residency training only when such person is engaged in medical activities which do not include extracurricular, extra-institutional medical service for which such person receives extra compensation and which have not been approved by the dean of the school of medicine and the executive vice-chancellor of the university of Kansas medical center.

(e)(1) A person engaged in a postgraduate training program approved by the state board of healing arts at a medical care facility or mental health center in this state may be self-insured by such medical care facility or mental health center in accord-

ance with this subsection (e) and in accordance with such terms and conditions of eligibility therefor as may be specified by the medical care facility or mental health center and approved by the commissioner. A person self-insured under this subsection (e) by a medical care facility or mental health center shall be deemed a self-insurer for purposes of the health care provider insurance availability act. Upon application by a medical care facility or mental health center, on a form prescribed by the commissioner, the commissioner may authorize such medical care facility or mental health center to self-insure persons engaged in postgraduate training programs approved by the state board of healing arts at such medical care facility or mental health center if the commissioner is satisfied that the medical care facility or mental health center is possessed and will continue to be possessed of ability to pay any judgment for which liability exists equal to the amount of basic coverage required of a health care provider obtained against a person engaged in such a postgraduate training program and arising from such person's rendering of or failure to render professional services as a health care provider.

(2) In making such determination the commissioner shall consider (A) the financial condition of the medical care facility or mental health center, (B) the procedures adopted by the medical care facility or mental health center to process and handle claims and potential claims, (C) the amount and liquidity of assets reserved for the settlement of claims or potential claims by the medical care facility or mental health center and (D) any other factors the commissioner deems relevant. The commissioner may specify such conditions for the approval of an application as the commissioner deems necessary. Upon approval of an application, the commissioner shall issue a certificate of self-insurance to each person engaged in such postgraduate training program at the medical care facility or mental health center who is self-insured by such medical care facility or mental health center.

(3) Upon not less than five days' notice and a hearing pursuant to such notice, the commissioner may cancel, upon reasonable grounds therefor, a certificate of self-insurance issued pursuant to this subsection (e) or the authority of a medical care facility or mental health center to self-insure persons engaged in such postgraduate training programs at the medical care facility or mental health center. Failure of a person engaged in such postgraduate training program to comply with the terms and conditions of eligibility to be self-insured by the medical care facility or mental health center, the failure of a medical care facility or mental health center to pay any judgment for which such medical care facility or mental health center is liable as self-insurer of such person, the failure to comply with any provisions of the health care provider insurance availability act or the failure to comply with any conditions for approval of the application or any conditions contained in the certificate of self-insurance shall be reasonable grounds for cancellation of such certificate of self-insurance or the authority of a medical care facility or mental health center to self-insure such persons.

(4) A medical care facility or mental health center authorized to self-insure persons engaged in such postgraduate training programs shall pay the applicable surcharge set forth in subsection (c) of K.S.A. 40-3402 and amendments thereto on behalf of such persons.

(5) As used in this subsection (e), "medical care facility" does not include the university of Kansas medical center.

Sec. 6. K.S.A. 1985 Supp. 40-3401 and 40-3414 and K.S.A. 1985 Supp. 40-3402, 40-3403 and 40-3404, all three as amended by 1986 Senate Bill No. 382, are hereby repealed.

Sec. 7. 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 April 25, 1986.

SENATE concurred in HOUSE amendments April 26, 1986.
ROBERT V. TALKINGTON
President of the Senate.
LU KENNEY
Secretary of the Senate.

(continued)

Passed the HOUSE as amended April 26, 1986.

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

APPROVED May 9, 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 9th day of May, 1986.

(SEAL)

JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SENATE BILL No. 621

AN ACT concerning scholarships available to medical students; placing limitations on the awarding thereof; concerning repayment obligations; amending K.S.A. 76-374, 76-376 and 76-377a and K.S.A. 1985 Supp. 76-375 and repealing the existing sections.

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

Section 1. K.S.A. 76-374 is hereby amended to read as follows: 76-374. An agreement entered into by the university of Kansas school of medicine and an undergraduate student enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the awarding of a scholarship under K.S.A. 76-377a and 76-373 to 76-377, inclusive, and amendments thereto shall require that the person receiving the scholarship;

(a) Complete the required course of instruction and receive the degree of doctor of medicine and, for persons first awarded scholarships after December 31, 1985, apply for and enter an approved three-year primary care postgraduate residency training program;

(b) apply for and obtain a license to practice medicine and surgery in Kansas;

(c) if the scholarship is a type I scholarship, engage in the full-time practice of medicine and surgery for a period of 12 months within a service commitment area I; or, if the scholarship is a type II scholarship, engage in the full-time practice of medicine and surgery for a period of 12 months within a service commitment area II, except that for persons first awarded type I or type II scholarships after December 31, 1985, engage in the full-time practice of medicine and surgery for a period of 12 months in an incorporated city of this state as specified in subsection (d)(2);

(d) (1) for persons first awarded scholarships prior to January 1, 1986, commence such full-time practice of medicine and surgery within nine months after licensure or within nine months after completion of a residency program and licensure, whichever is later, in an appropriate service commitment area and continue such full-time practice in such service commitment area for a consecutive period of months equal to the total number of months required under the agreement;

(2) for persons first awarded scholarships after December 31, 1985, commence such full-time practice of medicine and surgery within nine months after completion of a residency program and licensure, whichever is later, in any incorporated city of this state of less than 12,000 population based upon the most current legal census, excluding any such incorporated cities located in the following counties: Wyandotte, Johnson, Sedgwick and Shawnee;

(e) agree that the service commitment for each agreement entered into under this act is in addition to the service commitment contained in any other agreement which has been or may be entered into under this act for the purpose of obtaining scholarship aid;

(f) maintain records and make reports to the university of Kansas school of medicine to document the satisfaction of the obligation under such agreement to engage in the full-time practice of medicine and surgery within an appropriate service commitment area and to continue such full-time practice in such service commitment area for a consecutive period of months equal to the total number of months required under the agreement; and

(g) upon failure to satisfy an agreement to engage in the full-time practice of medicine and surgery within the appropriate service commitment area of the state for the required period of time under any such agreement, the person receiving a scholarship under this act shall repay amounts to the university of Kansas school of medicine as provided in K.S.A. 76-376 and amendments thereto.

As used in this section, "primary care" means general pediatrics, general internal medicine and family practice.

Sec. 2. K.S.A. 1985 Supp. 76-375 is hereby amended to read as follows: 76-375. (a) On or before December 31 in each year, the secretary of health and environment chancellor of the university of Kansas, or the designee of the chancellor, shall prepare a list of the areas of this state which the secretary chancellor, or designee of the chancellor, determines to be critically medically underserved areas by specialty and the areas of this state which the secretary chancellor, or designee of the chancellor, determines to be medically underserved areas by specialty. In preparing such a list the secretary of health and environment chancellor, or designee of the chancellor, shall consult with representatives of the university of Kansas school of medicine and the Kansas medical society and the secretary shall consult with representatives of the state board of healing arts, any health systems agency located in whole or in part within the state and the statewide health coordinating council the medical scholarship advisory committee. All medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, full-time faculty positions in an approved Kansas family practice residency program, including such program at the university of Kansas medical center, and all medical clinics which are located in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center are qualified for service in both service commitment area I and service commitment area II without being determined medically underserved areas, except that such medical clinics shall not qualify for such service by more than 12 persons at any one time. Every such list shall note that all medical care facilities or institutions operated by the state of Kansas qualify for such service commitments, in addition to listing those areas determined to be critically medically underserved or medically underserved. Critically medically underserved areas by specialty and medically underserved areas by specialty established prior to the effective date of this act by the secretary of health and environment shall continue in effect for the purposes of this act until changed by the chancellor of the university of Kansas, or the designee of the chancellor.

(b) (1) A service commitment area shall be designated as a service commitment area I or a service commitment area II. Service commitment area I shall be any area determined by the secretary of health and environment under subsection (a) to be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto with students who first entered into any such agreement prior to January 1, 1982, a medically underserved area and, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto with students who first entered into any such agreement after December 31, 1981, any area determined by the secretary under subsection (a) to be or a critically medically underserved area. Service commitment area II shall be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto with students who first entered into any such agreement prior to January 1, 1982, the entire state and, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto with students who first entered into any such agreement after December 31, 1981, any area determined by the secretary to be a medically underserved area, the state of Kansas.

(2) The service commitment area I or II for persons first awarded scholarships after December 31, 1985, shall be an incorporated city of this state as specified in subsection (d)(2) of K.S.A. 76-374 and amendments thereto.

(c) In selecting a service commitment area I or II, whichever is applicable, prior to the commencement of the full-time practice of medicine and surgery pursuant to all agreements entered into under K.S.A. 76-374 and amendments thereto requiring service for a period of time in a service commitment area I or II, whichever is applicable, the person so selecting shall select such area from among those areas appearing on the list of areas prepared by the ~~secretary of health and environment~~ *chancellor of the university of Kansas, or the designee of the chancellor*, under this section. The service commitment area selected shall have appeared on any such list not more than 36 months prior to the commencement of such full-time practice of medicine and surgery by the person selecting such service commitment area. Upon the selection of such service commitment area, the person so selecting shall inform the university of Kansas school of medicine and the ~~secretary of health and environment~~ of the area selected.

(d) A person serving in a service commitment area I or II, whichever is applicable, pursuant to any agreement under this act may serve all or part of any commitment in the service commitment area initially selected by such person. If such person moves from one service commitment area I or II to another service commitment area I or II, as applicable, such person shall notify the university of Kansas school of medicine and the ~~secretary of health and environment~~ of such person's change of service commitment area. Service in any such service commitment area I or II, as applicable, selected from the appropriate lists of service commitment areas, shall be deemed to be continuous for the purpose of satisfying any agreement entered into under this act. Any service commitment area I or II, as applicable, selected after the initially selected service commitment area I or II shall have appeared on a service commitment area I list or on a service commitment area II list, as applicable, which shall have been prepared by the ~~secretary of health and environment~~ not more than 12 months prior to the move by such person from one service commitment area I or II to another service commitment area I or II, as applicable.

(e) A person awarded a scholarship prior to January 1, 1986, may satisfy the obligation to engage in the full-time practice of medicine and surgery in a service commitment area I even though such person is engaged in such practice in two or more locations, at least one of which is not located in a service commitment area I, if the person is engaged in the full-time practice of medicine and surgery in such locations pursuant to a practice affiliation agreement approved by the chancellor of the university of Kansas, or the designee of the chancellor.

(f) In connection with the determination of critically medically underserved areas and medically underserved areas under this section, the ~~secretary of health and environment~~ *chancellor of the university of Kansas, or the designee of the chancellor*, shall assess annually the need in the state as a whole for medical services provided by persons engaged in the practice of medicine and surgery and shall report thereon annually to the legislature. Each report shall include any recommendations for needed legislation, including any recommended amendments to this act, which relate to the need for such medical services in the various areas of this state.

(g) There is hereby established the medical scholarship advisory committee. Members of the medical scholarship advisory committee shall be appointed by the chancellor of the university of Kansas as follows: (1) One member shall be from the office of the chancellor of the university of Kansas; (2) one member shall be a representative of the Kansas medical society; (3) one member shall be a member of the Kansas legislature; (4) one member shall be a student at the university of Kansas school of medicine; and (5) one member shall be a member of the state-wide health coordinating council who is a consumer of health care. The medical scholarship advisory committee shall meet periodically upon the call of the chancellor, or the designee of the chancellor, and shall make recommendations to the chan-

cellor, or the designee of the chancellor, in regard to the administration of the provisions of this act.

(h) The chancellor of the university of Kansas may appoint a medical scholarship program coordinator for the purpose of planning and administering the provisions of this act. The coordinator shall be in the unclassified service under the Kansas civil service act.

Sec. 3. K.S.A. 76-376 is hereby amended to read as follows: 76-376. (a) (1) Except as otherwise provided in ~~paragraph (2)~~ *paragraphs (2), (3) and (4) of this subsection (a) or in K.S.A. 76-377 and amendments thereto*, upon the failure of any person to satisfy the obligation to engage in the full-time practice of medicine and surgery within the appropriate service commitment area of this state for the required period of time under any agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, such person shall repay to the university of Kansas school of medicine an amount equal to the total of (A) the amount of money received by such person pursuant to such agreement, or the amount of money determined under rules and regulations of the university of Kansas plus (B) annual interest at a rate of 10%, if the agreement was entered into prior to January 1, 1982, or 15%, if the agreement was entered into after December 31, 1981, from the date such money was received.

(2) Any person first awarded a scholarship after December 31, 1985, who fails to apply for and enter an approved three-year primary care postgraduate residency training program shall be required to repay all moneys received pursuant to an agreement entered into for any such scholarship, plus accumulated interest at an annual rate of 15%, within 90 days of graduation from the school of medicine.

(3) If a person fails to satisfy an obligation to engage in the full-time practice of medicine and surgery within a service commitment area I for the required period of time under an agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, but is engaged in the full-time practice of medicine and surgery within this state in a service commitment area II which would have applied to such person had such person received a type II scholarship under an agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, and if the chancellor of the university of Kansas, or the designee of the chancellor, and the ~~secretary of health and environment, or the designee of the secretary of health and environment, find~~ *finds* that exceptional circumstances caused the failure of such person to engage in such practice in a service commitment area I, such person shall not be required to repay to the university of Kansas school of medicine an amount equal to the total of (A) the amount of money received by such person for living expenses and tuition fees pursuant to such agreement plus (B) annual interest at a rate of 10%, if the agreement was entered into prior to January 1, 1982, or 15%, if the agreement was entered into after December 31, 1981, from the date such money was received.

(4) If a person who has received a type I scholarship after December 31, 1982, and prior to January 1, 1986, fails to satisfy the obligation to engage in the full-time practice of medicine and surgery within the critically underserved area of service commitment area I but does engage in the full-time practice of medicine and surgery in the medically underserved area of service commitment area I, such person shall not be required to repay the tuition fees portion of the scholarship requirement.

(b) Except as otherwise provided in this section, if the person first entered into an agreement under K.S.A. 76-374 and amendments thereto prior to January 1, 1982, the person shall make 10 equal annual installment payments totaling the entire amount to be repaid under all such agreements for which such obligations are not satisfied, including all amounts of interest at the rate prescribed.

(c) If the person first entered into an agreement under K.S.A. 76-374 and amendments thereto after December 31, 1981, the person shall repay an amount totaling the entire amount to be repaid under all such agreements for which such obligations are not satisfied, including all amounts of interest at the rate pre-

(continued)

scribed. Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than the amount equal to 1/5 of the total amount which would be required to be paid if repaid in five equal annual installments.

(d) All installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreements, as determined by the university of Kansas school of medicine based upon the circumstances of each individual case. In all cases where the person first entered into an agreement under K.S.A. 76-374 and amendments thereto after December 31, 1981, if an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all amounts of interest at the rate prescribed.

(e) The total repayment obligation imposed under all agreements entered into under K.S.A. 76-374 and amendments thereto may be satisfied at any time by any person who first entered into an agreement under such statute prior to January 1, 1982, and at any time prior to graduation from the university of Kansas school of medicine by any persons who first entered into an agreement under such statute after December 31, 1981, by making a single lump-sum payment equal to the total of (1) the entire amount to be repaid under all such agreements upon failure to satisfy the obligations under such agreements to practice in Kansas, plus (2) all amounts of interest thereon at the rate prescribed to the date of payment.

(f) There is hereby created in the state treasury the medical scholarship repayment fund. The university of Kansas school of medicine shall remit all moneys received under this section to the state treasurer at least monthly. Upon receipt of each such remittance the state treasurer shall deposit the entire amount thereof in the state treasury, and such amount shall be credited to the medical scholarship repayment fund. All expenditures from the medical scholarship repayment fund shall be for scholarships awarded under K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, for payment of the salary of the medical scholarship program coordinator and for the expenses of administration of these sections and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chancellor of the university of Kansas or by a person designated by the chancellor.

Sec. 4. K.S.A. 76-377a is hereby amended to read as follows: 76-377a. (a) Within the limits of appropriations therefor: (1) Commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after July 1, 1983, not more than 100 scholarships shall be awarded under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, during the year to students of such class; (2) commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after July 1, 1984, not more than 75 scholarships shall be awarded under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, during the year to students of such class; and (3), commencing with the class of students enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the first time during the academic year first commencing after July 1, 1985 1986, and for each academic year commencing thereafter, not more than 50 scholarships shall be awarded under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, during each any such year to students of such class.

(b) If the scholarships allocated under subsection (a) for one class of students are not all awarded to members of such class, such scholarships may be awarded to eligible students in other classes, within the limits of appropriations therefor. Any person

awarded a scholarship subject to the limitations of subsection (a) as it existed prior to the effective date of this act or as amended by this act may be awarded additional scholarships under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, so long as such person is eligible to receive such a scholarship. Scholarships subject to the limitations of subsection (a) as it existed prior to the effective date of this act or as amended by this act shall be awarded subject to criteria established by rules and regulations of the university of Kansas.

(c) Any person who, prior to the commencement of the first academic year commencing after the effective date of this act, was a recipient of a scholarship awarded under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto may be awarded additional scholarships under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto so long as such person is eligible under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto to receive a scholarship.

(d) Nothing in this section shall be construed to modify or limit in any way the terms or conditions of any agreement entered into under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto.

Sec. 5. K.S.A. 76-374, 76-376 and 76-377a and K.S.A. 1985 Supp. 76-375 are hereby repealed.

Sec. 6. 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 April 8, 1986.

SENATE concurred in HOUSE amendments April 25, 1986.
ROBERT V. TALKINGTON
President of the Senate.
LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended April 25, 1986.
MIKE HAYDEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 9, 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 9th day of May, 1986.

(SEAL)
JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SENATE BILL No. 455

AN ACT relating to banks and banking; concerning the holding of real estate; loan limits; common trust funds; amending K.S.A. 9-1102, 9-1609 and 17-5904 and K.S.A. 1985 Supp. 9-1104 and repealing the existing sections.

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

Section 1. K.S.A. 9-1102 is hereby amended to read as follows: 9-1102. Any bank may purchase, encumber, and convey real estate or lease as lessor or lessee any building or buildings. Any real estate not necessary for its accommodation in the transaction of its business shall be disposed of by the bank not later than seven (7) years after its acquisition unless the state bank commissioner shall authorize the bank to retain such real estate for not to exceed an additional two (2) years. When any bank purchases or acquires any such real estate the amount at which it is then carried on its books, plus all encumbrances then thereon, plus the then book value of all furniture and fixtures, plus the then book value of stock in a safe deposit company, plus the then book value of stock in a trust company, plus the then book value of stock in a corporation organized under the laws of this state owning only real estate occupied or to be occupied by the bank, and advances to such corporation acquired or made after July 1, 1973; shall not exceed ~~one-half~~ ^{1/2} of its capital stock and surplus, or, if the bank's real estate is that necessary for its accommodation in the transaction of its business, ~~one-half~~ ^{1/2} of its capital stock, surplus and capital notes and debentures, unless approval is granted by the state bank commissioner. Thereafter all such real estate, together with all furniture and fixtures, stock in a safe deposit company, stock in a corporation organized under the laws of this state owning only real estate occupied by the bank, and advances to such corporation acquired or made after July 1, 1973, and stock in a trust company, at no time shall be carried on the books of the bank at a total amount in excess of ~~one-half~~ ^{1/2} of the capital stock and surplus, or, if the bank's real estate is that necessary for its accommodation in the transaction of its business, ~~one-half~~ ^{1/2} of the capital stock, surplus and capital notes and debentures of such bank, unless approval is granted by the state bank commissioner.

Any bank may acquire real estate in satisfaction of any debts due it and may purchase real estate in satisfaction of any debts due it, and may purchase real estate at judicial sales, but no bank shall bid therefor at any judicial sale a larger amount than is necessary to protect its debts and costs. No real estate, *except for agricultural land, as defined in K.S.A. 17-5903, and amendments thereto*, acquired in the satisfaction of debts or upon judicial sales shall be carried as a book asset of the bank for more than five (5) years. At the termination of the five (5) years such real estate shall be charged off. *No agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, acquired in satisfaction of debts or upon judicial sales shall be carried as a book asset of the bank for more than 10 years. At the termination of the 10 years such agricultural land shall be charged off.* The commissioner may grant an extension thereof for an additional four (4) years, or any portion thereof, if in the commissioner's judgment it will be to the advantage of the bank to carry the real estate *or agricultural land* as an asset for such extended period.

Sec. 2. K.S.A. 1985 Supp. 9-1104 is hereby amended to read as follows: 9-1104. (a) The total liability to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartnership or association the liability of the copartnership or association, shall not at any time exceed 15% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank, subject to the following: (1) So long as the obligation of a drawer, endorser or guarantor remains secondary, it shall not be included within the meaning of the term liability; but the discount of bills of exchange, whether or not accepted by the drawee, drawn in good faith against actual existing values, loans upon produce in transit, loans upon bonded warehouse receipts issued to the borrower by some other person, firm or corporation as collateral security, the discount of commercial or business paper actually owned by the person negotiating the same, loans

secured by not less than a like amount of treasury bills, certificates of indebtedness, or bonds or notes of the United States of America or instrumentalities or agencies thereof, or those fully guaranteed by them, or general obligation bonds or notes of the state of Kansas, or of any municipality or quasi-municipality thereof, or of other states of the United States, or of any municipality or quasi-municipality thereof, shall be exempt from any limitation; (2) the whole or that portion of any loan which is secured or covered by a guaranty, or by a commitment or an agreement to take over or to purchase, made by any federal reserve bank; or by the United States of America, or any department, bureau, board, commission, agency or establishment of the United States of America, including any corporation wholly owned, directly or indirectly by the United States, shall be exempt from any limitation if such guaranty, agreement or commitment must be performed by the payment of cash or its equivalent within 60 days after demand; (3) the total liability in the form of notes or drafts to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartnership or association the liability of the copartnership or association, may equal but not exceed 25% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank provided such liability is secured by shipping documents or instruments transferring or securing title covering readily marketable nonperishable grains, seeds or livestock or giving a lien on readily marketable nonperishable grains, seeds or livestock having a market value at all times of not less than 115% of the amount by which such total liability exceeds 15% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank, which market value in the case of livestock is supported by written appraisal of an officer of the bank or an independent professional appraiser made not more than six months previously, and which grains and seeds are adequately insured; (4) the discount of bills of exchange drawn against or issued against a consignee or purchaser for materials or commodities previously sold and shipped, and which materials or commodities, or the proceeds thereof, are in the possession, control or custody of the purchaser or consignee shall be considered as the discount of bills of exchange drawn in good faith and against actual existing values, without the necessity of the acceptance of a draft or the necessity of a lien on the materials or commodities, or their proceeds; but such bills shall be subject to a limitation of 15% of such capital stock and unimpaired surplus fund for and upon each purchaser or consignee; (5) the total liability in the form of notes or drafts to any bank of any person, copartnership, association or corporation, including in the liability of a copartnership or association the greatest of the individual liabilities of the respective members thereof, and including in the liability of a member of a copartnership or association the liability of the copartnership or association, may exceed limitations otherwise imposed by this section by 10% of the amount of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank provided that such total liability is secured as to payment by first lien or liens upon real estate in fee simple, to the extent of the value thereof, having an appraised value of not less than twice the amount by which such total liability exceeds limitations otherwise imposed by this section, and where such excess liability is secured by lien instrument under the terms of which any installment payments are sufficient to amortize the entire principal amount of such excess liability within a period of not more than 20 years; (6) the limitations of this section shall not apply to time deposits which are considered to be loans to the extent such time deposits are insured by: (A) The federal deposit insurance corporation or its successors; or (B) the federal savings and loan insurance corporation or its successors.

The legality of a loan or advance hereunder shall be determined as of the date the loan or advance is made.

The whole or that portion of any loan which is secured as to payment by a time deposit of the borrower in the bank in an amount equal to 115% of the amount of the indebtedness shall be exempt from any limitation under this subsection (a).

(continued)

(b) The liability of any active officer or employee of any bank shall not exceed 5% of the amount of its paid-in and unimpaired capital stock and unimpaired surplus fund. Any loan made to any officer first must be approved by the board of directors and entered upon their minutes where the total liability of the officer to the bank, including the loan made, will exceed \$10,000.

(c) For purposes of this section, the term "unimpaired surplus fund" includes all capital accounts (other than capital stock) derived from either paid-in capital funds or retained earnings, not subject to known charges, and which are considered interchangeable by resolution of the bank's board of directors. The state bank commissioner, with approval of the state banking board, may further define the term "unimpaired surplus fund" by regulation, and the provisions of article 4 of chapter 77, of the Kansas Statutes Annotated shall not be applicable to such regulation or regulations.

(d) The commissioner may order any excess loan reduced to the legal limit, and after 60 days from the receipt of the commissioner's order no bank shall carry the excess of such loan and a failure to comply with any order made hereunder shall be grounds for the hearing provided in K.S.A. 9-1805, and amendments thereto.

Sec. 3. K.S.A. 9-1609 is hereby amended to read as follows: 9-1609. Any state or national bank or trust company qualified to act as fiduciary in this state may establish common trust funds for the purpose of furnishing investments to itself as fiduciary, or to itself and others, as cofiduciaries or to another state or national bank or trust company, as fiduciary, which is a subsidiary of the same bank holding company of which it is a subsidiary, as such terms are defined in K.S.A. 1985 Supp. 9-519, and amendments thereto; and any state or national bank or trust company qualified to act as fiduciary in this state may, as such fiduciary or cofiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of cofiduciaries, the bank or trust company procures the consent of its cofiduciaries to such investment. The state banking board is hereby authorized to adopt rules and regulations for a plan of operation for the management of said funds for state banks and trust companies.

Sec. 4. K.S.A. 17-5904 is hereby amended to read as follows: 17-5904. (a) No corporation, trust, limited corporate partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust shall, either directly or indirectly, own, acquire or otherwise obtain or lease any agricultural land in this state. The restrictions provided in this section do not apply to the following:

(1) A bona fide encumbrance taken for purposes of security.
 (2) Agricultural land when acquired as a gift, either by grant or devise, by a bona fide educational, religious or charitable nonprofit corporation.

(3) Agricultural land acquired by a corporation in such acreage as is necessary for the operation of a nonfarming business. Such land may not be used for farming except under lease to one or more natural persons, a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust. The corporation shall not engage, either directly or indirectly, in the farming operation and shall not receive any financial benefit, other than rent, from the farming operation.

(4) Agricultural land acquired by a corporation by process of law in the collection of debts, or pursuant to a contract for deed executed prior to the effective date of this act, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise, if such corporation divests itself of any such agricultural land within 10 years after such process of law, contract or procedure, except that provisions of K.S.A. 9-1102, and amendments thereto, shall apply to any bank which acquires agricultural land.

(5) A municipal corporation.

(6) Agricultural land which is acquired by a trust company or bank in a fiduciary capacity or as a trustee for a nonprofit corporation.

(7) Agricultural land owned or leased by a corporation, corporate partnership, limited corporate partnership or trust on the effective date of this act if (A) any such entity owned or leased such agricultural land prior to July 1, 1965, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, or (B) any such entity was in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, or (C) any such entity was not in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, but is in compliance with the provisions of this act by July 1, 1991.

(8) Agricultural land held or leased by a corporation for use as a feedlot.

(9) Agricultural land held or leased by a corporation for the purpose of the production of timber, forest products, nursery products, or sod.

(10) Agricultural land used for bona fide educational research or scientific or experimental farming.

(11) Agricultural land used for the commercial production and conditioning of seed for sale or resale as seed or for the growing of alfalfa by an alfalfa processing entity if such land is located within 30 miles of such entity's plant site.

(12) Agricultural land owned or leased by a corporate partnership or limited corporate partnership in which the partners associated therein are either natural persons, family farm corporations, authorized farm corporations, family trusts, authorized trusts or testamentary trusts.

(13) Any corporation, either domestic or foreign, organized for coal mining purposes which engages in farming on any tract of land owned by it which has been strip mined for coal.

(b) Any corporation, trust, limited corporate partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust, violating the provisions of this section shall be subject to a civil penalty of not more than \$50,000 and shall divest itself of any land acquired in violation of this section within one year after judgment is entered in the action. The district courts of this state may prevent and restrain violations of this section through the issuance of an injunction. The attorney general or district or county attorney shall institute suits on behalf of the state to enforce the provisions of this section.

(c) Civil penalties sued for and recovered by the attorney general shall be paid into the state general fund. Civil penalties sued for and recovered by the county attorney or district attorney shall be paid into the general fund of the county where the proceedings were instigated.

Sec. 5. K.S.A. 9-1102, 9-1609 and 17-5904 and K.S.A. 1985 Supp. 9-1104 are hereby repealed.

Sec. 6. 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 19, 1986.

SENATE adopted Conference Committee report April 27, 1986.

ROBERT V. TALKINGTON

President of the Senate.

LU KENNEY

Secretary of the Senate.

Passed the HOUSE as amended April 26, 1986.

HOUSE adopted Conference Committee report April 26, 1986.

MIKE HAYDEN

Speaker of the House.

GENEVA SEWARD

Chief Clerk of the House.

APPROVED May 9, 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 9th day of May, 1986.

JACK H. BRIER
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, May 22, 1986.)

SUBSTITUTE FOR SENATE BILL No. 756

AN ACT establishing the Kansas statewide risk capital system act; prescribing the purposes of such act; authorizing investment by the pooled money investment board in Kansas Venture Capital, Inc.; concerning the investment by banks in small business investment companies; concerning securities issued by Kansas Venture Capital, Inc.; granting certain tax credits and exemptions and providing for the administration of the provisions of the act; amending K.S.A. 40-2803, 40-2804, 75-4205, 79-1109 and 79-32,117 and K.S.A. 1985 Supp. 9-1101 and 17-1262 and repealing the existing sections; and also repealing K.S.A. 79-32,117 as amended by section 1 of 1986 House Bill No. 2779.

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

New Section 1. The purpose of this act is to create a Kansas statewide risk capital system to meet the special needs of the various regions of Kansas. This system will invest \$10,000,000 of state funds to create private risk capital for investment in smaller Kansas businesses. This investment will, in turn, lead to further growth, diversification and improvement of the Kansas economy in all geographic regions in a diversified range of primary sectors concerned with products, processes and services that create jobs, wealth and income for the benefit of Kansas and Kansans especially in nonmetropolitan areas of the state.

New Sec. 2. For the purposes of this act, the following terms shall have the meanings provided herein:

- (a) "Department" means the department of commerce.
- (b) "Kansas business" means any small business owned by a Kansas resident, any partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or does substantially all of its production in Kansas.
- (c) "Secretary" means the secretary of the department of commerce.

New Sec. 3. The secretary of the department of commerce is authorized to certify investment in nonvoting preferred stock of Kansas Venture Capital, Inc. in a total not to exceed \$10,000,000 by the pooled money investment board as provided in K.S.A. 75-4205, and amendments thereto, under the following terms and conditions:

- (a) Banks, savings and loan associations, individuals, corporations or other entities have invested \$10,000,000 of new private, equity capital in voting common stock in Kansas Venture Capital, Inc.
- (b) The \$10,000,000 nonvoting preferred stock invested by the pooled money investment board will receive the same rate of dividend and the same rate of capital appreciation at the same time on the same terms as the \$10,000,000 voting common stock invested by banks, savings and loan associations, individuals, corporations or other entities.
- (c) Every outstanding share representing the \$10,000,000 nonvoting preferred stock is assured of being fully repaid to the pooled money investment board before one share of the \$10,000,000 voting common stock is repaid to any bank, savings and loan association, individual, corporation or other entity. In the event that capital impairment compromises the ability of Kansas Venture Capital, Inc. to repay fully the \$10,000,000 nonvoting preferred stock, the pooled money investment board shall have the power to convert its shares to voting stock to protect its investment.
- (d) Investments in common stock of Kansas Venture Capital, Inc. shall meet the terms and conditions of Substitute for 1986 Senate Bill No. 757 enacting the Kansas venture capital company act.
- (e) The investments of \$10,000,000 of new voting common

stock and the \$10,000,000 of nonvoting, senior preferred stock can be invested in Kansas Venture Capital, Inc. in ways which do not compromise the integrity of the small business association license approved under the small business investment act on June 17, 1977.

(f) Kansas Venture Capital, Inc. may invest in one or more Kansas venture capital companies located in Kansas which meet the requirements of Substitute for 1986 Senate Bill No. 757. Such investment shall not qualify for the tax credit allowed by Section 4 of Substitute for 1986 Senate Bill No. 757.

(g) A total of 15 board members to oversee the operations of Kansas Venture Capital, Inc. are elected by the voting common stock shareholders in accordance with the following terms and conditions:

(1) Eight are representatives of Kansas financial institutions. The eight shall represent a reasonable balance of relative proportion of investment in the common stock of Kansas Venture Capital, Inc. by Kansas commercial banks, savings and loan associations, insurance companies, and other appropriate financial intermediaries, and shall be recognized for outstanding knowledge and leadership in their fields.

(2) Two shall be venture capitalists or investment counselors familiar with the types of investments in which Kansas Venture Capital, Inc. will invest its funds, and shall be recognized for outstanding knowledge and leadership in their fields.

(3) Five shall represent the business sectors of special importance to the Kansas economy in which Kansas Venture Capital, Inc. shall be expected to invest its funds, and shall be recognized for outstanding knowledge and leadership in their fields.

(h) The board has conducted a national search and has selected a president for Kansas Venture Capital, Inc. who meets a national standard of experience, ability and initiative for similar, chief executive positions for venture capital corporations investing high risk equity in firms which meet the purpose of this act.

New Sec. 4. Kansas Venture Capital, Inc. shall prepare and publish an annual report of its activities for the information of the governor, the joint and standing legislative committees on economic development, Kansas, Inc., and the public which shall be made widely available and shall specifically account for:

- (a) The manner in which the purpose as described in this act has been carried out by Kansas Venture Capital, Inc.
- (b) The total investments made annually by Kansas Venture Capital, Inc. in Kansas businesses.
- (c) An estimate of jobs created and jobs preserved by investments by Kansas Venture Capital, Inc. in Kansas businesses.
- (d) An estimate of the multiplier effect on the Kansas economy of investments by Kansas Venture Capital, Inc. in Kansas businesses.
- (e) An analysis of the targeting of scarce resources by Kansas Venture Capital, Inc. by size, sector and location to enterprises of particular need and opportunity.

Sec. 5. K.S.A. 40-2803 is hereby amended to read as follows: 40-2803. For the purpose of computing the tax imposed upon life insurance companies under the provisions of this act the term "net income" shall mean the net taxable income for the preceding calendar year of such company as determined under the provisions of section 802 of the internal revenue code of 1954, as heretofore or hereafter amended. The term "net income" shall not include dividends received from stock issued by Kansas Venture Capital, Inc. to the extent such dividends are included in the Kansas taxable income of a corporation, interest income on obligations of this state or a political subdivision thereof which is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations. In case the entire business of such company is not transacted within this state, the net income for the purposes of this act shall be determined by multiplying said net income by a fraction, the numerator of which shall be the premiums received from business transacted within this state and the denominator of which is the amount of premiums received by such company from all its business. **Provided, That** Insurance companies connected through stock ownership, which operate under common control

(continued)

and management are hereby authorized to make a consolidated return for the purpose of determining "net income" under the provisions of this section and intercompany transactions shall not be considered or included for the purpose of such determination.

Sec. 6. K.S.A. 40-2804 is hereby amended to read as follows: 40-2804. For the purpose of computing the tax imposed under the provisions of this act the term "net income" as applied to a domestic fire and casualty insurance company shall mean the amount required to be reported as "net income" in the annual statement form required to be filed by such company with the Kansas commissioner of insurance under the provisions of K.S.A. 40-225, and amendments thereto; as applied to a domestic mutual hail insurance company the term "net income" shall mean the amount required to be reported as "net income," annual increase in reserve fund in section VII of the annual statement form required to be filed by such company with the Kansas commissioner of insurance under the provisions of K.S.A. 40-225, and amendments thereto; and as applied to a domestic county mutual fire insurance company the term "net income" shall mean the amount required to be reported as "net income," annual net gain in its combined reserve and general funds in section VII of the annual statement form required to be filed by such company with the Kansas commissioner of insurance under the provisions of K.S.A. 40-225, *Provided, however, and amendments thereto.* If any such domestic fire and casualty insurance company, domestic mutual hail insurance company, or domestic county mutual fire insurance company does business in states other than Kansas its "net income" shall be determined by the proportion of net premiums (gross premiums less cancellations) received from business written in Kansas compared to total net premiums received from all its business. *Provided further, That.* Insurance companies connected through stock ownership with a common parent corporation, which operate under common control and management are hereby authorized to make a consolidated return for the purpose of determining "net income" under the provisions of this section and intercompany transactions shall not be considered or included for the purpose of such determination. *And provided further, That.* If a domestic insurance company is exempt for any reason from filing an annual statement with the Kansas insurance department, its net income shall be determined in the same manner as herein provided. For the purposes of this section, the term "net income" shall not include *dividends received from stock issued by Kansas Venture Capital, Inc. to the extent such dividends are included in the Kansas taxable income of a corporation,* interest income on obligations of this state or a political subdivision thereof which is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations.

Sec. 7. K.S.A. 79-1109 is hereby amended to read as follows: 79-1109. As used in this act "net income" shall mean the Kansas taxable income of corporations as defined in K.S.A. 79-32,138, and amendments thereto, plus income received from obligations or securities of the United States or any authority, commission or instrumentality of the United States and its possessions to the extent deducted in arriving at Kansas taxable income of a corporation and income received from obligations of this state or a political subdivision thereof which is exempt from income tax under the laws of this state; less *dividends received from stock issued by Kansas Venture Capital, Inc. to the extent such dividends are included in the Kansas taxable income of a corporation,* interest paid on time deposits or borrowed money and dividends paid on withdrawable shares of savings and loan associations to the extent not deducted in arriving at Kansas taxable income of a corporation.

Savings and loan associations shall be allowed as a deduction from net income, as hereinbefore defined, a reserve established for the sole purpose of meeting or absorbing losses, in the amount of ~~five percent (5%)~~ 5% of such net income determined without benefit of such deduction, but no further deduction shall be allowed for losses when actually sustained and charged against such reserve, unless such reserve shall have been fully absorbed thereby; or, in the alternative, a reasonable addition to a reserve for losses based on past experience, under such regulations as the secretary of revenue may prescribe.

Sec. 8. K.S.A. 75-4205 is hereby amended to read as follows: 75-4205. (a) The board shall designate one or more banks to receive active accounts. The capital and surplus of any bank having an active account shall be not less than \$2,000,000. In determining the amount of the award of an active account to any bank designated under this subsection therefor, the board shall give consideration to the amount of service to be required of it. Active accounts shall bear no interest.

(b) The aggregate moneys in all active accounts shall not exceed \$40,000,000 at any time, except that in periods of anticipated peak disbursements, the board, in its discretion, may cause the aggregate moneys in the active accounts to exceed such amount for the duration of such periods of peak disbursements, not to exceed 10 days. At any time moneys in active accounts exceed 50% of the award of such accounts, additional moneys may be deposited in time deposit, open accounts.

(c) If the aggregate of all active accounts exceeds the limit prescribed in subsection (b), the board shall direct the treasurer to make withdrawals within 60 days of sufficient moneys to reduce the amount in the active accounts below such limit, and such withdrawals shall be made in accordance with the formula prescribed for the initial award of such moneys. The moneys so withdrawn shall be transferred to and deposited in inactive accounts in accordance with the formula prescribed in K.S.A. 75-4207 and 75-4209, and amendments thereto, for initial deposits in inactive accounts except that any bank which was entitled to an inactive account award of \$100,000 or more under the provisions of K.S.A. 75-4209, and amendments thereto, but which contracted for a lesser amount shall not be entitled to receive such additional deposits.

(d) When moneys are available for deposit for not to exceed 60 days in time deposit, open accounts, the board shall deposit such moneys in time deposit, open accounts in the banks and in the proportion prescribed by K.S.A. 75-4206, and amendments thereto, for the making of such deposits of moneys or if the board determines that it is impossible to deposit such moneys in time deposit, open accounts, it shall invest the same in repurchase agreements of less than 30 days' duration with a Kansas bank for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof.

(e) At any time moneys are available for deposits or investment for a period of time which is insufficient to permit deposit in time deposit, open accounts the board may invest the same in repurchase agreements of less than 30 days' duration with Kansas banks for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof.

(f) *When moneys are available for deposits or investments under the provisions of subsections (d) and (e), the board, in lieu of such deposits or investments, may invest in preferred stock of Kansas Venture Capital, Inc. under terms and conditions prescribed by section 3 of this act, and amendments thereto, but such investments shall not in the aggregate exceed a total amount of \$10,000,000.*

Sec. 9. K.S.A. 1985 Supp. 9-1101 is hereby amended to read as follows: 9-1101. Any bank hereby is authorized to exercise by its board of directors or duly authorized officers or agents, subject to law, all such powers, including incidental powers, as shall be necessary to carry on the business of banking, and:

(1) To receive deposits and to pay interest thereon at rates which need not be uniform. The state bank commissioner, with approval of the state banking board, may by regulations of general application fix maximum rates of interest to be paid on deposit accounts other than accounts for public moneys;

(2) to buy and sell exchange, gold, silver, foreign coin, bullion, commercial paper, bills of exchange, notes and bonds;

(3) to buy and sell bonds, securities, or other evidences of indebtedness of the United States of America or those fully guaranteed, directly or indirectly, by it, and general obligation bonds of the state of Kansas or any municipality or quasi-municipality thereof, and of other states, and of municipalities or quasi-municipalities in other states of the United States of America. No bank shall invest an amount in excess of 15% of its

capital stock paid in and unimpaired and the unimpaired surplus fund of such bank in bonds, securities or other evidences of indebtedness of any municipality or quasi-municipality of any other state or states of the United States of America: (a) If and when the direct and overlapping indebtedness of such municipality or quasi-municipality is in excess of 10% of its assessed valuation, excluding therefrom all valuations on intangibles and homestead exemption valuation; (b) or if any bond, security, or evidence of indebtedness of any such municipality or quasi-municipality has been in default in the payment of principal or interest within 10 years prior to the time that any bank acquires any such bonds, security or evidence of indebtedness;

(4) to make all types of loans, including loans on real estate, subject to the loan limitations contained in this act. Every real estate loan shall be secured by a mortgage or other instrument constituting a lien, or the full equivalent thereof, upon the real estate securing the loan, according to any lawful or well recognized practice, which is best suited to the transaction. The mortgage may secure future advances. The lien of such mortgage shall attach upon its execution and have priority from time of recording as to all advances made thereunder until such mortgage is released of record. The lien of such mortgage shall not exceed at any one time the maximum amount stated in the mortgage;

(5) to discount and negotiate bills of exchange, negotiable notes and notes not negotiable;

(6) to own a suitable building, furniture and fixtures, stock in a single trust company organized under the laws of the state of Kansas, and stock in a safe deposit company organized under the laws of the state of Kansas, and stock in a corporation organized under the laws of this state, owning only real estate all or a part of which is occupied or to be occupied by the bank. The trust company shall not at the time of the purchase of such stock be engaged in the business of receiving deposits of banks, and in the event such trust company shall thereafter receive deposits from banks such stock shall be sold within six months or removed as an asset of the bank, but with a limit of 1/2 of the capital stock and surplus of such bank upon the total of all amounts carried on its books as investments in all assets described in this subsection (6) and advances to a corporation organized under the laws of this state owning only real estate all or a part of which is occupied or to be occupied by the bank. This limitation shall not apply to amounts carried on the books of such bank as investments made prior to July 1, 1973. The state bank commissioner may grant the bank authority to exceed such limitation. The trust company and the safe deposit company in which a bank may own stock must be located at all times in the same city or unincorporated village where the bank owning such stock is located, otherwise, the bank shall dispose of such stock immediately;

(7) to buy and sell investment securities which are evidences of indebtedness. The buying and selling of investment securities shall be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, corporation, or state or federal agency, including revenue bonds issued pursuant to K.S.A. 76-6a15, and amendments thereto, or the state armory board in the form of bonds, notes or debentures or both, commonly known as investment securities, under such further definition of the term "investment securities" as prescribed by the board, but the total amount of such investment securities of any one obligor or maker held by such bank shall at no time exceed 15% of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank except that this limit shall not apply to obligations of the United States government or any agency thereof. If the obligor is a state agency including any agency issuing revenue bonds pursuant to K.S.A. 76-6a15, and amendments thereto, or the state armory board, the total amount of such investment securities shall at no time exceed 25% of the capital stock paid in and unimpaired and the unimpaired surplus fund of such bank;

(8) to subscribe to, buy and own such stock of the federal national mortgage association as required by title 3, section 303 of the federal act known as the national housing act as amended by section 201 of public law No. 560, of the United States (68 Stat. 613-615), known as the housing act of 1954, or amendments thereto;

(9) to subscribe to, buy and own stock in one or more small business investment companies in Kansas as otherwise authorized by federal law, except that in no event shall any bank hold shares in any one company in an amount aggregating more than 3% acquire shares in any small business investment company if, upon the making of that acquisition the aggregate amount of shares in small business investment companies then held by the bank would exceed 5% of its capital and surplus. Nothing in this act contained shall prohibit any bank from holding and disposing of such real estate and other property as it may acquire in the collection of its assets;

(10) to subscribe to, buy and own stock in any agricultural credit corporation or livestock loan company, or its affiliate, organized pursuant to the provisions of the laws of the United States providing for the information and operation of agricultural credit corporations and livestock loan companies, in an amount not exceeding either the undivided profits or 10% of the capital stock and surplus and undivided profits from such bank, whichever is greater;

(11) to become the owner or lessor of personal property acquired upon the specific request and for the use of a customer, and may incur such additional obligations as may be incident to becoming an owner or lessor of such property. Any bank which claims a credit against its privilege tax of any amount of ad valorem taxes on property acquired pursuant to this subsection shall not be designated as a depository for any state funds by the pooled money investment board. Lease transactions shall not result in obligations for the purpose of determining limitations or restrictions on the amount of loans. Lease payments on such transactions shall be considered rents and not interest;

(12) to subscribe to, buy and own stock in minbanc capital corporation, a company formed for the purpose of providing capital to minority-owned banks. No bank's investment in such stock shall exceed 2% of its capital and surplus;

(13) to buy, hold, and sell any type of investment securities not enumerated in this section with approval of the commissioner and upon such conditions and under such regulations as are prescribed by the state banking board;

(14) to act as escrow agent;

(15) to subscribe to, acquire, hold and dispose of stock of any class of the KBA mortgage corporation, a corporation having as its purpose the acquisition, holding and disposition of loans secured by real estate mortgages, and to acquire, hold and dispose of the debentures and capital notes of such corporation. No bank's investment in such stock, debentures and capital notes shall exceed 2% of its capital stock, surplus and undivided profits and such investment shall be carried on the books of the bank as directed by the commissioner;

(16) to purchase and sell securities and stock without recourse solely upon the order, and for the account, of customers;

(17) to subscribe to, acquire, hold and dispose of any class of stock, debentures and capital notes of MABSCO agricultural services, inc. or any similar corporation having as its purpose the acquisition, holding and disposition of agricultural loans originated by Kansas banks. No bank's investment in such stock, debentures and capital notes shall exceed 2% of its capital stock, surplus and undivided profits. Such investment shall be carried on the books of the bank as directed by the commissioner;

(18) to buy, hold and sell mortgages, stock, obligations and other securities which are issued or guaranteed by the federal home loan mortgage corporation under sections 305 and 306 of the federal act known as the federal home loan mortgage corporation act (P.L. 91-351);

(19) to buy, hold and sell obligations or other instruments or securities, including stock, issued or guaranteed by the student loan marketing association created by (P.L. 92-318) of the United States;

(20) to engage in financial future contracts on United States government and agency securities subject to such rules and regulations as the state bank commissioner may prescribe pursuant to K.S.A. 9-1713, and amendments thereto, to promote safe and sound banking practices;

(21) to subscribe to, buy and own stock in a federally chartered bankers' bank chartered pursuant to subsection (b) of 12

(continued)

U.S.C. 27, except no bank's investment in such stock shall exceed 10% of its capital stock, surplus and undivided profits;

(22) subject to such rules and regulations as the state bank commissioner may adopt pursuant to K.S.A. 9-1713, and amendments thereto, to promote safe and sound banking practices, upon recorded prior approval by the board of directors of the initial investment in a specific company and pursuant to an investment policy approved by the board of directors which specifically provides for such investments to buy, hold and sell shares of an open-end investment company registered with the federal securities and exchange commission under the federal investment company act of 1940 and the federal securities act of 1933 and of a privately offered company sponsored by an affiliated commercial bank, the shares of which are purchased and sold at par and the assets of which consist solely of securities which may be purchased by the bank for its own account. Such shares may be purchased without limit if the assets of the company consist solely of and are limited to obligations that are eligible for purchase by the bank without limit. If the assets of the company include securities which may be purchased by the bank subject to limitation, such shares may be purchased subject to the limitation applicable to purchase by the bank of such securities.

New Sec. 10. (a) Except as otherwise provided in section 12, every national banking association, state bank, savings and loan association or insurance company investing in stock issued by Kansas Venture Capital, Inc. shall be entitled to a credit in an amount equal to 25% of the total amount invested in such stock against the tax liability imposed against such taxpayer pursuant to K.S.A. 79-1106 to 79-1116, inclusive, and amendments thereto or 40-2801, and amendments thereto, as the case requires. In any one taxable year, the amount of such credit allowable for deduction from the taxpayer's tax liability shall not exceed 25% of the total amount of such credit, and in no case may such amount exceed 25% of the taxpayer's tax liability in such year. The amount of any remaining unused credit may be carried forward until the total amount of the credit is used. The amount by which that portion of the credit allowed by this section to be claimed in any one taxable year exceeds 25% of the taxpayer's tax liability in such year may be carried back for not more than three taxable years or carried forward until the total amount of the credit is used.

(b) The provisions of this section shall be applicable to investments made in all taxable years commencing after December 31, 1985, and prior to January 1, 1993.

New Sec. 11. (a) Except as otherwise provided in section 12, every taxpayer investing in stock issued by Kansas Venture Capital, Inc. shall be entitled to credit in an amount equal to 25% of the total amount invested in such stock against the income tax liability imposed against such taxpayer pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated. In any one taxable year, the amount of such credit allowable for deduction from the taxpayer's tax liability shall not exceed 25% of the total amount of such credit, and in no case may such amount exceed 25% of the taxpayer's tax liability in such year. The amount of any remaining unused credit may be carried forward until the total amount of the credit is used. The amount by which that portion of the credit allowed by this section to be claimed in any one taxable year exceeds 25% of the taxpayer's tax liability in such year may be carried back for not more than three taxable years or carried forward until the total amount of the credit is used.

(b) No taxpayer claiming a credit under this section for investing in stock issued by Kansas Venture Capital, Inc. shall be eligible to claim a credit for the same investment under the provisions of 1986 Substitute for Senate Bill No. 757.

(c) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1985, and prior to January 1, 1993.

New Sec. 12. The secretary of revenue may allow credits pursuant to sections 10 and 11 that are attributable to not more than \$10,000,000 of investment in Kansas Venture Capital, Inc.

Sec. 13. K.S.A. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross in-

come for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during the prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments to such sections.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income. For Kansas income tax purposes the basis in carryover basis property, as defined by 26 U.S.C. 1023 (b)(1), shall be determined in accordance with the provisions of 26 U.S.C. 1014 existing on December 31, 1976.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of

income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system, from the civil service retirement and disability fund.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1) *et seq.*

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) Amounts up to 50% or \$500, whichever is less, of the costs of labor and materials incurred by the taxpayer, per building, in the insulation of each building owned by said taxpayer, which building was in existence on July 1, 1977, is intended for single family or multi-family occupation and is located in this state. For the purposes of this subsection, the term "insulation" shall mean the act of installing materials in the walls, floors or ceilings of buildings, which materials are specifically designed to reduce the loss or gain of heat within such buildings and which materials meet the minimum criteria and standards for energy conservation for new buildings prescribed by the federal housing administration in existence on the effective date of this act and as such criteria and standards are further modified by rules and regulations of the state secretary of revenue.

(xi) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. 280 C.

(xii) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas Venture Capital, Inc.

(xiii) For taxable years commencing after December 31, 1984, and prior to January 1, 1990, the amount of any gain realized by a mortgagor resulting from the sale or other disposition of real estate due to the foreclosure of a mortgage upon such real estate or the voluntary conveyance of mortgaged property to the mortgagee, or by a debtor resulting from the release of liability on a contract for the purchase of real estate, to the extent included in the taxpayer's adjusted gross income for federal income tax purposes. The provisions of this paragraph shall not apply to any gain realized by an investor from any such transactions concerning tax shelters which are required or would have been required to be registered with the federal internal revenue service pursuant to section 6111 of the internal revenue code, except that, the number of investors under such section shall be determined by treating all members of a family as one investor to the extent they would qualify as class A or class B distributees under K.S.A. 79-1537, and amendments thereto.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

New Sec. 14. The state of Kansas may not be held liable for any damages to an investor in Kansas Venture Capital, Inc.

New Sec. 15. Kansas Venture Capital, Inc. shall be subject to an audit by the legislative division of post audit.

Sec. 16. K.S.A. 1985 Supp. 17-1262 is hereby amended to read as follows: 17-1262. Except as expressly provided in this

section, K.S.A. 17-1254, 17-1255, 17-1256, 17-1257, 17-1258, 17-1259 and 17-1260, and amendments thereto, shall not apply to any of the following transactions:

(a) Any isolated transaction, whether effected through a broker-dealer or not.

(b) Any nonissuer distribution by or through a registered broker-dealer of outstanding securities at a price reasonably related to the current market price of such securities, if Moody's manual, Standard & Poor's manual, or any recognized securities manual approved by the commissioner, contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within 18 months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations. If the commissioner finds that the sale of certain securities in this state under this exemption would work or tend to work a fraud on purchasers thereof, the commissioner may revoke the exemption provided by this subsection with respect to such securities by issuing an order to that effect and sending copies of such order to all registered broker-dealers.

(c) Any nonissuer transaction by a registered broker-dealer pursuant to an unsolicited order or offer to buy. The commissioner may require, by rules and regulations, that: (1) The customer acknowledge upon a specified form that the sale was unsolicited; and (2) a signed copy of each such form be preserved by the broker-dealer for a specified period.

(d) Any transactions in a bond or other evidence of indebtedness secured by a real or chattel mortgage or deed of trust, or by an agreement for the sale of real estate or chattels, if the entire mortgage, deed of trust or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit.

(e) Any transaction by an executor, administrator, sheriff, marshal, receiver, trustee in bankruptcy, guardian or conservator or any transaction executed by a bona fide pledgee without any purpose of evading this act.

(f) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the investment company act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer or to a broker-dealer or underwriter.

(g) Any offer or sale of a preorganization certificate or subscription if: (1) No commission or other remuneration is paid or given directly or indirectly for soliciting any prospective subscriber and no advertising has been published in connection with any such sale; (2) no payment is made by any subscriber; and (3) such certificate or subscription is expressly voidable by the subscriber until such subscriber has been notified of final acceptance or completion of the organization and until the securities subscribed for have been registered. The commissioner may require, by rules and regulations or by order, reports of sales under this exemption.

(h) The issue of stock of a domestic corporation to not more than 15 incorporators.

(i) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants or transferable warrants exercisable within 90 days of their issuance, if: (1) No commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; or (2) the issuer first files a notice specifying the terms of the offer and the commissioner does not by order disallow the exemption within the next five full business days.

(j) Any offer (but not a sale) of a security for which registration statements have been filed under both this act and the securities act of 1933 if no stop order or refusal order is in effect and no public proceeding or examination looking toward such an order is pending under either act.

(k) The issuance of any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the distribution other than the surrender of a right to a cash dividend where the stockholder can elect to take a dividend in cash or stock.

(l) Any act incident to a class vote by stockholders, pursuant

(continued)

to the articles of incorporation, bylaws or applicable statute, on a merger, consolidation, reclassification of securities or sale of corporate assets in consideration of the issuance of securities of another corporation or any act incident to a plan of reorganization, approved by a majority of the stockholders of every corporation involved in such reorganization, in which a security is issued in exchange for one or more outstanding securities, claims or property interests, or partly in such exchange and partly for cash. The issuer of such securities must first file a notice specifying the term of the offer and such other information as the commissioner requires, and the commissioner by order may disallow this exemption within 30 days.

(m) The offer or sale by a corporation formed under the laws of the state of Kansas of any of its securities to a purchaser if: (1) The aggregate number of sales by the corporation in the twelve-month period ending on the date of the sale does not exceed 15 sales; (2) the seller believes that the purchaser is purchasing for investment; (3) no commission nor other remuneration is paid or given, directly or indirectly, for soliciting the purchaser; and (4) neither the corporation nor any person acting on its behalf shall offer or sell the securities by any form of general solicitation or general advertising, including, but not limited to, the following: (A) Any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio or (B) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

In calculating the number of sales in a twelve-month period, sales made in violation of K.S.A. 17-1255 and amendments thereto, and sales exempt from registration under subsection (a), (h) or (m) shall be taken into account. For purposes of the exemption in this subsection, a husband and wife shall be considered as one purchaser. A corporation, partnership, association, joint-stock company, trust or other unincorporated organization shall be considered as one purchaser unless it was organized for the purpose of acquiring the purchased securities. In such case each beneficial owner of equity interest or equity securities in the entity shall be considered a separate purchaser. The commissioner may withdraw this exemption or impose conditions upon its use.

(n) Any transaction pursuant to a rule and regulation adopted by the commissioner for limited offerings which was adopted for the purpose of furthering the objectives of compatibility with federal exemptions and uniformity among the states.

(o) Any offer or sale by an investment company, as defined by K.S.A. 16-630 and amendments thereto, of its investment certificates.

(p) The offer or sale of units in a limited partnership formed under the laws of the state of Kansas if: (1) The number of limited partners does not exceed 35; (2) the seller believes that all of the purchasers are purchasing for investment; and (3) neither the issuer nor any person acting on its behalf shall offer or sell the securities by any form of general solicitation or general advertising, including, but not limited to the following: (A) Any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio; or (B) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

For the purpose of the exemption under this subsection, a husband and wife shall be considered as one limited partner. A corporation, partnership, association, joint-stock company, trust or other unincorporated organization shall be considered as one limited partner unless it was organized for the purpose of acquiring the purchased securities. In such case each beneficial owner of equity interest or equity securities in the entity shall be considered a separate limited partner.

(q) *The offer or sale of a security, issued by Kansas Venture Capital, Inc., or its successors.*

New Sec. 17. If any provision of this act or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Sec. 18. K.S.A. 40-2803, 40-2804, 75-4205, 79-1109 and 79-32,117 and K.S.A. 1985 Supp. 9-1101 and 17-1262 and K.S.A. 79-32,117 as amended by section 1 of 1986 House Bill No. 2779 are hereby repealed.

Sec. 19. 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 April 8, 1986.

SENATE adopted Conference Committee report April 26, 1986.

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

Passed the HOUSE as amended April 24, 1986.

HOUSE adopted Conference Committee report April 26, 1986.

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

APPROVED May 8, 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 8th day of May, 1986.

(SEAL)

JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SUBSTITUTE FOR SENATE BILL No. 757

AN ACT enacting the Kansas venture capital company act; providing for the certification of such companies and prescribing procedures therefor; allowing credits from income tax liability of taxpayers for investments therein; providing for the administration of the provisions of the act.

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

Section 1. The provisions of this act shall be cited as the "Kansas venture capital company act".

Sec. 2. The purpose of the Kansas venture capital company act is to facilitate the formation of private venture capital companies that meet generally accepted national standards for private venture capital companies, and that make equity investments in the creation and expansion of Kansas businesses which are job and wealth creating enterprises by granting tax credits against the Kansas income tax liability of taxpayers investing in such Kansas venture capital companies.

Sec. 3. For the purposes of this act, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise:

(a) "Department" means the department of commerce.

(b) "Equity" means all forms of equity such as common stock, preferred stock with or without voting rights and without regard to seniority of equity position, forms of subordinate or convertible debt, or both, with warrants or other means of equity conversion attached, or any other means of financing which meet generally accepted national standards for venture capital investment in the United States.

(c) "Kansas business" means any small business owned by a Kansas resident, any partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or does substantially all of its production in Kansas.

(d) "Kansas venture capital company" means any for-profit partnership or corporation that has as its primary business activity the investment of funds in return for equity in ventures that are in need of capital for expansion, new product development or similar business purposes and that may be certified by the secretary as meeting the criteria of this act and thus eligible for the tax credit provided in this act.

(e) "Secretary" means the secretary of the department of commerce.

Sec. 4. (a) There shall be allowed as a credit against the tax imposed by the Kansas income tax act on the Kansas taxable income of a taxpayer for cash investment in a certified Kansas venture capital company in an amount equal to 25% of such taxpayer's cash investment in any such company in the taxable year in which such investment is made and the taxable years following such taxable year until the total amount of the credit is used. In any one taxable year, the amount of such credit allowable for deduction from the taxpayer's tax liability shall not exceed 25% of the total amount of such credit, and, in no case, may such amount exceed 25% of the taxpayer's tax liability in such year. The amount by which that portion of the credit allowed by the preceding sentence to be claimed in any one taxable year exceeds 25% of the taxpayer's liability in such year may be carried back for not more than three taxable years or carried forward until the total amount of the credit is used.

(b) The secretary of revenue may allow credits that are attributable to not more than \$24,000,000 of cash investments in certified Kansas venture capital companies, which shall include not more than \$10,000,000 for Kansas Venture Capital, Inc. The credits shall be allocated to certified Kansas venture capital companies in the order that completed applications for designation as Kansas venture capital companies are received by the secretary. Notwithstanding the provisions of subsection (c), investors in Kansas venture capital companies established after July 1, 1984, which otherwise meet the requirements specified in this act, shall be, upon certification of the Kansas venture capital company, entitled to the tax credit provided in subsection (a) in the calendar year in which the investment was made.

(c) No taxpayer shall claim a credit under this section for cash investment in Kansas Venture Capital, Inc. No Kansas venture

capital company shall qualify for the tax credit allowed by Substitute for 1986 Senate Bill No. 756 for investment in stock of Kansas Venture Capital, Inc.

(d) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1985, and prior to January 1, 1993.

Sec. 5. The secretary shall adopt rules and regulations to implement this act on or before October 1, 1986.

Sec. 6. (a) The secretary shall promulgate rules and regulations for making an application for certification of a Kansas venture capital company and shall specify the information that must be submitted at the time of application. No Kansas venture capital company shall be certified until the secretary has adopted rules and regulations as required in section 5. A company seeking to be certified as a Kansas venture capital company must specify the level of capitalization that the company expects to qualify for the tax credits provided for in this act. The application must show that the applicant's purpose is to encourage and assist in the creation, development and expansion of Kansas businesses and to provide maximum opportunities for the employment of Kansans by making venture capital available to Kansas businesses as described and defined in section 3.

(b) The department, through the secretary, shall review the articles of incorporation or the articles of partnership of each applicant for certification and the business history of the applicant and determine that the capitalization is at least \$1,500,000.

(c) Within 60 days of application, the secretary shall issue the certification and notify the department of revenue of such certification, or shall refuse the certification and issue an order so providing.

Sec. 7. (a) To continue in certification, a Kansas venture capital company must:

(1) Invest at least 30% of its original capitalization at the end of the initial five years in such a manner as to acquire equity in the ventures in which the investments are made;

(2) have invested at least 50% in the same manner at the end of seven years; and

(3) have invested at least 75% in the same manner at the end of nine years.

(b) At the end of the fifth year, seventh year and ninth year investment levels, at least 60% of the total investment of the Kansas venture capital company must be in Kansas businesses in which the funds so invested were to be used solely for the purpose of enhancing their productive capacity within the state, or to add value to goods or services produced or processed within the state.

(c) No more than 20% of the assets of a Kansas venture capital company may be invested in the equity of a single business at any one time, unless the Kansas venture capital company can reasonably demonstrate that a greater percentage in a single company at any one time is the result of losses suffered by the Kansas venture capital company in other investments.

(d) The use of invested funds by a Kansas business for oil and gas exploration and development, for real estate development or appreciation, for banking or lending operations, or service or retail are not acceptable investments to qualify for the tax credit provided in this act. Any investments by Kansas venture capital companies in any of these sectors shall not be counted as equity investments for the purpose of continuing certification under this section.

(e) Documents and other materials submitted by Kansas venture capital companies or by Kansas businesses for purposes of the continuance and certification shall not be public records if such records are determined by the secretary to be trade or business secrets under the uniform trade secrets act (K.S.A. 60-3320 to 60-3330), and shall be maintained in a secured environment by the secretary.

Sec. 8. (a) Each qualified Kansas venture capital company shall report to the secretary on an annual basis such information as the secretary requires to be submitted to maintain certification. As a part of such information, each Kansas venture capital company shall report the name, address and taxpayer identification number of each taxpayer who has invested in such company and amounts invested by each such taxpayer.

(continued)

(b) The secretary shall provide this information contained in subsection (a) to the department of revenue on an annual basis.

(c) The secretary shall conduct an annual review of each Kansas venture capital company certified under the program to determine if the Kansas venture capital company is in compliance with the requirements of certification, to advise the Kansas venture capital company as to the certification status of its investments, and to ensure that no investment has been made in violation of the provisions of this act or rules and regulations promulgated by the department. The reasonable costs of the annual review shall be paid by each Kansas venture capital company according to a reasonable fee schedule adopted by the secretary. Any violation shall be grounds for decertification under this section.

(d) If the Kansas venture capital company has met the fifth year, seventh year and ninth year investment levels and has subsequently sold any of the companies in which those equity investments were made, the temporary liquidity of the Kansas venture capital company prior to reinvestment in the equity of new ventures will not be cause for decertification.

(e) In undertaking the annual review the secretary shall use reasonable and generally accepted national standards of venture capital company practice. If the secretary determines that a company is not in substantial compliance with the requirements for continuing in certification, the secretary shall, by written notice, inform the officers of the company and the board of directors or partners that they will be decertified in 120 days from the date of mailing of the notice unless they correct the deficiencies and are once again in compliance with the requirements for certification.

(f) At the end of the one hundred twenty day period, if the Kansas venture capital company is still not in substantial compliance, the secretary shall send a notice of decertification to the company and to the secretary of the department of revenue. Decertification of a Kansas venture capital company shall cause the forfeiture of any right or interest to the tax credit under the provisions of this act and shall cause the total amount of tax credit previously claimed by persons under the program to be due and payable with that year's income tax liability.

(g) Following each annual examination, the secretary shall notify the department of revenue of any Kansas venture capital companies that are not in compliance with this section.

(h) The department of revenue shall send written notice to the address of each person whose tax credit has been forfeited, using the address last shown on the person's last income tax filing.

Sec. 9. At any time after the end of the seventh year, a Kansas venture capital company which is in compliance with this act may voluntarily decertify itself by sending written notice of decertification to the secretary and, in such case, the investors shall not be liable for repayment to the state of credit amounts claimed under this act. In any case where a Kansas venture capital company which is not in compliance with the provisions of this act, it may voluntarily decertify itself by sending written notice of decertification to the secretary and by remitting to the secretary of the department of revenue full payment of all tax credits claimed by investors under its participation in the certification program.

Sec. 10. (a) The secretary shall report annually to the governor, the legislature, and to Kansas, Inc., and to each certified Kansas venture capital company detailing:

- (1) The number of Kansas venture capital companies;
- (2) the total tax credit generated;
- (3) the total investments made in Kansas venture capital companies;
- (4) the total investments in Kansas businesses by Kansas venture capital companies;
- (5) an estimate of jobs created or preserved under the program; and
- (6) an estimate of the multiplier effect on the Kansas economy of the program.

(b) Additionally, the secretary shall evaluate the success of the program in collaboration with Kansas, Inc. and the standing

and joint legislative committees on economic development, and may include specific recommendations for legislation.

Sec. 11. The state of Kansas shall not be held liable for any damages to an investor in a Kansas venture capital company.

Sec. 12. 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 April 8, 1986.

SENATE adopted Conference Committee report April 26, 1986.

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

Passed the HOUSE as amended April 24, 1986.

HOUSE adopted Conference Committee report April 26, 1986.

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

APPROVED May 8, 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 8th day of May, 1986.

(SEAL) JACK H. BRIER
Secretary of State.

(Published in the KANSAS REGISTER, May 22, 1986.)

SENATE BILL No. 719

AN ACT authorizing the state board of regents to construct and equip a facility for the care of and clinical research on animals at the university of Kansas medical center; providing for the financing of the costs thereof; prescribing certain powers and duties for the state board of regents, the chancellor of the university of Kansas and the pooled money investment board; making and concerning appropriations for the fiscal year ending June 30, 1987, for the university of Kansas medical center.

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

Section 1. In accordance with the provisions of this act and within the limitations of appropriations therefor, the state board of regents is hereby authorized to construct and equip a facility for the care of and clinical research on animals at the university of Kansas medical center.

Sec. 2. (a) To provide for the payment of the costs of the capital improvement project to construct and equip a facility for the care of and clinical research on animals at the university of Kansas medical center, and expenses related thereto, the pooled money investment board is authorized and directed to loan to the state board of regents sufficient funds therefor in an amount which shall not exceed \$4,300,000. The pooled money investment board is authorized and directed to use any moneys in the active accounts, inactive accounts or time deposits, open accounts, of the state of Kansas to provide funds for such loan. Commencing on the loan date, such loan shall bear interest at the rate equal to the rate prescribed by K.S.A. 75-4210 and amendments thereto for inactive accounts of the state as of January 1, 1986. Each year thereafter, the rate of interest shall be fixed on January 1 of such year at a rate equal to the rate prescribed by K.S.A. 75-4210 and amendments thereto for inactive accounts of the state effective on such date. The loan principal and interest thereon shall be payable solely from moneys credited to and available in the animal research facility debt service fund or as otherwise provided by law. Such loan shall not be deemed to be

an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) There is hereby created in the state treasury the animal research facility project fund. On the loan date, the pooled money investment board shall transfer the loan amount from the state bank accounts described in subsection (a) to the animal research facility project fund. All expenditures from the animal research facility project fund shall be for payment of the costs of the capital improvement project to construct and equip a facility for the care of and clinical research on animals at the university of Kansas' medical center and expenses related thereto, in accordance with the provisions of appropriations acts.

(c) On the effective date of this act, the director of accounts and reports shall transfer all moneys in the hospital construction revenue bonds refinancing proceeds fund to the animal research facility project fund.

(d) After completion of the capital improvement project to construct and equip a facility for the care of and clinical research on animals at the university of Kansas medical center and the payment of the costs thereof and expenses related thereto, the chancellor of the university of Kansas shall certify the same to the director of accounts and reports. Upon receipt of such certification, the director of accounts and reports shall transfer any remaining moneys in the animal research facility project fund to the animal research facility debt service fund.

Sec. 3. Commencing on the first day of the twelfth month commencing after the loan date, the principal and interest of such loan amounts shall be repaid in payments payable monthly over a period of 20 years. The repayment amounts shall be recomputed each year to reflect the interest rate prescribed by section 2 and shall be calculated each year on a substantially level payment basis based on a total original amortization period of 20 years.

Sec. 4. (a) There is hereby created in the state treasury the animal research facility debt service fund. All expenditures from the animal research facility debt service fund shall be to repay the principal and interest on the loan authorized by section 2 in the manner prescribed by this act and in accordance with the provisions of appropriations acts.

(b) Subject to the provisions of subsection (d), the director of accounts and reports shall transfer the following amounts on the following dates from the state general fund to the animal research facility debt service fund:

- (1) On July 1, 1987, the amount of \$250,000;
- (2) on July 1, 1988, the amount of \$250,000; and
- (3) on July 1, 1989, the amount of \$250,000; and
- (4) on July 1, 1990, the amount of \$250,000.

(c) From time to time during the term of the loan authorized by section 2, the chancellor of the university of Kansas shall transfer in accordance with this subsection amounts from moneys appropriated and available to the university of Kansas medical center to the animal research facility debt service fund for the purposes of providing funds to repay the principal and interest on the loan authorized by section 2. Upon the request of the chancellor, the director of accounts and reports shall transfer amounts from appropriations in accounts of the state general fund and in special revenue funds for the university of Kansas medical center as specified by the chancellor on the dates specified by the chancellor. All such transfers from special revenue funds shall be within and subject to existing expenditure limitations. No transfers shall be made under this subsection from any specific appropriations from the state general fund for operating expenditures for utilities or as may otherwise be restricted, limited or prohibited by law.

(d) The amount equal to the total of (1) the amount of moneys transferred to the animal research facility project fund under subsection (c) of section 2 and (2) the amount of moneys transferred to the animal research facility debt service fund under subsection (b) of this section, shall not exceed the amount equal to 1/2 of the total actual cost of the capital improvement project described in section 2. Prior to making any transfer prescribed under subsection (b) of this section, if the director of accounts and reports determines that to transfer the full amount prescribed under subsection (b) would violate the provisions of this

subsection (d), the director shall proportionally reduce the amounts remaining to be transferred under subsection (b) accordingly and thereafter shall transfer such reduced amounts in accordance with subsection (b).

Sec. 5. On July 10, 1986, and on the 10th of each month thereafter, the director of accounts and reports shall transfer from the state general fund to the animal research facility debt service fund the amount of money certified by the pooled money investment board in accordance with this section. Prior to the 10th of each month, the pooled money investment board shall certify to the director of accounts and reports the amount of money equal to the proportionate amount of all the interest credited to the state general fund for the preceding period of time specified under this section, pursuant to K.S.A. 75-4210a and amendments thereto, that is attributable to the total of all moneys in the animal research facility project fund and all moneys in the animal research facility debt service fund. Such amount of money shall be determined by the pooled money investment board based on: (a) The average daily balance of moneys in the animal research facility project fund and the animal research facility debt service fund during the period of time specified under this section as certified to the pooled money investment board by the director of accounts and reports and (b) the average interest rate on repurchase agreements of less than 30 days duration entered into by the pooled money investment board for that period of time. On or before the fifth day of the month for the preceding month, the director of accounts and reports shall certify to the pooled money investment board the average daily balance of moneys in the animal research facility project fund and the animal research facility debt service fund for the period of time specified under this section.

Sec. 6.

UNIVERSITY OF KANSAS MEDICAL CENTER

(a) There is appropriated from the above agency from the following special revenue funds for the fiscal year ending June 30, 1987, 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:

Animal research facility project fund	No limit
Animal research facility debt service fund	No limit

Sec. 7. Any unencumbered balance in any special revenue fund listed in section 6, or account thereof, which is not otherwise specifically appropriated or limited by this or any other appropriation act of the 1986 regular session of the legislature, is hereby reappropriated for the same use and purpose as the same was heretofore appropriated.

Sec. 8. 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 April 8, 1986.

SENATE adopted Conference Committee report April 27, 1986.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended April 25, 1986.

HOUSE adopted Conference Committee report April 27, 1986.
 MIKE HAYDEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 8, 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
 (continued)

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 8th day of May, 1986.

JACK H. BRIER
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, May 22, 1986.)

HOUSE BILL No. 3048

AN ACT concerning the department of corrections; authorizing the secretary of corrections to purchase certain real property with improvements thereon located in Jefferson county, Kansas; providing for the financing of the cost thereof; prescribing certain powers and duties for the secretary of corrections and the pooled money investment board; authorizing certain payments related thereto; authorizing the use of such real property for certain purposes.

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

Section 1. (a) The secretary of corrections is hereby authorized to acquire by purchase for an amount of not to exceed \$175,000 the real estate, including improvements thereon, more particularly described as follows: Lot eight (8) and that part of lot one (1) lying south of county road in the northeast fractional quarter (NE $\frac{1}{4}$) of section six (6), township ten (10), range nineteen (19), Delaware trust lands, Jefferson county, Kansas, containing 58 acres, more or less. A portion of the above-described real estate has been platted as Shomin Industrial Park, tracts A and B, a subdivision in Jefferson county, Kansas, according to the recorded plat thereof.

(b) Prior to payment for the purchase authorized by this section, the attorney general shall approve the abstract of title or title insurance policies as showing merchantable fee simple title to such property and shall approve the form of the deed or deeds to such property.

(c) The provisions of K.S.A. 75-3043a and 75-3739 and amendments thereto shall not apply to the acquisition authorized by this section or any contracts required therefor.

(d) Subject to the provisions of appropriations acts, the secretary of corrections may establish an honor camp on such real estate in addition to using such real estate for other purposes authorized by law.

Sec. 2. (a) To provide for the costs of the acquisition of real estate authorized by section 1 and expenses related thereto, the pooled money investment board is authorized and directed to loan to the secretary of corrections sufficient funds therefor in amounts which in the aggregate do not exceed \$175,000. The pooled money investment board is authorized and directed to use any moneys in the active accounts, inactive accounts or time deposits, open accounts, of the state of Kansas to provide the funds for such loan. The loan shall bear interest at an initial rate equal to the rate prescribed in K.S.A. 75-4210 and amendments thereto for inactive accounts of the state and in effect on the date the pooled money investment board provides the loan amount. The rate of such interest shall be adjusted annually on the anniversary of the date the loan was made at a rate equal to the rate prescribed in K.S.A. 75-4210 and amendments thereto for inactive accounts of the state in effect on such date. The loan principal and interest thereon shall be payable solely from revenues credited to the correctional industries fund or as otherwise provided by law. The loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) Upon certification to the pooled money investment board by the secretary of corrections of the amount of the loan authorized by this section that is required, the pooled money investment board shall transfer the amount certified by the secretary of corrections from the state bank accounts described in this section to the correctional industries fund. The amount so transferred shall not exceed \$175,000.

Sec. 3. Subject to the limitations of this section and section 2, the secretary of corrections shall determine and certify to the pooled money investment board, on or before the date of the certification under subsection (b) of section 2, the terms and conditions of repayment of the principal and interest of such loan amount. The principal and interest of such loan shall be repaid in

payments payable at least annually for a period of not more than 10 years. The amounts shall be recomputed each year to reflect the interest rate prescribed by section 2 and shall be based on a total original amortization period of 10 years. Nothing in this act shall prevent the secretary of corrections from repaying, without penalty, any outstanding principal, or any portion thereof, prior to it being due and owing. In the event such payments are made, interest shall be computed on the remaining principal balance.

Sec. 4. 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 April 25, 1986.

HOUSE concurred in SENATE amendments April 27, 1986.

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

Passed the SENATE as amended April 26, 1986.

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

APPROVED May 8, 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 8th day of May, 1986.

JACK H. BRIER
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, May 22, 1986.)

HOUSE BILL No. 3122

AN ACT concerning economic development; providing for the establishment of certain legislative committees and task forces for the consideration of matters affecting economic development in the state; prescribing certain duties of the legislative economic development commission; and providing for the making of reports and recommendations.

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

Section 1. (a) The purpose of the legislative committees shall be to:

(1) Facilitate the growth, diversification and expansion of existing enterprises and the creation by Kansans of new wealth-generating enterprises;

(2) promote economic diversification and innovation within the basic industries and sectors of the state;

(3) promote increased productivity and value added products, processes and services among wealth-generating enterprises, and the export of those goods and services created by small and large Kansas enterprises to the nation and world;

(4) maintain and revitalize economically depressed rural areas and urban neighborhoods by annually targeting scarce resources by size, sector and location to communities and enterprises of particular need and opportunity, and by working in close collaboration with local communities; and

(5) protect and enhance the environmental quality of the state in ways consistent with dynamic economic growth.

Sec. 2. There is hereby established a standing committee of the senate known as the senate committee on economic development. The members of the committee shall be appointed in the same manner as members of other standing committees of the senate. Laws and rules applicable to other standing committees of the senate shall apply to the senate economic development committee.

Sec. 3. There is hereby established a standing committee of the house of representatives known as the house committee on economic development. The members of the committee shall be appointed in the same manner as members of other standing committees of the house of representatives. Laws and rules applicable to other standing committees of the house of representatives shall apply to the house economic development committee.

Sec. 4. (a) On January 1, 1987, there is hereby created the joint committee on economic development which shall be composed of five senators and eight members of the house of representatives. The five senate members shall be the chairperson of the standing committee on economic development of the senate, or a member of such committee appointed by the chairperson, two members of such committee appointed by the president and two members of such committee appointed by the minority leader. The eight representative members shall be the chairperson of the standing committee on economic development of the house of representatives, or a member of such committee appointed by the chairperson, four members of such committee appointed by the speaker and three members of such committee appointed by the minority leader.

(b) All members of the joint committee on economic development shall serve for terms ending on the first day of the regular legislative session in odd-numbered years. After June 30 in odd-numbered years, the chairperson shall be one of the representative members of the joint committee selected by the speaker and the vice-chairperson shall be one of the senate members selected by the president. After June 30 in even-numbered years, the chairperson shall be one of the senate members of the joint committee selected by the president and the vice-chairperson shall be one of the representative members of the joint committee selected by the speaker. The chairperson and vice-chairperson of the joint committee shall serve in such capacities until July 1 of the ensuing year. The vice-chairperson shall exercise all of the powers of the chairperson in the absence of the chairperson.

(c) The joint committee on economic development may meet at any time and at any place within the state on the call of the chairperson.

(d) The provisions of the acts contained in article 12 of

chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the joint committee on economic development to the extent that the same do not conflict with the specific provisions of this act applicable to the joint committee.

(e) In accordance with K.S.A. 46-1204 and amendments thereto, the legislative coordinating council may provide for such professional services as may be requested by the joint committee on economic development.

(f) The joint committee on economic development may introduce such legislation as it deems necessary in performing its functions.

Sec. 5. (a) The legislative commission on Kansas economic development established pursuant to 1986 HCR 5034 shall conduct such meetings as the commission shall determine necessary for the purpose of performing the studies directed by such concurrent resolution and making the recommendations and reports required by such resolution. In addition to making the report and recommendations required by such resolution to be made not later than November 1, 1986, or, at the discretion of the commission, in lieu of making such report and recommendations, the commission shall make its final report and recommendations to members of the 1987 regular session of the legislature.

(b) The first priority of the commission shall be to oversee the implementation of the economic development initiatives adopted during the 1986 legislative session; and the second priority of the commission shall be to oversee the activities of the task forces established pursuant to section 6.

Sec. 6. For the purpose of conducting an in-depth analysis of major areas of economic development requiring legislative action in the 1987 regular session of the legislature, the legislative economic development commission shall appoint such advisory committees or task forces as it deems appropriate and necessary. Each task force shall consist of not less than seven and not more than 13 members representing the business community, financial institutions, institutions under the control of the board of regents and the legislature. A majority of the members of each task force shall be representative of the business and financial communities. The legislative commission on Kansas economic development shall appoint the chairperson and vice-chairperson and specify the subject or subjects of study to be conducted by each task force. Each task force shall prepare policy and funding recommendations regarding the subject or subjects of study assigned and shall make a report and recommendations thereon to the commission on or before December 1, 1986. The provisions of the acts contained in article 12 of chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the task forces appointed pursuant to this section to the extent that the same do not conflict with the specific provisions of this section. Members of such task forces shall receive compensation, subsistence allowances and mileage as prescribed by K.S.A. 75-3223, and amendments thereto. Task forces shall be established for the study of the following described subjects and may be established for such additional subjects of study as the commission may deem necessary. Each such task force shall be assigned the study of one or more of the following subjects:

(a) The appropriateness of Kansas agricultural research to the changing needs of the economy which shall include:

(1) An inventory of the purposes, uses and appropriateness of existing federal, state and private sector agricultural research within Kansas;

(2) agricultural diversification and identification of new products and new technologies;

(3) the scope of value added agricultural processing; and

(4) the provision of appropriate technical assistance to farmers in each of the above research areas and marketing alternatives.

(b) The appropriateness of Kansas capital markets to the rapidly changing needs of Kansas business, industry and agriculture which shall include:

(1) The adequacy of equity and near equity capital for Kansas businesses from Kansas financial institutions;

(continued)

(2) the adequacy of intermediate and long term debt capital and risk debt capital and mezzanine finance for Kansas businesses from Kansas financial institutions; and

(3) the appropriateness of Kansas state government's tax, expenditure and regulatory policies for fostering capital formation for Kansas businesses.

(c) The appropriateness of Kansas tax structure to the rapidly changing needs of the Kansas economy which shall include:

(1) An overall review of the appropriateness of the state's tax structure for its impact on economic development and capital formation; and

(2) the sales and use tax exemption on manufacturing machinery and equipment.

(d) Control, supervision and financing of postsecondary education in Kansas which shall include:

(1) A review and determination of the mission of public postsecondary education to and beyond the year 2,000;

(2) the structure, control and supervision required of public postsecondary education to accomplish such mission; and

(3) the financing of public postsecondary education necessary to accomplish such mission.

(e) The appropriateness of the state's business training and employment development programs to meet the rapidly changing needs of the Kansas economy and to carry out the 1986 economic development initiatives.

(f) The commission may appoint such other task forces as it deems appropriate to study recommendations proposed in the final report of the Kansas economic development study which is to be completed in the spring of 1986.

Sec. 7. 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 April 3, 1986.

HOUSE adopted Conference Committee report April 26, 1986.

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

Passed the SENATE as amended April 11, 1986.

SENATE adopted Conference Committee report April 25, 1986.

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

APPROVED May 8, 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 8th day of May, 1986.

JACK H. BRIER
Secretary of State.

(SEAL)

State of Kansas

STATE CORPORATION COMMISSION

TEMPORARY ADMINISTRATIVE REGULATIONS

(Effective February 3, 1986.
Expire May 1, 1987.)

Article 3.—PRODUCTION AND CONSERVATION OF OIL AND GAS

82-3-106. Cementing-in surface casing. (a) Beginning of drilling operations. Drilling shall not begin until the operator has received the approved notice of intent to drill from the conservation division, pursuant to K.A.R. 82-3-103. The notice of intent to drill shall indicate the amount of surface casing that must be set.

(b) Depth. The depth of required surface casing shall be determined in the following manner.

(1) The operator shall set a minimum of 50 feet of surface casing in the well, except as otherwise provided by paragraph (b)(2).

(2) Table 1, dated October 15, 1985, shall be used to determine the required depth of the surface casing and the cementing requirements for the protection of fresh and usable water. Upon submission of additional information, adjustments to the required depth of the surface casing may be made by the commission and the department. These adjustments shall be indicated on the drilling permit.

(A) Operators who drill wells in areas referenced in commission order, dated January 27, 1983, Docket No. 133,891-C, may set surface casing at the minimum depth set forth in that Docket.

(B) The commission may grant an exception to the requirements set forth in Table 1, dated October 15, 1985, after notice is provided and a hearing held. Notice of the hearing shall be mailed or delivered at least 15 days prior to the hearing to the landowner on whose land the well is located. Notice of the hearing shall also be provided pursuant to K.A.R. 82-3-135.

(c) Time requirements. Protection of fresh and usable water shall be accomplished by one of the two following alternatives.

(1) Alternate I. The surface casing shall be cemented to the surface with a Portland cement blend. The surface casing shall be set and cemented below all fresh and usable water strata, according to the requirements made pursuant to subsection (b). An operator shall not drill to any depth necessary to test for oil or gas without having set and cemented a continuous string of casing.

(2) Alternate II. Surface casing shall be set and cemented in the following manner:

(A) The first string of casing shall be set through all unconsolidated material plus 20 feet into the underlying formation. The surface casing shall be cemented to the surface with a Portland cement blend. An operator shall not drill to any depth necessary to test for oil or gas, without having set and cemented this string of casing.

(B) (i) All additional casing which is next to the borehole shall be cemented from 50 feet below the

lowest usable water, according to the requirements made pursuant to subsection (b), to the surface with a Portland cement blend except as provided by subparagraph (d)(3).

(ii) The operator shall notify the appropriate district office prior to the cementing of the additional casing. If a time period is specified by Table I, dated October 15, 1985, the additional cementing shall be completed within the time period specified. If a time period is not specified in Table I, dated October 15, 1985, the additional cementing shall be completed within a time period sufficient to allow compliance with K.A.R. 82-3-106(e). Extensions of the time period within which the additional cementing must be completed may be granted with the approval of the commission and the department.

(d) Methods and materials to be used in setting and cementing of surface casing.

(1) In setting surface casing the surface hole diameter shall be sufficiently larger than the surface casing to permit circulation of the cement.

(2) The annular space between the surface casing and the borehole shall be filled with a Portland cement blend. The cement shall be maintained at surface level.

(3) The use of any material other than a Portland cement blend is prohibited except for the alternative cementing materials as defined by KCC order, dated March 29, 1985, Docket No. 34,780-C (C-1825).

(4) The cemented casing string shall stand and further operations shall not begin until the cement has been in place for at least eight hours or until the cement has reached a compressive strength of 300 pounds per square inch. This requirement may be modified by specific order of the commission.

(e) Affidavit. Each operator shall file a sworn affidavit with the conservation division setting out the type, amount, and method of cementing used on all casing strings in a well bore. The affidavit shall be filed on the form provided by the conservation division within 120 days of the spud date of the well or as otherwise required by K.A.R. 82-3-130(b). Legible documentation of the cementing operations across fresh and usable water strata shall be attached to the affidavit. Such documentation may consist of: invoices, job logs, job descriptions, or other such service company reports. Falsification or the failure to file the affidavit is punishable by a \$5,000 penalty, and the well shall be shut-in until compliance with requirements of this regulation are achieved.

(f) This temporary regulation shall expire on May 1, 1986. (Authorized by K.S.A. 55-152; implementing K.S.A. 55-151, 55-152, 55-156, 55-157, 55-159, 55-164; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-85-1, January 13, 1984; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended, T-87-3, Feb. 3, 1986; amended May 1, 1986.)

82-3-114. Plugging methods and procedure. The methods and procedure for plugging a well drilled for discovery of oil or gas, for disposal of salt water, or for enhanced recovery, shall be as follows.

(a) For productive or past productive oil or gas formations, a cement plug not less than 50 feet in length or a bridge capped with cement shall be placed above each such formation.

(b) Cement plugs of 50 feet or more in length shall be placed both above and below any fresh or usable water horizons. The lower plug shall extend at least 50 feet below the base of water zones and the upper plug shall extend at least 50 feet above the top of the water zones.

(c) In each well plugged, a cement plug shall be placed near the surface of the ground in a manner designed not to interfere with soil cultivation.

(d) Each rathole and each mousehole shall be plugged by displacing any mud or water with cement from the bottom of the hole to near the surface in a manner that will not interfere with soil cultivation.

(e) When the wellbore has penetrated both a highly permeable formation and an overlying major salt formation, a cement plug of 50 feet or more in length shall be set above the highly permeable formation. Additionally, cement plugs 50 feet or more in length shall be set in the first formation compatible with cement above and below the salt formation.

(f) If a well to be plugged is located the minimum distance or less from the lease or unit boundary, all zones which are perforated or open in that well and which are being produced on the lease adjacent to that boundary shall be plugged. This requirement shall be waived for all zones which are not producing within ½ mile of the well to be plugged.

(g) The interval between all plugs shall be filled with an approved heavy mud-laden fluid of not less than 36 viscosity (A.P.I. full funnel method) and a weight of not less than nine pounds per gallon, or a bridge shall be set at all plugging intervals.

(h) If the above procedures cannot be followed due to conditions in the casing or wellbore, a representative of the commission may authorize alternative plug placement while assuring the protection of fresh and usable water.

(i) The operator, with the approval of the representative of the commission, may place cement in the well by dump bailer, pumping through tubing, pump and plugs, or other method approved by the commission.

(j) The commission may tag plugs pursuant to the cooperative government/industry quality control program under guidelines acceptable to the director of the conservation division.

(k) This temporary regulation shall expire on May 1, 1986. (Authorized by K.S.A. 55-152; implementing K.S.A. 55-152, 55-156, 55-157, 55-159; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-87-3, Jan. 13, 1986; amended May 1, 1986.)

JUDITH McCONNELL
Executive Secretary

Doc. No. 004272

State of Kansas

**EMERGENCY MEDICAL
SERVICES COUNCIL****TEMPORARY ADMINISTRATIVE
REGULATIONS**

(Effective May 1, 1986.
Expire May 1, 1987.)

Article 4.—AIR AMBULANCE REGULATIONS

109-4-3. Standards for ambulance aircraft and equipment. Each licensed aircraft shall meet the aircraft and equipment standards which are applicable to that class of aircraft.

(a) Type I-A and type IV-A aircraft shall meet the following specifications:

- (1) Fixed wing aircraft shall be multi-engined;
- (2) the aircraft design shall not compromise patient stability in loading or unloading the patient, or during flight operations;
- (3) the patient compartment shall be configured to provide the attendant adequate access to the patient;
- (4) the aircraft heating and cooling systems shall be adequate to provide patient comfort;
- (5) the patient litter shall be secured;
- (6) all equipment shall be secured; and
- (7) the normal white illumination in the patient compartment shall be at least 15 foot candle intensity as measured all along the center line of the clear floor with the door open and all ambient light obliterated. The patient compartment lighting system shall also be capable of providing at least 40-foot candle intensity when measured at any point on top of the patient litter. A reduced lighting level shall also be provided. Blue lights or lenses shall not be used.

(b) Any type I-A aircraft that is a fixed wing aircraft shall be pressurized.

(c) Any medical device which produces electromagnetic interference on aircraft navigation or communications equipment shall not be used. Medical equipment shall be tested prior to flight to ensure that it does not interfere with aircraft systems and works properly at all altitudes flown.

(d) Type I-A and type IV-A aircraft shall carry the following equipment:

(1) Direct, two-way radio communications capability for dispatch and for patient condition reports to a hospital. This radio system shall conform to 47 CRF part 90, in effect as of July 1, 1985, and K.A.R. 109-2-5 (a).

(2) Safety equipment, including:

- (A) One 2½# Halon 1211 fire extinguisher (5BC); and
- (B) one battery-operated hand lantern with a power source of at least six volts.

(3) Patient comfort equipment, including:

- (A) One elevating head cot with two or more levels; incubator may replace cot for neonatal transfers;
- (B) one pillow;
- (C) two complete sets of linen;
- (D) two blankets;
- (E) one waterproof cot cover;

(F) two plastic bags, with closures;

(G) one urinal;

(H) one bedpan;

(I) one emesis basin; and

(J) potable water;

(4) Medical equipment, including:

(A) A portable oxygen unit of at least 300 liter storage capacity complete with yoke, pressure gauge, flowmeter, delivery tube and adult oxygen mask. The unit shall be readily assessible to the attendant and patient;

(B) two full 300 liter oxygen storage bottles;

(C) a portable, self-contained battery or manual suction aspirator with an airflow of at least 20 liters per minute and a vacuum of at least 300 millimeters of mercury. The unit shall be fitted with large bore, non-kinking suction tubing and semi-rigid, non-metallic, oropharyngeal suction tip;

(D) a hand-operated, adult bag-mask ventilation unit. The unit shall be capable of use with the oxygen supply;

(E) a hand-operated, pediatric bag-mask ventilation unit. The unit shall be capable of use with the oxygen supply;

(F) oxygen masks in adult, pediatric and infant sizes;

(G) nasal cannulas in adult and pediatric sizes;

(H) oropharyngeal airways in adult, pediatric and infant sizes;

(I) sterile water; and

(J) blood pressure manometer, adult and pediatric cuffs and stethoscope.

(e) In addition, type I-A aircraft shall carry the following equipment:

(1) Medical equipment, including:

(A) Adult medical anti-shock trousers;

(B) a monitor/defibrillator;

(C) a drug supply as listed in service protocols;

(D) macro-drip and micro-drip administration sets;

(E) D5W, normal saline, lactated ringers IV solutions in plastic bags or plastic bottles;

(F) assorted syringes and 14-22 gauge needles;

(G) endotracheal tubes in adult, pediatric and infant sizes; and

(H) laryngoscope with adult and pediatric blades.

(Authorized by and implementing K.S.A. 65-4320; effective May 1, 1986; amended, T-87-7, May 1, 1986.)

LYLE E. ECKHART
Director of Emergency
Medical Services

Doc. No. 004269

State of Kansas

**BEHAVIORAL SCIENCES
REGULATORY BOARD****TEMPORARY ADMINISTRATIVE
REGULATIONS**

(Effective July 1, 1986.
Expire May 1, 1987.)

**Article 2.—LICENSING OF
SOCIAL WORKERS**

102-2-3. Fees. (a) Each applicant for a social work license shall pay the application fee as set forth below:

(1) Licensed baccalaureate social worker (LBSW), 70 dollars;

(2) Licensed master social worker (LMSW), 70 dollars; or

(3) Licensed specialist clinical social worker (LSCSW), 70 dollars.

(b) Each licensee applying for renewal of his or her license shall pay the applicable fee as set forth below:

(1) Licensed associate social worker (LASW), 70 dollars;

(2) Licensed baccalaureate social worker (LBSW), 70 dollars;

(3) Licensed master social worker (LMSW), 70 dollars; or

(4) Licensed specialist clinical social worker (LSCSW), 70 dollars.

(c) The fee for a social work examination shall be 70 dollars.

(d) These fees become effective as of July 1, 1986. (Authorized by and implementing K.S.A. 75-5359, as amended by 1985 HB 2504; effective May 1, 1982; amended, T-86-20, July 1, 1985; amended, May 1, 1986; amended, T-87-10, July 1, 1985.)

MARY ANN GABEL
Executive Secretary

Doc. No. 004271

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 May 1 through May 8:

**Commission for the 125th, Kansas
State Steering Committee***

Betty Amick, Route 1, Box 8, Cunningham 67035.
Represents Kingman County.

Leta Broadie, Ashland 67831. Represents Clark County.

Laura Carlson, Wilroads Gardens Road, Dodge City 67801. Represents Ford County.

Ellen Clark, 404 E. 7th, Baxter Springs 66713.
Represents Cherokee County.

Dick Claussen, Box 590, Eureka 67045. Represents Greenwood County.

Glenda Davis, HC-1, Box 1B, Hugoton 67951. Represents Stevens County.

Bill Docking, Route 3, Box 928, Arkansas City 67005. Represents Cowley County.

Rex W. Grothusen, 207 Washington, Scott City 67871. Represents Scott County.

Nancy Hawkins, Lebo 66856. Represents Coffey County.

Ernestine Hays, Route 2, Stafford 67578. Represents Stafford County.

Nancy Lane, 555 Margaret, Russell 67665. Represents Russell County.

Pauline Meek, Idana 67453. Represents Clay County.

Phyllis McKay Nelson, Oberlin 67749. Represents Decatur County.

Richard Nienstedt, Box 512, Stockton 67669. Represents Rooks County.

Joy Nikes, Box 160, Hiawatha 66434. Represents Brown County.

Emily Ogle, 270 State St., Phillipsburg 67661. Represents Phillips County.

Nancy Ohnick, Box 969, Meade 67864. Represents Meade County.

Don Phillips, 670 N. Lincoln, Colby 67701. Represents Thomas County.

Susan Ploger, 914 E. 3rd, Kinsley 67547. Represents Edwards County.

Joanne Roth, 2824 Paseo Drive, Great Bend 67530. Represents Barton County.

Ruth Seaton, 400 S. Delaware, Manhattan 66502. Represents Riley County.

Sherry Soelter, 1000 N. Buckeye, Abilene 67410. Represents Dickinson County.

Noel Vetter, 123 N. Mill St., Beloit 67420. Represents Mitchell County.

Jere White, Route 2, Garnett 66032. Represents Anderson County.

Wint Winter, Sr., 306 S. Locust, Ottawa 66067. Represents Franklin County.

* Appointments effective May 2, 1986. All members serve at the pleasure of the Governor.

Wildlife Arts Council, Kansas

(New council established by

1986 HB 2928. Five members to
be appointed by various authorities.)

Rep. Denise Apt, 810 Meadowbrook Road, Iola 66749. Effective July 1, 1986. Appointed by the Speaker of the House.

Sen. Frank Gaines, 1 Belmont Ct., Augusta 67010. Effective July 1, 1986. Appointed by the President of the Senate.

JACK H. BRIER
Secretary of State

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