

KANSAS REGISTER

State of Kansas

BILL GRAVES
Secretary of State

Vol. 6, No. 18

April 30, 1987

Pages 699-778

IN THIS ISSUE	Page
State Board of Examiners in Optometry	
Notice of Examination	701
State Banking Board	
Notice of Meeting	701
Office of the Governor	
Executive Order No. 87-96	701
Northwest Kansas Groundwater Management District No. 4	
Notice of Meeting and Public Hearing	701
State Park and Resources Authority	
Request for Bids for Amphitheater Facilities at El Dorado State Park	701
Kansas Council on Employment and Training	
Notice of Meeting	702
Social and Rehabilitation Services	
Request for Proposals for Social Services	702
Division of Services for the Blind Advisory Committee	
Notice of Meeting	702
Attorney General	
Opinion No. 87-70	702
State Corporation Commission	
Notice of Hearing	703
Public Notice	703
Coordinating Council on Early Childhood Developmental Services	
Notice of Meeting	703
State Board of Education	
Notice of Hearing on State Plan for Community Colleges	704
Department of Health and Environment	
Notice of Hearing on State Priority List	704
Notice of Hearing on Proposed Administrative Regulations	704

(continued)

	Page
The Kansas Lottery	
Request for Proposals for Regional Office Facilities	705
Notice to Bidders for State Purchases	705
Department of Transportation	
Notices to Contractors	706, 708
Notice of Bond Redemption	
Seward County	708, 709
City of Cedarvale	709
City of Wichita	710
City of Newton	710
Saline County	711
Crawford County	712
Labette and Cowley counties	712
Notice of Bond Sale	
U.S.D. 501, Shawnee County	713
New State Laws	
House Bill 2187 , concerning the uniform controlled substances act	715
Senate Bill 373 , concerning the construction defects recovery fund	719
Senate Bill 412 , authorizing the city of McPherson to determine and change the use of certain public grounds within the city	719
House Bill 2580 , concerning hospital district no. 1, Marion county, Kansas	720
Senate Bill 72 , concerning branch banking	720
House Bill 2197 , concerning the county inheritance tax fund	722
House Bill 2561 , making and concerning appropriations	723
House Bill 2360 , providing for the establishment of a Shawnee county fair association	724
House Bill 2550 , concerning the Kansas public employees retirement system; relating to insured death and disability benefits	725
House Bill 2129 , relating to insurance; concerning risk retention and purchasing groups	727
Senate Bill 3 , concerning the state board of agriculture	730
House Bill 2342 , concerning the employment security law	735
House Bill 2467 , concerning the state surplus property program	738
House Substitute for Substitute for Senate Bill 141 , concerning alcoholic beverages	740
House Bill 2582 , concerning certain personnel and financial matters of Kansas, Inc. and Kansas technology enterprise corporation	776

The *Kansas Register* is an official publication of the State of Kansas, published by authority of K.S.A. 75-430. The *Kansas Register* is published weekly by the Kansas Secretary of State, State Capitol, Topeka, KS 66612-1594. One-year subscriptions are \$47.50. Single copies may be purchased, if available, for \$2 each. Second class postage paid at Topeka, KS. ISSN No. 0744-2254.

Postmaster: Send change of address form to Kansas Register, Secretary of State, State Capitol, Topeka, KS 66612-1594.

© Kansas Secretary of State 1987. Reproduction of this publication in its entirety or for commercial purposes is prohibited without prior permission. Official enactments of the Kansas Legislature and proposed and adopted administrative regulations of state agencies may be reproduced in any form without permission.

PUBLISHED BY
BILL GRAVES
Secretary of State
2nd Floor, State Capitol
Topeka, KS 66612-1594



Phone: (913) 296-3489

State of Kansas
BOARD OF EXAMINERS IN OPTOMETRY

NOTICE OF EXAMINATION

Pursuant to K.S.A. 74-1504, the Kansas State Board of Examiners in Optometry will examine applicants for certificates of optometric registration from June 6-9 at the Howard Johnson Motel, Hereford Room, 3839 S. Topeka Blvd., Topeka. For additional information, call (913) 367-4989.

HAROLD A. FRIEDEN, O.D.
 Secretary-Treasurer

Doc. No. 005282

State of Kansas
STATE BANK COMMISSIONER
STATE BANKING BOARD

NOTICE OF MEETING

The State Banking Board will meet at 10 a.m. Monday, May 18, in the conference room of the State Banking Department, 700 Jackson, Suite 300, Topeka. The board reviews matters relating to its supervisory authority set forth in K.S.A. 9-1801 *et seq.*

EUGENE T. BARRETT, JR.
 State Bank Commissioner

Doc. No. 005295

State of Kansas
OFFICE OF THE GOVERNOR
EXECUTIVE ORDER NO. 87-96
OFFER OF REWARD

WHEREAS, John James Kelly, age 87, of Atchison, Kansas, was murdered at his residence in Atchison, Kansas, on April 22, 1984; and

WHEREAS, said killing appears to have been a heinous crime and homicide in violation of the laws of the State of Kansas.

NOW, THEREFORE, by virtue of the authority vested in me by K.S.A. 75-113, I, Mike Hayden, Governor of the State of Kansas, do hereby offer a reward of five thousand dollars (\$5,000.00) for information leading to the apprehension and conviction of the perpetrator(s) of this crime.

This document shall be filed with the Secretary of State as Executive Order No. 87-96, and shall become effective immediately.

Dated April 22, 1987.

MIKE HAYDEN
 Governor
 BILL GRAVES
 Secretary of State

Doc. No. 005330

State of Kansas
NORTHWEST KANSAS GROUNDWATER
MANAGEMENT DISTRICT NO. 4

NOTICE OF MEETING
AND PUBLIC HEARING

The Northwest Kansas Groundwater Management District No. 4 will meet at 10 a.m. C.D.T. Thursday, May 7, in the district office, 1175 S. Range, Colby. General administrative matters and other business will be discussed.

The board will also be holding a public hearing the same day on the 1988 proposed operational budget. The hearing will begin at 1 p.m. C.D.T. in the district office.

WAYNE A. BOSSERT
 Manager

Doc. No. 005302

State of Kansas
PARK AND RESOURCES AUTHORITY

REQUEST FOR PROPOSALS FOR
AMPHITHEATER FACILITIES AT
EL DORADO STATE PARK

Sealed proposals will be received at the office of the State Park and Resources Authority, 900 Jackson, Room 502, Topeka, until 2 p.m. May 15, for the privilege of installing and operating an amphitheater facility at El Dorado State Park in Butler County. A privately financed amphitheater facility is subject to the approval of the Army Corps of Engineers. The amphitheater will be at the location designated by the State Park and Resources Authority. The proposal will be publicly opened and read at the aforesaid time and place.

The proposed sublease includes a permit to finance, construct and operate an amphitheater facility complex consisting of theater facilities (seating area and stage), scenery construction and change rooms-building, parking area and utilities, toilet facilities, landscaping and all ancillary facilities for a minimum period of 25 years. The sublease will be awarded to the bidder or bidders, in the judgment of the State Park and Resources Authority, for the highest responsible bid taking into account the capital expenditures for facilities, experience and past history as shown in statements submitted with proposals.

All bids must be on official proposal forms which may be obtained at the address above between 8 a.m. and 5 p.m., Monday through Friday.

LYNN BURRIS, JR.
 Director

Doc. No. 005325

State of Kansas
DEPARTMENT OF HUMAN RESOURCES
KANSAS COUNCIL ON
EMPLOYMENT AND TRAINING

NOTICE OF MEETING

The Kansas Council on Employment and Training will meet from 9 a.m. to noon Friday, May 8, in the Pozez Education Center, Stormont-Vail Regional Medical Center, 1500 S.W. 10th, Topeka.

The agenda includes:

1. Subcommittee reports.
 - a. Targeted Groups
 - b. Plans Review
 - c. Evaluation
2. Youth Task Force report.

The meeting is open to the public.

DENNIS TAYLOR
 Secretary of Human Resources

Doc. No. 005323

State of Kansas
SOCIAL AND REHABILITATION SERVICES

REQUEST FOR PROPOSALS
FOR SOCIAL SERVICES

The Department of Social and Rehabilitation Services will accept applications for the provision of social services for refugees in Dodge City, Garden City, and Liberal in the areas of crime prevention, services to youth, and special employment efforts. The grant period will be from July 1, 1987 to June 30, 1988.

To be eligible, applicants must meet the definition of a mutual assistance association, in which the organization must be legally incorporated and be non-profit or have applied for non-profit status, and the composition of the board of directors or governing board of the mutual assistance association must be at least 51 percent refugees or former refugees.

All proposals must be submitted in triplicate to the Garden City SRS area office no later than 5 p.m. May 25. Applications received after that date will not be considered.

Instructions for completing the application are described in an RFP packet available on request from the Garden City SRS office or from Phil Gutierrez, Department of Social and Rehabilitation Services, P.O. Box 30, Topeka 66601, (913) 296-3349.

ROBERT C. HARDER
 Secretary of Social and
 Rehabilitation Services

Doc. No. 005318

State of Kansas
SOCIAL AND REHABILITATION SERVICES
DIVISION OF SERVICES FOR THE BLIND
ADVISORY COMMITTEE

NOTICE OF MEETING

The Division of Services for the Blind Advisory Committee will meet at 10 a.m. Friday, May 15, in the Rehabilitation Center for the Blind conference room, 2516 W. 6th, Topeka.

RICHARD A. SCHUTZ
 Director, Division of Services
 for the Blind

Doc. No. 005317

State of Kansas
ATTORNEY GENERAL

Opinion No. 87-70

Oil and Gas—Crude Oil or Petroleum; Production and Sale—Assessment of Costs of Administering 55-601 to 55-613, Disposition of Moneys. Keith R. Henley, Chairman, State Corporation Commission, Topeka, April 16, 1987.

The statutory and regulatory scheme found in K.S.A. 1986 Supp. 55-609(c), 55-711(c) and K.A.R. '82-3-206 imposes an assessment to pay the conservation division expenses and administrative costs. Under this scheme the first purchaser pays the assessment and deducts it from payment of production to producers and royalty owners.

Generally, as a matter of federal constitutional law, the federal government and Indian tribes are exempt from state taxation absent congressional consent. In our judgment there is implicit consent to tax the federal government in 30 U.S.C. § 189, which authorizes a tax against a lessee of the federal government.

This federal statute has been interpreted by the U.S. Supreme Court to authorize the tax against the lessee "as if the government were not concerned." There is also congressional authorization to tax the mineral interests of Indian tribes if the interests result from a lease issued to a non-Indian lessee pursuant to the 1924 Act found in 25 U.S.C. § 398. However, this authorization does not exist in the Indian Mineral Leasing Act of 1938 found in 25 U.S.C. § 396a.

Therefore, Indian mineral interests resulting from a lease issued to a non-Indian lessee pursuant to the 1924 Act are not exempt and those pursuant to the 1938 Act are exempt from the statutory and regulatory scheme in question. Cited herein: K.S.A. 1986 Supp. 55-609, 55-711, U.S. Const., Art. IV, § 3, cl. 2; 30 U.S.C. § 189, 25 U.S.C. §§ 396a; 398. GE

ROBERT T. STEPHAN
 Attorney General

Doc. No. 005320

State of Kansas

STATE CORPORATION COMMISSION**NOTICE OF HEARING**

The State Corporation Commission has set the application of Northern Pump Company for a gas well determination as required by the Natural Gas Policy Act of 1978, Section 108, seasonally affected well, for hearing at 10 a.m. Friday, May 15, in the hearing room of the Conservation Division, 300 Colorado Derby Building, 202 W. 1st, Wichita. This matter has been reopened and remanded to the State Corporation Commission pursuant to a Federal Energy Regulatory Commission order issued May 21, 1986.

The name and location of the well which the applicant seeks to have classified is as follows:

Danner No. A1 well, Northwest Quarter of Section 31, Township 23 South, Range 32 West, Finney County, Kansas.

ANN T. RIDER
Assistant General Counsel

Doc. No. 005300

State of Kansas

STATE CORPORATION COMMISSION**PUBLIC NOTICE**

The State Corporation Commission intends to submit an application to the Federal Energy Regulatory Commission for approval of alternative filing requirements pursuant to 18 CFR 274.207. The alternative filing requirement would allow an operator to apply for eligibility determinations under Section 103 of the Natural Gas Policy Act for additional wells in existing proration units in the Hugoton Field, Chase Group, without repeated submissions of geological and engineering data demonstrating that the additional well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit that cannot be effectively and efficiently drained by any existing well within the proration unit.

The alternative filing would provide substantial evidence on which to base a determination since the pertinent geological and engineering data showing the necessity for a second well in the existing proration unit has already been accumulated during previous hearings under oath.

The commission invites written public comment regarding a proposed alternative filing requirement. Comments should be addressed to Ann T. Rider, Assistant General Counsel, State Corporation Commission, 200 Colorado Derby Building, 202 W. 1st, Wichita 67202, no later than May 15.

ANN T. RIDER
Assistant General Counsel

Doc. No. 005301

State of Kansas

**DEPARTMENT OF HEALTH
AND ENVIRONMENT****COORDINATING COUNCIL ON EARLY
CHILDHOOD DEVELOPMENTAL SERVICES****NOTICE OF MEETING**

A new federal grant will make monies available to Kansas for use in setting up programs to serve handicapped infants and toddlers.

A public meeting to seek input on a grant proposal will be held in conjunction with the Citizen's Advisory Committee meeting at Fort Hays State University on May 5. The public input portion will be held from 1:30-3 p.m. in the Memorial Union, Pioneer Lounge, Fort Hays State University, Hays.

The grant proposal, commissioned by the Coordinating Council on Early Childhood Developmental Services, is the outgrowth of several years' work by local and state officials from Social and Rehabilitation Services, Department of Education, Department of Health and Environment, Department of Administration and State Board of Regents, along with public members such as the Citizen's Advisory Committee.

In 1985 the Coordinating Council on Early Childhood Developmental Services was established by statute and charged with promoting comprehensive service delivery to young children with or at risk for having handicapping conditions and their families in the state of Kansas.

This meeting will be the first of three scheduled across the state before the grant is due in July. The other meetings will be held June 9 in Topeka at the TARC, 17th and Randolph, from 7-9 p.m., and in Wichita on June 4 at City Hall, Board Room, 455 N. Main, from 7-9 p.m.

Copies of the proposal will be available at the public hearings. Written comments will be accepted by those unable to attend. Requests for copies of the grant proposal and comments should be addressed to Judy Moler, Room 905, Landon State Office Building, 900 S.W. Jackson, Topeka 66620-0001.

There is no charge for the meeting. No advance registration is needed.

JACK D. WALKER, M.D.
Secretary of Health
and Environment

Doc. No. 005327

State of Kansas

BOARD OF EDUCATION**NOTICE OF HEARING ON THE STATE
PLAN FOR COMMUNITY COLLEGES**

The Kansas State Board of Education will conduct a public hearing at 1:30 p.m. Tuesday, May 12, in Room 121 of the Kansas State Education Building, 120 E. 10th, Topeka, to consider proposed changes in the Kansas State Plan for Community Colleges. The changes are to become effective July 1, 1987, following adoption by the board and approval by the Governor. The revised state plan relates generally to the following:

The State Plan for Community Colleges is required by Kansas statute for the purpose of developing state goals for Kansas community colleges. The proposed revised plan includes current and complete statutes and regulations that relate to Kansas community colleges. The procedures and forms for new course and program approval also are provided, along with the recently adopted role, scope, and mission statements for community colleges. The intent of assembling information concerning community colleges into one document is to assist trustees, administrators and faculty in the day-to-day operation of the colleges.

Draft copies of the revised plan have been distributed to a subcommittee of the Community College Advisory Council in preparation for review by the entire council. Input also has been solicited from task forces, the Council of Presidents, and deans of instruction.

A copy of the proposed revised plan may be obtained by contacting the secretary of the State Board of Education prior to the date of the hearing.

All interested persons will be given a reasonable opportunity at the hearing to present their views, either orally or in writing, in regard to the proposed plan. Individuals or organizations that cannot appear at the hearing may submit to the secretary of the board at least five days before the hearing their views concerning the proposed plan. All comments received will be considered by the board. The hearing shall be conducted in compliance with the public hearing procedures of the board.

KANSAS STATE BOARD OF EDUCATION
By Bill Musick, Chairman

Doc. No. 005324

State of Kansas

**DEPARTMENT OF HEALTH
AND ENVIRONMENT****NOTICE OF HEARING**

A public hearing to discuss the proposed addition of six projects to the federal fiscal year 1987 priority list will be held at 10 a.m. Tuesday, June 2, at the Topeka-Shawnee County Health Department, 1615 W. 8th, Topeka.

The Bureau of Water Protection has developed rankings for six additional projects to be considered for funding during federal fiscal year 1987. Comments regarding this proposal can be presented at the hearing or in writing prior to the hearing. Written comments and information on the projects can be obtained by contacting Robert Nicholson, Bureau of Water Protection, Kansas Department of Health and Environment, Forbes Field, Building 740, Topeka 66620, (913) 862-9360, ext. 250.

JACK D. WALKER, M.D.
Secretary of Health
and Environment

Doc. No. 005315

State of Kansas

**DEPARTMENT OF HEALTH
AND ENVIRONMENT****NOTICE OF HEARING
ON PROPOSED
ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted at 10 a.m. Friday, May 15, at the Kansas Department of Health and Environment, executive conference room, Building 740, Forbes Field, Topeka, to adopt a temporary and permanent regulation of the Department of Health and Environment, K.A.R. 28-14-2.

The regulation is authorized by K.S.A. 65-156, 65-157 and 65-171m. The amendments will fix the fees for any services rendered to cover the cost of the services in compliance with the House Appropriations Committee.

Copies of the regulation and the fiscal impact statement may be obtained by writing the Kansas Department of Health and Environment, Laboratory Services and Research, Forbes Field, Topeka 66620.

All interested parties may submit written comments prior to the hearing to the address above. Following the hearing, all written and oral comments submitted by interested parties will be considered by the Secretary of Health and Environment as the basis for making changes to the amended regulation.

JACK D. WALKER, M.D.
Secretary of Health
and Environment

Doc. No. 005328

State of Kansas

THE KANSAS LOTTERY**REQUEST FOR PROPOSALS FOR
REGIONAL OFFICE FACILITIES**

The state of Kansas is soliciting proposals for regional facilities to house ticket distribution centers for The Kansas Lottery. Each facility will require 2,000 square feet and be strategically located within the state. There will be three sites selected in addition to the Topeka regional office, which will operate from the general headquarters.

Request for proposals will be available May 4 at the office of The Kansas Lottery, Room 154-W, Docking State Office Building, Topeka 66612. Deadline for receipt of proposals is May 15. For further information, contact Dan Walstrom at (913) 296-1765.

LARRY MONTGOMERY
Executive Director

Doc. No. 005329

State of Kansas

**DEPARTMENT OF ADMINISTRATION
DIVISION OF PURCHASES****NOTICE TO BIDDERS**

Sealed bids for the following items will be received by the Director of Purchases, Landon State Office Building, 900 Jackson, Room 102, Topeka, until 2 p.m. C.D.T. on the date indicated, and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information.

MONDAY, MAY 11, 1987

#27128

Statewide—FAMILY PLANNING
PHARMACEUTICALS AND SUPPLIES

#27522

Kansas Highway Patrol—POLICE TYPE WORK
JACKETS

#27625

Statewide—DESKTOP COMPUTER PRINTERS

#27633

Department of Social and Rehabilitation
Services—CORRUGATED CARTONS

#68539-A

Department of Transportation—PLANT MIX,
various locations

#68889

Department of Revenue—MICROCOMPUTER

#68890

Department of Transportation—PAVEMENT
MARKING TAPE, Olathe

#68891

Department of Transportation—ROTARY SNOW
PLOW, LOADER MOUNTS

#68896

Wichita State University—ELECTRONIC TESTING
APPARATUS

#68904

University of Kansas—HARD
DISK/WORDPERFECT (MAINFRAME)/LASER
PRINTER

#68905

University of Kansas—TURNKEY INTEGRATED
IMAGE PROCESSING GEOGRAPHIC
INFORMATION SYSTEM

#68908

Kansas State University—TRANSFORMER

#68909

Kansas State University—AIR CONDITIONING
UNITS**TUESDAY, MAY 12, 1987**

#A-5607

University of Kansas—PROVIDE CURTAIN WALL
REMODELING, Summerfield Hall, on campus

#A-5636

Department of Transportation—REROOF
(COMPLETE REPLACEMENT) SUB-AREA
BUILDING, Winfield

#27190

University of Kansas Medical Center—
COAGULATION REAGENTS AND SUPPLIES

#27205

University of Kansas—SMALL ANIMAL FEED

#27478

Kansas Correctional Industries—AMORPHOUS
SILICA AND CALCIUM CARBONATE FOR PAINT

#27479

Kansas Correctional Industries—BLENDED
TRAFFIC PAINT THINNER

#27632

Statewide—INTERNAL MICROCOMPUTER
FACSIMILE SYSTEMS

#68906

Larned State Hospital—KITCHEN EQUIPMENT
AND SUPPLIES

#68907

University of Kansas Medical Center—HPLC
COMPONENTS

#68910

University of Kansas Medical Center—PRINTED
FOLDERS

#68911

Department of Transportation—BM-SPECIAL
AGGREGATE, MC-800 CUT BACK ASPHALT,
Riley County

#68912

Department of Transportation—MRA-A
AGGREGATE, Riley County

#68913

Department of Transportation—AB-SPECIAL
AGGREGATE, Marshall County

#68914

Department of Transportation—AB-SPECIAL
AGGREGATE, Kingman County

#68915

Department of Transportation—AB-SPECIAL
AGGREGATE, Osage County

#69816

Department of Revenue—DRY WAXED PAPER
FOR LICENSE PLATE, Wichita

#68932

Kansas State University—MILO

WEDNESDAY, MAY 13, 1987

#27148

Kansas State Penitentiary—HIGH CALCIUM
QUICKLIME

(continued)

#27631

Kansas State Park and Resources Authority—AB-3
AGGREGATE, various locations

#68921

Various state agencies—SALE OF USED
EQUIPMENT

#68922

Department of Transportation—LUBRICATING
OIL, Hutchinson

#68925

University of Kansas Medical Center—LAB
RECORDER

#68926

University of Kansas—TERMINALS—DG MV/20000
COMPATIBLE

#68927

Department of Transportation—SWEEPERS

#68928

Department of Transportation—GRADER BLADES,
Garden City

THURSDAY, MAY 14, 1987

#A-5585

Kansas Neurological Institute—PROVIDE
PNEUMATIC CONTROLS AND AIR COMPRESSOR
UPDATE, Sunflower Lodge, on grounds

#27135

Kansas Fish and Game Commission—PRINTING
OF "KANSAS WILDLIFE" MAGAZINE

#68934

University of Kansas Medical Center—LAB LABELS

#68935

Kansas State Penitentiary—DOORS

#68936

University of Kansas Medical Center—TRACTOR

#68937

Department of Transportation—LOADERS, various
locations

#68940

Department of Revenue—CONTINUOUS
REGISTRATION RENEWAL FORMS AND LABELS

#68941

University of Kansas Medical Center—
INTERFACE-EMBOSSER TO IBM MAINFRAME

#68942

University of Kansas Medical Center—RIBBONS

#68946

Wichita State University—TEMPERATURE
SENSORS AND TRANSDUCERS

#68947

Pittsburg State University—LOCK SETS

#68950

University of Kansas Medical Center; Kansas State
University; Wichita State University; and University of
Kansas—LASER PRINTERS

#68953

Wichita State University—SPECTROMETER

#68954

Kansas State University—FTIR SPECTROMETERS

#68955

University of Kansas—LAB FREEZE DRYER

FRIDAY, MAY 15, 1987

#A-5745

Department of Transportation—CONSTRUCT
PREFAB DOME, CHEMICAL STORAGE
BUILDING, Meade

#68957

Department of Administration, Division of
Printing—PRINTED ENVELOPES—TR-59A

#68961

Kansas Fish and Game Commission—FURNISH
ALL LABOR, MATERIALS AND EQUIPMENT FOR
CONSTRUCTION OF BOATHOUSE, El Dorado
Reservoir

#68962

University of Kansas—SURFACE TESTING
APPARATUS

#68963

Kansas State University—FREEZE DRYING
EQUIPMENT

#68964

Fort Hays State University—PROFESSIONAL
OFFICE SOFTWARE SYSTEM

#68965

Kansas State University—TESTING
EQUIPMENT/VET SCIENCE

MONDAY, MAY 18, 1987

#68949

Department of Social and Rehabilitation
Services—PHARMACY COST REPORT ANALYSIS,
DISPENSING FEE DETERMINATION AND DRUG
PRODUCT COST SURVEY

TUESDAY, MAY 19, 1987

#A-5594 (Rebid)

Osawatomie State Hospital—REROUTE UTILITY
TUNNEL

THURSDAY, MAY 28, 1987

#68917

Department of Social and Rehabilitation
Services—REHABILITATION MANAGEMENT
INFORMATION SYSTEM

FRIDAY, MAY 29, 1987

#27147

University of Kansas Medical Center—AIRCRAFT
INSURANCE

NICHOLAS B. ROACH
Director of Purchases

Doc. No. 005316

State of Kansas**DEPARTMENT OF TRANSPORTATION****NOTICE TO CONTRACTORS**

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.
May 21, 1987, and then publicly opened:

DISTRICT ONE—Northeast

Doniphan—36-22 K-2882-01—U.S. 36, 10 miles east
of the Brown-Doniphan county line southeast to 1
mile east of Troy, 5.5 miles, grading and bridge. (State
Funds)

Johnson—35-46 K-2434-02—I-35, Miami-Johnson
county line, northeast to east of Olathe, 8.3 miles of
pavement reconstruction and 6.7 miles of overlay.
(Federal Funds)

Johnson—635-46 K-2134-04—I-635 and I-35 inter-
change, grading, surfacing and bridge. (Federal
Funds)

Johnson—46 U-0830-01—Woodland Road at Clear Creek in Shawnee, 0.1 mile, bridge replacement. (Federal Funds)

Johnson—46 U-0939-01—Roe Avenue from 121st Street north to 112th in Leawood, 1.3 miles, grading and surfacing. (Federal Funds)

Johnson—46 U-1035-01—Switzer Road at Indian Creek in Overland Park, 0.1 mile, bridge replacement. (Federal Funds)

Osage—70 C-1491-01—County road, 1.2 miles south of Quenemo, then south, 0.1 mile, bridge repair. (Federal Funds)

Riley—18-81 K-2804-01—K-18, Kansas River bridge 31, in Manhattan, bridge repair. (State Funds)

Riley—18-81 U-1120-01—K-18, Fort Riley (K-18) and Richards Drive in Manhattan, traffic signal. (Federal Funds)

Wyandotte—70-105 K-0966-09—I-70 from east of I-635 east to I-670, 1.7 miles, seeding. (Federal Funds)

DISTRICT TWO—Northcentral

Cloud—15 U-0996-01—Tootle Avenue over Chapman Creek in Miltonvale, bridge. (Federal Funds)

Dickinson—21 U-0993-01—5th Street over Solomon River tributary in Solomon, grading and bridge. (Federal Funds)

Ellsworth—27 C-1986-01—County road, 7.2 miles south and 6.3 miles east of Kanopolis, then east, 0.1 mile, bridge replacement. (Federal Funds)

Jewell—45 C-2039-01—County road, 2.0 miles east and 10.9 miles south of Esbon, then south, 0.5 mile, bridge replacement. (Federal Funds)

Jewell—45 C-2042-01—County road, 2.0 miles east and 11.5 miles south of Esbon, then south, 0.2 mile, bridge replacement. (Federal Funds)

Marion—50-57 K-2423-01—U.S. 50, 0.1 mile east of FAS 1410 east to the Marion-Chase county line, 4.0 miles, overlay and widen. (Federal Funds)

Marion—56-57 K-0561-02—U.S. 56, FAS 428 Spur east of Canada east to U.S. 77, 7.2 miles, surfacing. (Federal Funds)

Marion—56-57 K-0562-02—U.S. 56, east junction of K-15 to FAS 428 Spur east of Canada, 6.9 miles, surfacing. (Federal Funds)

Washington—101 C-2151-01—County road, 2.6 miles north and 3.0 miles west of Hanover, then west, 0.1 mile, bridge replacement. (Federal Funds)

DISTRICT FOUR—Southeast

Allen—54-1 M-1478-01—U.S. 54, 790 feet east of U.S. 59 approximately 1,460 feet, 0.3 mile, slide repair. (State Funds)

Greenwood—99-37 M-1462-01—K-99, Otter Creek bridge 30, 5.3 miles north of K-96, bridge repair. (State Funds)

DISTRICT FIVE—Southcentral

Butler—96-8 K-2826-01—K-96, 1.0 mile west of Keighley east to Butler-Greenwood county line, 7.8 miles, grading, surfacing and bridge. (State Funds)

Butler—8 C-2458-01—Kansas Turnpike Authority bridge in Andover, 0.2 mile, grading and bridge (Federal Funds)

Harvey—50-40 K-2594-01—U.S. 50, west Emma Creek bridge 51, 2.1 miles east of K-89, bridge replacement. (Federal Funds)

Harvey—196-40 K-2599-01—K-196, Jester Creek bridge 66, 0.4 mile east of the junction of I-135, bridge replacement. (Federal Funds)

Harvey—40 C-2064-01—Lincoln Street in Hesston, 0.6 mile, grading and surfacing. (Federal Funds)

Kingman—54-48 K-1877-01—U.S. 54, Pratt county line east to Kingman and 0.4 mile east of Kingman, 18.8 miles, grading, surfacing and bridge. (State Funds)

Rice—80 C-2345-01—County road, 5.0 miles east of Lyons, then east, bridge replacement. (Federal Funds)

Sedgwick—87 C-1948-01—County road, 2.8 miles north of Derby, then east, 5.0 miles, surfacing. (Federal Funds)

Sumner—160-96 K-2023-01—U.S. 160, Arkansas River bridge 72 at Oxford, bridge repair. (Federal Funds)

DISTRICT SIX—Southwest

Scott—86 C-2200-01—County road, 0.5 miles south of Shallow Water, then west, 1.0 mile, surfacing. (Federal Funds)

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

Each bidder shall file a sworn statement executed by or on behalf of the person, firm, association or corporation submitting the bid, certifying that such person, firm, association or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the submitted bid. This sworn statement shall be in the form of an affidavit executed and sworn to by the bidder before a person who is authorized by the laws of the state to administer oaths. The required form of the affidavit will be provided by the state to each prospective bidder. Failure to submit the sworn statement as part of the bid-approval package will make the bid nonresponsive and not eligible for award consideration.

Plans and specifications for the projects may be examined at the office of the respective county clerk or at the K.D.O.T. district office responsible for the work.

HORACE B. EDWARDS
Secretary of Transportation

Doc. No. 005265

State of Kansas

DEPARTMENT OF TRANSPORTATION

NOTICE TO CONTRACTORS

Sealed proposals for the construction of road and bridge work in the following Kansas county 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. May 21, 1987, and then publicly opened:

DISTRICT FOUR—Southeast

Cherokee—26-11 K-2810-01—K-26, culvert 507, 3.1 miles north of U.S. 166, culvert. (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 because of race, age, religion, color, sex, handicap or national origin in the award of contracts.

Each bidder shall file a sworn statement executed by or on behalf of the person, firm, association or corporation submitting the bid, certifying that such person, firm, association or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the submitted bid. This sworn statement shall be in the form of an affidavit executed and sworn to by the bidder before a person who is authorized by the laws of the state to administer oaths. The required form of the affidavit will be provided by the state to each prospective bidder. Failure to submit the sworn statement as part of the bid-approval package will make the bid nonresponsive and not eligible for award consideration.

Plans and specifications for the project may be examined at the office of the respective county clerk or at the K.D.O.T. district office responsible for the work.

HORACE B. EDWARDS
Secretary of Transportation

Doc. No. 005326

(Published in the KANSAS REGISTER, April 30, 1987.)

NOTICE OF REDEMPTION

to the holders of
Seward County, Kansas
Single Family Mortgage
Revenue Bonds
1979 Series A
Due December 1, 2004

Notice is hereby given that, pursuant to Section 3.01 of the indenture dated as of September 1, 1979, \$325,000 principal amount of bonds has been drawn by lot from the bonds maturing December 1, 2004 for redemption at par on June 1, 1987.

Coupon bonds of \$5,000 denominations, called in full bearing CUSIP No. 818452-AW4

886	1060	1252
892	1066	1258
898	1072	1270
916	1078	1276
922	1090	1281
934	1096	1285
946	1102	1287
952	1120	1288
958	1126	1290
970	1132	1300
976	1138	1306
982	1156	1312
988	1162	1318
994	1180	1330
1000	1186	1336
1006	1192	1340
1012	1198	1342
1018	1210	1345
1030	1216	1348
1036	1228	1349
1042	1246	1360
1048		

In addition to the coupon bonds listed above, the following fully registered bond is called:

Bond Number	Principal Amount	Amount Called
R-19	\$10,000	\$5,000

Bonds with the December 1, 1987 coupons and all subsequent coupons attached should be presented to one of the offices of the paying agents:

Continental Illinois National Bank
and Trust Company of Chicago
Corporate Trust Operations
30 N. LaSalle St., 16th Floor
Chicago, IL 60697

Kansas State Bank & Trust Company
Trust Department
123 N. Market
Wichita, KS 67202

Coupons for the June 1, 1987 interest should be detached and presented in the usual manner. Interest on the bonds called for redemption will cease to accrue on June 1, 1987.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payment of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated May 1, 1987.

Seward County, Kansas
by Continental Illinois National Bank
and Trust Company of Chicago, Trustee

Doc. No. 005298

(Published in the KANSAS REGISTER, April 30, 1987.)

**NOTICE OF REDEMPTION
to the holders of
Seward County, Kansas
Single Family Mortgage
Revenue Bonds
1980 Series A
Due December 1, 1986/2011**

Notice is hereby given that, pursuant to Section 3.01 of the indenture dated as of April 1, 1980, \$1,175,000 principal amount of bonds has been drawn by lot for redemption at par on June 1, 1987.

**Coupon bonds, called in full, \$5,000 each,
bearing CUSIP No. 818452 and Suffix:**

BFO	339	580	819	1059	1299
94	345	585	825	1065	1305
BG8	351	591	831	1071	1311
112	357	597	837	1077	1317
BH6	363	603	843	1083	1323
127	369	609	849	1090	1329
131	375	615	855	1095	1335
BJ2	381	621	861	1101	1341
147	387	627	867	1107	1347
153	393	633	873	1113	1353
159	399	639	879	1119	1359
165	405	645	885	1125	1401
171	411	652	891	1131	1407
177	417	657	897	1137	1413
183	423	663	903	1143	1419
189	430	669	909	1149	1425
195	435	675	916	1155	1431
201	441	681	921	1161	1437
207	447	687	927	1167	1443
214	453	693	933	1173	1449
219	459	699	939	1179	1455
225	465	705	945	1185	1461
231	471	711	951	1191	1467
237	477	717	957	1197	1473
243	483	723	963	1203	1479
249	489	729	969	1209	1485
255	495	735	975	1215	1491
261	502	741	981	1221	1497
267	507	747	987	1227	1503
273	513	753	993	1233	1509
279	519	759	999	1239	1515
285	525	765	1005	1245	1521
291	531	771	1011	1251	1528
297	537	777	1017	1257	1533
303	543	783	1023	1263	1539
309	549	789	1029	1269	1545
315	555	795	1035	1277	1551
321	561	801	1041	1281	1557
327	567	807	1047	1287	1563
333	573	813	1053	1293	

Bonds with the December 1, 1987 coupons and all subsequent coupons attached should be presented to one of the offices of the paying agents:

Continental Illinois National Bank
and Trust Company of Chicago
Corporate Trust Operations
30 N. LaSalle St., 16th Floor
Chicago, IL 60697

Security National Bank
of Kansas City
Bond Operations
One Security Plaza, P.O. Box 1250
Kansas City, KS 66112

Coupons for the June 1, 1987 interest should be detached and presented in the usual manner. Interest on the bonds called for redemption will cease to accrue on June 1, 1987.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payment of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated May 1, 1987.

Seward County, Kansas
by Continental Illinois National Bank
and Trust Company of Chicago, Trustee

Doc. No. 005299

(Published in the KANSAS REGISTER, April 30, 1987.)

**NOTICE OF REDEMPTION
City of Cedarvale, Kansas
Industrial Revenue Bonds
(Cedarvale Hospital, Inc.)
Dated June 1, 1972**

Notice is hereby given to the holders of the city of Cedarvale, Kansas, industrial revenue bonds, Series 1972 (Cedarvale Hospital, Inc.), maturing on June 1, 1988 and thereafter, that the city of Cedarvale, Kansas and the Cedarvale Hospital, Inc. have elected to redeem all bonds maturing on or after June 1, 1988 and that said bonds are hereby called for redemption on June 1, 1987. On such date, each of the aforesaid bonds shall become due and payable at a redemption price equal to 105 percent of the principal amount thereof, plus accrued interest thereon to June 1, 1987, and from and after such redemption date interest shall cease to accrue and be payable on said bonds.

Payment of bonds to be redeemed will be made at the principal office of the trustee and paying agent, BANK IV Wichita, N.A., 100 N. Broadway, Attn: Corporate Trust Department, Wichita, KS 67202, upon presentation and surrender of said bonds, together with all coupons, if any, appertaining thereto maturing on or after the redemption date. Coupons maturing on June 1, 1987 should be surrendered with said bonds. Tax Identification Form W-9 or an exemption certificate is required or backup withholding tax may be withheld from the payment.

Dated April 21, 1987.

BANK IV Wichita, National Association
Wichita, Kansas Fiscal Agent
Trustee and Paying Agent

Doc. No. 005321

(Published in the KANSAS REGISTER, April 30, 1987.)

NOTICE OF PARTIAL REDEMPTION

**City of Wichita, Kansas
Industrial Revenue Bonds
Series XXII, 1981
(P.C. Warehouse, Inc.)**

Notice is hereby given pursuant to the provisions of Ordinance No. 37-613 adopted by the governing body of the city of Wichita, Kansas, on December 22, 1981, that \$6,200,000 aggregate principal amount of the city of Wichita, Kansas, industrial revenue bonds, Series XXII, 1981 (P.C. Warehouse, Inc.), have been called for redemption on June 1, 1987 at a redemption price of 105 percent of the principal amount thereof plus interest accrued to the redemption date. In accordance with Ordinance No. 37-613, the following bonds have been called as of June 1, 1987:

Maturity Date	Interest Rate	Registered Bonds Numbered	Coupon Bonds Numbered	CUSIP Numbers	
December 1, 1988	11.50%	R- 4	262- 309	967256SQ3	
		R-30	314- 323		
December 1, 1989	11.75%	R- 6	324- 334	967256SR0	
			337-416		
December 1, 1990	12.00%	R- 5	417- 454	967256SS8	
			R- 7		456
			R- 8		458- 492
December 1, 1991	12.25%	R- 9	494- 520	967256ST6	
			521- 595		
December 1, 1992	12.50%	R-10	598- 638	967256SU3	
			R-11		639- 651
			R-12		653- 671
			R-22		674- 727
			R-23		730- 771
			R-13		773-1041
			R-14		1045-1046
December 1, 1996	13.00%	R-15	1048-1055	967256SV1	
			R-17		1057-1156
			R-18		1169-1179
			R-19		1181-1188
			R-20		1190-1205
			R-21		1208-1212
			R-24		1218-1225
			R-25		1237-1238
					1246

All such coupon bonds together with unmatured coupons thereunto appertaining and all such registered bonds should be presented for payment on the redemption date to the Union National Bank of Wichita, as fiscal agent for such bonds, located at 150 N. Main, Wichita. The method of presentation and delivery of such bonds to the fiscal agent is at the option and risk of the owners of each bond. If mail is used, insured registered mail, return receipt requested, is suggested.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of principal or interest on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Owners of the above-described bonds who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their bonds for payment.

On and after June 1, 1987, interest on all such bonds called for redemption shall cease to accrue.

Such partial redemption of such bonds is conditional and is subject to the deposit of the redemption moneys with Union National Bank of Wichita not later than the opening of business on the redemption date. This notice of redemption shall be of no effect unless such moneys are so deposited.

Dated April 30, 1987.

UNION NATIONAL BANK OF WICHITA
as fiscal agent on behalf of the
City of Wichita, Kansas

Doc. No. 005331

(Published in the KANSAS REGISTER, April 30, 1987.)

**NOTICE OF CALL FOR REDEMPTION
to the holders of**

**City of Newton, Kansas
Industrial Revenue Bonds
(Newton Professional Centre Partnership)
\$1,000,000—Series 1982A
Dated June 1, 1982**

Notice is hereby given that, pursuant to the provisions of Section 4 of Ordinance No. 3616 of the city of Newton, Kansas, duly adopted May 19, 1982, the above-mentioned bonds maturing June 1, 1988 and thereafter and all unmatured coupons appertaining thereto have been called for redemption and payment on June 1, 1987 at the principal corporate trust office of the Southwest National Bank of Wichita, Wichita, Kansas.

Bond No.	Maturity Date	Principal Amount	Interest Rate
25 to 40	06-1-1988	\$ 80,000	11.50%
41 to 60	06-1-1989	100,000	11.75%
61 to 84	06-1-1990	120,000	12.00%
85 to 112	06-1-1991	140,000	12.00%
113 to 200	06-1-1992	440,000	12.00%

On such redemption date there shall become due and payable upon the presentation and surrender of each such bond the redemption price thereof equal to 102 percent of the principal amount of each bond, together with interest accrued to the redemption date (upon the presentation and surrender of each such bond and appropriate coupons appertaining thereto). Interest shall cease to accrue on the bonds so called for redemption from and after June 1, 1987, provided that sufficient funds for redemption are on deposit with the trustee and paying agent.

The Southwest National Bank
of Wichita, Kansas, as trustee

Doc. No. 005322

(Published in the KANSAS REGISTER, April 30, 1987.)

NOTICE OF REDEMPTION
Saline County, Kansas
Single Family Mortgage
Revenue Bonds
1980 Series A

Serial Bonds Due December 1, 1987-1996
Term Bonds Due December 1, 2010

Notice is hereby given that pursuant to Section 3.01 of the trust indenture dated April 15, 1980, \$1,815,000 principal amount of the bonds, as listed below, are called for redemption on June 1, 1987 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date.

The serial numbers of the coupon bonds at \$5,000 each to be redeemed in full, bearing CUSIP No. 795165 and Suffix:

AG4	AMI	745	AW9	1345	1821
214	484	752	1037	1352	1828
222	491	761	1044	1359	1835
230	498	766	1051	1366	1842
238	505	ARO	1058	1373	1849
249	514	788	1067	1456	1856
AH2	519	795	1079	1464	1863
258	526	802	1086	1471	1870
265	533	809	1093	1478	1877
272	AN9	818	1100	1499	1884
279	551	823	1107	1513	2976
288	558	830	1114	1660	2990
293	566	837	1121	1667	3004
AJ8	572	844	1135	1674	3018
308	579	851	1142	1681	3032
315	587	858	1149	1688	3046
322	593	AW9	1163	1695	3067
329	600	883	1170	1702	3074
336	609	890	1177	1709	3081
344	AP4	904	1184	1716	3116
AK5	623	911	1191	1723	3123
362	630	918	1198	1730	3130
369	638	925	1205	1737	3137
377	644	932	1212	1744	3144
383	654	939	1219	1751	3158
390	658	946	1226	1758	3165
397	665	953	1233	1765	3186
405	672	960	1247	1772	3193
AL3	679	967	1261	1779	3200
422	687	974	1268	1786	3207
429	AQ2	981	1275	1793	AW9
437	703	988	1303	AW9	3214
445	710	995	1310	1800	3235
450	718	1009	1317	1807	3249
458	724	1016	AW9	1814	3256
464	731	1023	1331		
472	739	1030	1338		

The serial numbers of the registered bonds to be redeemed in whole or in part and the principal amounts to be redeemed are as follows:

Registered Bond Number	Bond Amount	CUSIP Number	Amount Called
R 95	\$ 15,000	795165AQ2	\$10,000
R 87	30,000	795165AW9	5,000
R478	100,000	795165AW9	5,000
R480	100,000	795165AW9	15,000
R481	100,000	795165AW9	10,000
R482	100,000	795165AW9	10,000
R483	100,000	795165AW9	25,000
R484	100,000	795165AW9	5,000
R485	100,000	795165AW9	20,000

R486	100,000	795165AW9	25,000
R487	100,000	795165AW9	20,000
R 91	455,000	795165AW9	40,000
R 13	100,000	795165AW9	25,000
R 14	100,000	795165AW9	25,000
R 15	100,000	795165AW9	5,000
R 16	100,000	795165AW9	30,000
R 17	100,000	795165AW9	20,000
R 19	100,000	795165AW9	5,000
R 20	100,000	795165AW9	15,000
R 21	100,000	795165AW9	15,000
R 22	100,000	795165AW9	15,000
R 23	100,000	795165AW9	25,000
R 24	100,000	795165AW9	20,000
R 25	100,000	795165AW9	25,000
R 26	100,000	795165AW9	20,000
R 27	100,000	795165AW9	30,000
R 28	100,000	795165AW9	5,000
R374	45,000	795165AW9	5,000
R457	100,000	795165AW9	10,000
R458	100,000	795165AW9	35,000
R459	100,000	795165AW9	20,000
R460	100,000	795165AW9	10,000
R461	100,000	795165AW9	10,000
R462	100,000	795165AW9	15,000
R463	100,000	795165AW9	5,000
R464	100,000	795165AW9	5,000
R465	100,000	795165AW9	15,000
R467	100,000	795165AW9	10,000
R468	100,000	795165AW9	20,000
R469	100,000	795165AW9	5,000
R470	100,000	795165AW9	10,000
R 84	60,000	795165AW9	20,000
R489	100,000	795165AW9	20,000
R490	100,000	795165AW9	20,000
R491	100,000	795165AW9	20,000
R492	100,000	795165AW9	10,000
R493	100,000	795165AW9	25,000
R494	100,000	795165AW9	20,000
R495	100,000	795165AW9	20,000

On June 1, 1987, all bonds designated for redemption will become due and payable upon presentation thereof to the office of the paying agent.

Registered bonds and coupon bonds with the December 1, 1987 coupon and all subsequent coupons attached should be presented to the office of the paying agent at the Continental Illinois National Bank and Trust Company of Chicago, Corporate Trust Operations, 30 N. LaSalle St., 16th Floor, Chicago, IL 60697.

Each holder whose bond has been redeemed in part will receive a new bond for the unredeemed portion. Interest on the bonds or portions of bonds called for redemption will cease to accrue on June 1, 1987.

Coupons for June 1, 1987 should be detached and presented in the usual manner.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated April 14, 1987.

By Continental Illinois National Bank and Trust Company of Chicago, Trustee

Doc. No. 005297

(Published in the KANSAS REGISTER, April 30, 1987.)

NOTICE OF REDEMPTION
Crawford County, Kansas
Single Family Mortgage
Revenue Bonds
1980 Series A
Due December 1, 2003

Notice is hereby given that \$410,000 principal amount of the bonds, as listed below, are called for redemption on June 1, 1987 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date.

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

1150	1278	1358	1464	1519	1596
1155	1289	1363	1466	1523	1601
1162	1298	1372	1470	1533	1608
1169	1310	1379	1475	1543	1616
1177	1313	1385	1481	1547	1624
1183	1320	1390	1484	1554	1631
1239	1323	1398	1485	1561	1638
1247	1331	1403	1496	1568	1643
1255	1337	1452	1501	1575	1652
1264	1346	1455	1507	1583	1661
1267	1352	1460	1512	1589	1668
1269					

The serial numbers of the registered bonds to be redeemed in whole or in part and the principal amount to be redeemed are as follows:

Bond Number	Total Principal	Amount Called
R 47	5,000	5,000
R 48	120,000	30,000
R337	35,000	20,000
R346	10,000	5,000
R349	75,000	15,000

On June 1, 1987, all bonds designated for redemption will become due and payable upon presentation thereof at the address of the trustee given below. On and after June 1, 1987, interest on the principal amount called for redemption shall cease to accrue.

Bonds should be presented for payment in person or by mail at the following addresses:

Continental Illinois National Bank
 and Trust Company of Chicago
 Corporate Trust Operations
 30 N. LaSalle St., 16th Floor
 Chicago, IL 60697

Kansas State Bank and Trust Co.
 (Co-Trustee)
 Trust Department
 123 N. Market
 Wichita, KS 67202

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification

numbers when presenting their securities for collection.

Dated April 30, 1987.

By Continental Illinois National Bank
 and Trust Company of Chicago, Trustee

Doc. No. 005296

(Published in the KANSAS REGISTER, April 30, 1987.)

NOTICE OF REDEMPTION
Labette County
and
Cowley County, Kansas
Single Family Mortgage
Revenue Bonds
(Multiple Originators and Services)
1981 Series A

Notice is hereby given that \$2,125,000 principal amount of the bonds, as listed below, are called for redemption on June 1, 1987 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date.

Coupon bonds of \$5,000 denominations called in full, bearing CUSIP No. 505385 and Suffix:

AF1	2024	3367	4383	5119	5647
257	2027	3383	4407	5127	5655
AH7	2034	3391	4423	5135	5663
404	2037	3407	4431	5143	5671
AJ3	2049	3415	4439	5167	5679
487	2050	3423	4447	5175	5687
AK0	2055	3431	4463	5195	5695
593	2057	3439	4479	5196	5703
AL8	2060	3447	4495	5197	5711
723	2061	3455	4511	5198	5719
AM6	2066	3471	4519	5199	5727
844	2069	3479	4527	5207	5735
858	2071	3495	4535	5215	5743
883	2073	3511	4551	5223	5751
884	2074	3519	4567	5224	5759
942	2076	3527	4583	5225	5775
959	2077	3543	4599	5226	5783
AQ7	2079	3551	4615	5227	5791
1530	2080	3559	4631	5228	5799
1532	2081	3567	4647	5229	5807
1537	2085	3599	4663	5239	5815
1577	2086	3607	4671	5247	5823
1622	2087	3615	4679	5255	5831
1641	2089	3639	4695	5263	5839
1740	2090	3663	4711	5271	5847
1782	2093	3687	4727	5279	5855
1790	2094	3703	4743	5295	5863
1793	2095	3727	4759	5311	5871
1800	2096	3747	4775	5319	5879
1821	2101	3769	4783	5327	5887
1843	2102	3783	4791	5335	5895
1847	2103	3799	4799	5343	5903
1855	2104	3823	4807	5351	5911
1860	2108	3839	4815	5359	5919
1866	2109	3855	4823	5367	5927
1872	2110	3871	4831	5375	5935
1877	2111	3887	4839	5383	5943
1884	2112	3903	4847	5391	5951
1891	2114	3919	4855	5399	5959
1903	2115	3935	4863	5407	5967
1905	2116	3951	4871	5415	5975
1906	2118	3967	4879	5423	5983
1912	2119	3983	4887	5431	5991
1914	2121	3999	4895	5439	5999
1916	2122	4015	4903	5447	6007

(Published in the KANSAS REGISTER, April 30, 1987.)

**NOTICE OF BOND SALE
UNIFIED SCHOOL DISTRICT 501
SHAWNEE COUNTY, KANSAS
GENERAL OBLIGATION ASBESTOS BONDS
SERIES A, 1987**

Pursuant to K.S.A. 1986 Supp. 10-106, Unified School District 501, Shawnee County, Kansas, will receive sealed bids in the Board of Education office, 424 S.W. 24th, Topeka 66611 until 7:30 p.m. C.D.T. on Wednesday, May 6, 1987, for \$1,000,000 par value general obligation asbestos bonds, Series A, 1987, of the district, at which time and place such bids shall be publicly opened. No oral or auction bids will be considered.

Details of the Bonds

The Series A, 1987 bonds will be dated as of June 1, 1987, and shall mature on October 1 in each of the years and in the amounts set forth below. Such bonds shall consist of fully registered certificated bonds each in the denomination of \$5,000 or integral multiples thereof, not exceeding the principal amount of bonds maturing in each year. Interest will be payable semi-annually, commencing April 1, 1988, and each October 1 and April 1 thereafter. The principal and premium, if any, on the bonds shall be payable in lawful money of the United States of America at the principal office of the Treasurer of the State of Kansas (the paying agent and bond registrar) to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month next preceding the interest payment dates (the record dates). The fees of the bond registrar for registration and transfer of the bonds shall be paid by the district.

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

Principal Maturing	Maturity Date
\$180,000	October 1, 1988
\$190,000	October 1, 1989
\$200,000	October 1, 1990
\$210,000	October 1, 1991
\$220,000	October 1, 1992

All of said bonds shall become due without option of prior payment.

Interest Rates

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidder. The same rate shall apply to all bonds of the same maturity. Each interest rate shall be in an even multiple of 1/8 or 1/20 of 1 percent. The difference between the highest and lowest interest rate shall not exceed 2 percent. No interest rate shall exceed the maximum interest rate allowed by Kansas law, said rate being the 20 bond index of tax-exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which

(continued)

1923	2123	4031	4911	5455	6015
1925	2124	4047	4919	5463	6023
1933	AR5	4063	4927	5471	6031
1934	3095	4079	4935	5479	6039
1939	3111	4087	4943	5487	6047
1944	3119	4095	4951	5495	6055
1950	3127	4111	4959	5503	6063
1951	3143	4127	4967	5511	6071
1955	3159	4135	4975	5519	6079
1957	3167	4143	4983	5527	6087
1960	3183	4159	4991	5535	6095
1961	3199	4175	4999	5543	6103
1969	3215	4191	5007	5551	6111
1972	3223	4207	5015	5553	6119
1976	3231	4223	5023	5559	6127
1981	3247	4239	5031	5567	6135
1984	3255	4247	5039	5575	6143
1990	3271	4255	5047	5583	6151
1992	3279	4271	5055	5591	6159
1999	3287	4287	5063	5599	6167
2000	3303	4303	5071	5607	6175
2004	3311	4319	5079	5615	6183
2006	3319	4335	5087	5623	6191
2012	3335	4351	5095	5631	6199
2017	3343	4359	5103	5639	6207
2021	3359	4367	5111		

In addition to the coupon bonds listed above, the following fully registered bonds due June 1, 2002 are called as shown below bearing CUSIP No. 505385AR5:

Bond Number	Total Principal	Amount Called
R 26	\$10,000	\$ 5,000
R 29	5,000	5,000
R 33	50,000	15,000
R140	70,000	5,000
R178	20,000	5,000
R186	20,000	5,000
R193	25,000	5,000

On June 1, 1987, all bonds designated for redemption will become due and payable upon presentation thereof at the address of the trustee given below. On and after June 1, 1987, interest on the principal amount called for redemption shall cease to accrue.

Bonds should be presented for payment in person or by mail at the Continental Illinois National Bank and Trust Company of Chicago, Corporate Trust Operations, 30 N. LaSalle St., 16th Floor, Chicago, IL 60697.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated April 30, 1987.

By Continental Illinois National Bank and Trust Company of Chicago, Trustee

Doc. No. 005332

the bonds are sold, plus 2 percent, and no bid of less than par and accrued interest will be considered. Bids for less than the entire issue of bonds will not be considered.

Bid Form and Good Faith Deposit

Each bid shall be accompanied by a good faith deposit in the form of a cashier's or certified check in the amount of \$20,000 made payable to the order of the district. In the event a bidder whose bid is accepted shall fail to carry out his contract of purchase, the amount of said deposit shall be retained by the school district as liquidated damages. The checks of unsuccessful bidders will be returned promptly.

Award of Bids

The sealed bids for the bonds shall be opened publicly and only at the time and place specified in this notice, and the bonds will be sold to the best bidder. The district reserves the right to reject any and all of the bids and to waive any irregularities. The bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the district, and the net interest cost will be determined by deducting the amount of any premiums paid from the aggregate amount of interest upon all of the bonds from their date until their respective maturities. In the event more than one bid is received at the same net interest cost, the unsuccessful bidder will be selected by lot.

Delivery of the Bonds

The bonds, duly printed, executed and registered, will be furnished and paid for by the district, and the bonds will be sold subject to the unqualified approving opinion of Fred W. Rausch, Jr., bond counsel, Topeka, Kansas. The cost of said legal opinion will be paid by the district. The numbers, denominations of the bonds and the name of the initial registered owners to be initially printed on the bonds shall be submitted in writing by the successful bidder to the bond registrar not later than May 28, 1987. The purchaser will be furnished with a complete transcript of proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds will be made in immediately available funds. Delivery of the bonds will be made to the successful bidder on or about June 15, 1987, at any bank in the state of Kansas or Kansas City, Missouri, at the expense of the district. Delivery elsewhere will be made at the expense of the purchaser.

Authority and Security for the Bonds

The bonds are being used pursuant to the provisions of K.S.A. 1986 Supp. 12-5401 *et seq.* The bonds will be general obligations of the school district, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount on all the taxable tangible property within the school district.

Purpose of Issue

The bonds are being issued for the purpose of re-

moving asbestos from various buildings in the school district. The total estimated projected cost of said improvements is \$1,500,000, of which \$1,000,000 is being funded by the proceeds of this issue. The balance, \$500,000, will be paid from the school district's capital outlay levy fund.

CUSIP Identification 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 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 county.

Legal Opinion and Tax Exemption

The bonds will be sold subject to the legal opinion of Fred W. Rausch, Jr., Topeka, Kansas, bond counsel, 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.

On October 22, 1986, the Tax Reform Act of 1986 became effective, which redesignates the Internal Revenue Code of 1954 as the Internal Revenue Code of 1986. The 1986 code imposes certain additional requirements and restrictions which must be met subsequent to the issuance of state and local government obligations in order to maintain the exemption from federal income taxation of the interest on such obligations. The school district will covenant in the bond resolution to comply with the provisions of the Act and to take all action as may be necessary to comply with the Act and all applicable future law to preserve the tax-exempt status of the bonds, to the extent such actions can be taken by the school district.

In the opinion of Fred W. Rausch, Jr., Topeka, Kansas, bond counsel, under existing law, statutes, regulations, rulings and judicial decisions, assuming continued compliance by the school district with the terms of the bond resolution, the bonds are exempt from intangible personal property taxes levied by Kansas counties, cities or townships, and the interest on the bonds is exempt from federal income taxation except as follows:

- (a) For taxable years beginning in the years 1987, 1988 and 1989, the interest on the bonds will be included in the adjusted net book income of corporations. For purposes of computing the corporate alternative minimum tax, a corporation's alternative minimum taxable income must be increased by 50 percent of the amount by which such corporation's adjusted net book income exceeds such corporation's alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). For taxable years beginning after 1989, the use of "book income" will be replaced by "adjusted current earnings," and "50%" will be replaced by "75%."

(b) For taxable years beginning after December 31, 1986, property and casualty insurance companies will be required to reduce their deduction for losses incurred on insurance contracts by 15 percent of the amount of interest received or accrued on tax-exempt obligations acquired after August 7, 1986, including the bonds.

(c) For taxable years ending after December 31, 1986, banks and thrift institutions will be unable to deduct any portion of their interest expenses allocable to purchasing and carrying tax-exempt obligations acquired after August 7, 1986, including the bonds.

H.R. 2005, the Superfund Amendments and Reauthorization Act of 1986, which was enacted on October 17, 1986, includes among its provisions the imposition of a new environmental tax. Calculation of the tax is to be based generally on a percentage of the corporate alternative minimum taxable income as defined in the 1986 code which would include interest on tax-exempt obligations, including the bonds. The amount of tax is equal to 0.12 percent of excess of the alternative minimum taxable income (without regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax, but is deductible from gross income. The environmental tax is effective for taxable years beginning after 1991. The imposition of this environmental tax could result in additional taxation of interest on the bonds for certain bondowners.

Qualified Tax-Exempt Obligations

The Tax Reform Act of 1986 provides that banks and thrift institutions would be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations (with certain exceptions) if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired after August 7, 1986. The Act provides that certain "qualified tax-exempt obligations" as defined in Section 902(b)(3) will be treated as having been acquired on August 7, 1986. The school district will covenant to take such actions as are necessary to designate the Series A, 1987 bonds as "qualified tax-exempt obligations" described above. The school district does not intend to issue bonds in excess of \$10,000,000 in calendar year 1987.

Assessed Valuation

Assessed valuation for U.S.D. 501, Shawnee County, (Topeka) Kansas, for the year 1987, is as follows:

Equalized assessed valuation of taxable tangible property	\$322,950,350
Tangible valuation of motor vehicles	\$ 64,376,346
Equalized assessed tangible valuation for computation of bonded debt limitations	\$387,326,696

Bonded Indebtedness

The total bonded indebtedness of the county, at the date hereof, including this \$1,000,000 issue, is \$1,000,000.

Bond Rating

The school district does not intend to apply for a rating of these bonds.

Additional Information

Additional copies of this notice of sale and further information may be received from the office of Unified School District 501, 624 S.W. 24th, Topeka, KS 66611, or from Fred W. Rausch, Jr., bond counsel, Suite 201, 220 S.W. 33rd, Topeka, KS 66611.

Dated April 20, 1987.

UNIFIED SCHOOL DISTRICT 501
Shawnee County, Kansas (Topeka)
By Michael D. Tribbey
Clerk of the Board of Education

Doc. No. 005319

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2187

AN ACT concerning the uniform controlled substances act; relating to the scheduling of certain substances; concerning registration requirements; amending K.S.A. 65-4116 and K.S.A. 1986 Supp. 65-4105, 65-4107 and 65-4127b and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 65-4105 is hereby amended to read as follows: 65-4105. (a) The controlled substances listed in this section are included in schedule I and the number set forth opposite each drug or substance is the DEA controlled substances code which has been assigned to it.

(b) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, whenever the existence of these isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) Acetylmethadol	9601
(2) Allylprodine	9602
(3) Alphacetylmethadol	9603
(4) Alphameprodine	9604
(5) Alphemethadol	9605
(6) Alpha-methylfentanyl (N-[1-(alpha-methyl-beta-phenyl)ethyl-4-piperidyl] propionanilide; 1-(1-methyl-2-phenylethyl)-4-(N-propanilido) piperidine)	9814
(7) Benzethidine	9606
(8) Betacetylmethadol	9607
(9) Betameprodine	9608
(10) Betamethadol	9609
(11) Betaprodine	9611
(12) Clonitazene	9612
(13) Dextromoramide	9613
(14) Diampromide	9615
(15) Diethylthiambutene	9616
(16) Difenoxin	9618
(17) Dimenoxadol	9617
(18) Dimepheptanol	9618
(19) Dimethylthiambutene	9619
(20) Dioxaphetyl butyrate	9621
(21) Dipipanone	9622
(22) Ethylmethylthiambutene	9623
(23) Etonitazene	9624
(24) Etoxeridine	9625
(25) Furethidine	9626
(26) Hydroxypethidine	9627
(27) Ketobemidone	9628
(28) Levomoramide	9629
(29) Levophenacetyl-morphane	9631
(30) Morpheridine	9632
(31) Noracymethadol	9633
(32) Norlevorphanol	9634
(33) Normethadone	9635
(34) Norpipanone	9636
(35) Phenadoxone	9637
(36) Phenampromide	9638
(37) Phenomorphan	9647
(38) Phenoperidine	9641

(continued)

(39) Piritramide	9642
(40) Proheptazine	9643
(41) Properidine	9644
(42) Propiram	9649
(43) Racemoramide	9645
(44) Tilidine	9750
(45) Trimeperidine	9646

(c) Any of the following opium derivatives, their salts, isomers and salts of isomers, unless specifically excepted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

(1) Acetorphine	9319
(2) Acetyldihydrocodeine	9051
(3) Benzylmorphine	9052
(4) Codeine methylbromide	9070
(5) Codeine-N-Oxide	9053
(6) Cyprenorphine	9054
(7) Desomorphine	9055
(8) Dihydromorphine	9145
(9) Drotebanol	9335
(10) Etorphine (except hydrochloride salt)	9056
(11) Heroin	9200
(12) Hydromorphanol	9301
(13) Methyldesorphine	9302
(14) Methyldihydromorphine	9304
(15) Morphine methylbromide	9305
(16) Morphine methylsulfonate	9306
(17) Morphine-N-Oxide	9307
(18) Myrophine	9308
(19) Nicocodeine	9309
(20) Nicomorphine	9312
(21) Normorphine	9313
(22) Pholcodine	9314
(23) Thebacon	9315

(d) Any material, compound, mixture or preparation which contains any quantity of the following hallucinogenic substances, their salts, isomers and salts of isomers, unless specifically excepted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

(1) 4-bromo-2,5-dimethoxy-amphetamine	7391
Some trade or other names: 4-bromo-2,5-dimethoxy-alpha-methylphenethylamine; 4-bromo-2,5-DMA.	
(2) 2,5-dimethoxyamphetamine	7396
Some trade or other names: 2,5-dimethoxy-alpha-methylphenethylamine; 2,5-DMA.	
(3) 4-methoxyamphetamine	7411
Some trade or other names: 4-methoxy-alpha-methylphenethylamine; paramethoxyamphetamine; PMA.	
(4) 5-methoxy-3,4-methylenedioxy-amphetamine	7401
(5) 4-methyl-2,5-dimethoxy-amphetamine	7395
Some trade or other names: 4-methyl-2,5-dimethoxy-alpha-methylphenethylamine; "DOM"; "STP".	
(6) 3,4-methylenedioxy amphetamine	7400
(7) 3,4,5-trimethoxy amphetamine	7390
(8) Bufotenine	7433
Some trade or other names: 3-(Beta-Dimethyl-aminoethyl)-5-hydroxyindole; 3-(2-dimethyl-aminoethyl)-5-indolol; N,N-dimethylserotonin; 5-hydroxy-N,N-dimethyltryptamine; mappine.	
(9) Diethyltryptamine	7434
Some trade or other names: N,N-Diethyltryptamine; DET.	
(10) Dimethyltryptamine	7435
Some trade or other names: DMT.	
(11) Ibogaine	7260
Some trade or other names: 7-Ethyl-6,6Beta,7,8,9,10,12,13-octahydro-2-methoxy-6,9-methano-5H-pyrido [1,2:1,2] azepino [5,4-b] indole; Tabernanthe iboga.	
(12) Lysergic acid diethylamide	7315
(13) Marijuana	7360
(14) Mescaline	7381
(15) Parahexyl	7374
Some trade or other names: 3-Hexyl-1-hydroxy-7,8,9,10-tetrahydro-6,6,9-trinethyl-6H-dibenzo- [b,d]pyran; Synhexyl.	
(16) Peyote	7415
Meaning all parts of the plant presently classified botanically as <i>Lophophora williamsii</i> Lemaire, whether growing or not, the seeds thereof, any extract from any part of such plant, and every compound, manufacture, salts, derivative, mixture or preparation of such plant, its seeds or extracts.	
(17) N-ethyl-3-piperidyl benzilate	7482

(18) N-methyl-3-piperidyl benzilate	7484
(19) Psilocybin	7437
(20) Psilocyn	7438
(21) Tetrahydrocannabinols	7370
Synthetic equivalents of the substances contained in the plant, or in the resinous extractives of Cannabis, sp. and/or synthetic substances, derivatives, and their isomers with similar chemical structure and pharmacological activity such as the following: Delta 1 cis or trans tetrahydrocannabinol, and their optical isomers Delta 6 cis or trans tetrahydrocannabinol, and their optical isomers Delta 3,4 cis or trans tetrahydrocannabinol, and its optical isomers (Since nomenclature of these substances is not internationally standardized, compounds of these structures, regardless of numerical designation of atomic positions covered), except dronabinol (synthetic) in sesame oil and encapsulated in a soft gelatin capsule in a United States food and drug administration approved drug product.	
(22) Ethylamine analog of phencyclidine	7455
Some trade or other names: N-ethyl-1-phenyl-cyclo-hexylamine; (1-phenylcyclohexyl)ethylamine; N-(1-phenylcyclohexyl)ethylamine; cyclohexamine; PCE.	
(23) Pyrrolidine analog of phencyclidine	7458
Some trade or other names: 1-(1-phenylcyclohexyl)-pyrrolidine; PCPy; PHP.	
(24) Thiophene analog of phencyclidine	7470
Some trade or other names: 1-[1-(2-thienyl)-cyclohexyl]-piperidine; 2-thienylanalog of phencyclidine; TPCP; TCP.	
(25) 3-methylfentanyl	7405
Some trade or other names: 3,4-methylenedioxy-methamphetamine; MDMA.	
(26) 1-methyl-4-phenyl-4-propionoxypiperidine	9661
Some trade or other names: MPPP.	
(27) 1-(2-phenylethyl)-4-phenyl-4-acetyloxypiperidine	9663
Some trade or other names: PEPAP.	

(e) Any material, compound, mixture or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) Mecloqualone	2572
(2) Methaqualone	2565

(f) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers and salts of isomers:

(1) Fenethylamine	1503
(2) N-ethylamphetamine	1475

Sec. 2. K.S.A. 1986 Supp. 65-4107 is hereby amended to read as follows: 65-4107. (a) The controlled substances listed in this section are included in schedule II and the number set forth opposite each drug or substance is the DEA controlled substances code which has been assigned to it.

(b) Any of the following substances, except those narcotic drugs listed in other schedules, whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis or by combination of extraction and chemical synthesis:

(1) Opium and opiate and any salt, compound, derivative or preparation of opium or opiate, excluding apomorphine, dextrophan, nalbuphine, naloxone and naltrexone and their respective salts, but including the following:

(A) Raw opium	9600
(B) Opium extracts	9610
(C) Opium fluid-extracts	9620
(D) Powdered opium	9639
(E) Granulated opium	9640
(F) Tincture of opium	9630
(G) Codeine	9050
(H) Ethylmorphine	9190
(I) Etorphine hydrochloride	9059
(J) Hydrocodone	9193
(K) Hydromorphone	9150
(L) Metopon	9260
(M) Morphine	9300
(N) Oxycodone	9143
(O) Oxymorphone	9652
(P) Thebaine	9333

(2) Any salt, compound, isomer, derivative or preparation thereof which is chemically equivalent or identical with any of the substances referred to in paragraph (1), but not including the isoquinoline alkaloids of opium.

(3) Opium poppy and poppy straw.

(4) Coca leaves (9040) and any salt, compound, derivative or preparation of coca leaves, but not including decocainized coca leaves or extractions which do not contain cocaine (9041) or ecgonine (9180).

(5) Cocaine, its salts, isomers and salts of isomers (9041).

(6) Ecgonine, its salts, isomers and salts of isomers (9180).

(7) Concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid or powder form which contains the phenanthrene alkaloids of the opium poppy) (9670).

(c) Any of the following opiates, including their isomers, esters, ethers, salts and salts of isomers, esters and ethers, whenever the existence of these isomers, esters, ethers and salts is possible within the specific chemical designation dextrorphan and levopropoxyphene excepted:

(1) Alfentanil	9737
(2) Alphaprodine	9010
(3) Anileridine	9020
(4) Beztramide	9800
(5) Bulk dextropropoxyphene (nondosage forms)	9273
(6) Dihydrocodeine	9120
(7) Diphenoxylate	9170
(8) Fentanyl	9801
(9) Isomethadone	9226
(10) Levomethorphan	9210
(11) Levorphanol	9220
(12) Metazocine	9240
(13) Methadone	9250
(14) Methadone-intermediate, 4-cyano-2-dimethyl amino-4, 4-diphenyl butane	9254
(15) Moramide-intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid	9802
(16) Pethidine(meperidine)	9230
(17) Pethidine-intermediate-A, 4-cyano-1-methyl-4-phenylpiperidine	9232
(18) Pethidine-intermediate-B, ethyl-4-phenyl-piperidine-4-carboxylate	9233
(19) Pethidine-intermediate-C, 1-methyl-4-phenyl-piperidine-4-carboxylic acid	9234
(20) Phenazocine	9715
(21) Piminodine	9730
(22) Racemethorphan	9732
(23) Racemorphan	9733
(24) Sufentanil	9740

(d) Any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system:

(1) Amphetamine, its salts, optical isomers and salts of its optical isomers	1100
(2) Phenmetrazine and its salts	1631
(3) Methamphetamine, including its salts, isomers and salts of isomers	1105
(4) Methylphenidate	1724

(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers and salts of isomers whenever the existence of such salts, isomers and salts of isomers is possible within the specific chemical designation:

(1) Amobarbital	2125
(2) Secobarbital	2315
(3) Pentobarbital	2270
(4) Phencyclidine	7471

(f) Any material, compound, mixture, or preparation which contains any quantity of the following substances:

(1) Immediate precursor to amphetamine and methamphetamine:

(A) Phenylacetone	8501
Some trade or other names: phenyl-2-propanone; P2P; benzyl methyl ketone; methyl benzyl ketone.	

(2) Immediate precursors to phencyclidine (PCP):

(A) 1-phenylcyclohexylamine	7460
(B) 1-piperidinocyclohexanecarbonitrile (PCC)	8603

(g) Any material, compound, mixture or preparation which contains any quantity of the following hallucinogenic substance, its salts, isomers and salts of isomers, unless specifically excepted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

(1) Dronabinol (synthetic) in sesame oil and encapsulated in a soft gelatin capsule in a United States food and drug administration approved drug product	7369
Some other names for dronabinol: (6aR-trans) -6a.7.8.10a-tetrahydro-6.6.9-trimethyl-3-pentyl -6H-dibenzo(b,d)pyran-1-ol, or(-)-delta-9-(trans)-tetrahydrocannabinol.	

Sec. 3. K.S.A. 65-4116 is hereby amended to read as follows: 65-4116. (a) Every person who manufactures, distributes or dispenses any controlled substance within this state or who proposes to engage in the manufacture, distribution or dispensing of any controlled substance within this state shall obtain annually a registration issued by the board in accordance with the uniform controlled substances act and with rules and regulations adopted by the board.

(b) Persons registered by the board under this act to manufacture, distribute, dispense or conduct research with controlled substances may possess, manufacture, distribute, dispense or conduct research with those substances to the extent authorized by their registration and in conformity with the other provisions of this act.

(c) The following persons need not register and may lawfully possess controlled substances under this act, as specified in this subsection:

(1) An agent or employee of any registered manufacturer, distributor or dispenser of any controlled substance if the agent or employee is acting in the usual course of such agent or employee's business or employment;

(2) a common or contract carrier or warehouseman or an employee thereof whose possession of any controlled substance is in the usual course of business or employment;

(3) an ultimate user or a person in possession of any controlled substance pursuant to a lawful order of a practitioner or in lawful possession of a schedule V substance;

(4) persons licensed and registered by the board under the provisions of the acts contained in article 16 of chapter 65 of the Kansas Statutes Annotated, and amendments thereto, to manufacture, dispense or distribute drugs are considered to be in compliance with the registration provision of the uniform controlled substances act without additional proceedings before the board or the payment of additional fees, except that manufacturers and distributors shall complete and file the application form required under the uniform controlled substances act;

(5) any person licensed by the state board of healing arts;

(6) any person licensed by the state board of veterinary examiners;

(7) any person licensed by the Kansas dental board; and

(8) any person who is a member of the Native American Church, with respect to use or possession of peyote, whose use or possession of peyote is in, or for use in, bona fide religious ceremonies of the Native American Church, but nothing in this paragraph shall authorize the use or possession of peyote in any place used for the confinement or housing of persons arrested, charged or convicted of criminal offenses or in the state security hospital.

(d) The board may waive by rules and regulations the requirement for registration of certain manufacturers, distributors or dispensers if the board finds it consistent with the public health and safety, except that licensure of any person by the state board of healing arts, Kansas dental board or the state board of veterinary examiners shall constitute compliance with the registration requirements of the uniform controlled substances act by such person for such person's place of professional practice. Evidence of abuse as determined by the board relating to a person licensed by the state board of healing arts shall be submitted to the state board of healing arts and the attorney general within 60 days. The state board of healing arts shall, within 60 days, make findings of fact and take such action against

(continued)

such person as it deems necessary. All findings of fact and any action taken shall be reported by the state board of healing arts to the board of pharmacy and the attorney general. Evidence of abuse as determined by the board relating to a person licensed by the state board of veterinary examiners shall be submitted to the state board of veterinary examiners and the attorney general within 60 days. The state board of veterinary examiners shall, within 60 days, make findings of fact and take such action against such person as it deems necessary. All findings of fact and any action taken shall be reported by the state board of veterinary examiners to the board of pharmacy and the attorney general. Evidence of abuse as determined by the board relating to a dentist licensed by the Kansas dental board shall be submitted to the Kansas dental board and the attorney general within 60 days. The Kansas dental board shall, within 60 days, make findings of fact and take such action against such dentist as it deems necessary. All findings of fact and any action taken shall be reported by the Kansas dental board to the board of pharmacy and the attorney general.

(e) A separate annual registration is required at each place of business or professional practice where the applicant manufactures, distributes or dispenses controlled substances.

(f) The board may inspect the establishment of a registrant or applicant for registration in accordance with the board's rules and regulations.

(g) (1) *The registration of any person or location shall terminate when such person or authorized representative of a location dies, ceases legal existence, discontinues business or professional practice or changes the location as shown on the certificate of registration. Any registrant who ceases legal existence, discontinues business or professional practice, or changes location as shown on the certificate of registration, shall notify the board promptly of such fact and forthwith deliver the certificate of registration directly to the secretary or executive secretary of the board. In the event of a change in name or mailing address the person or authorized representative of the location shall notify the board promptly in advance of the effective date of this change by filing the change of name or mailing address with the board. This change shall be noted on the original application on file with the board.*

(2) *No registration or any authority conferred thereby shall be assigned or otherwise transferred except upon such conditions as the board may specifically designate and then only pursuant to the written consent of the board.*

Sec. 4. K.S.A. 1986 Supp. 65-4127b is hereby amended to read as follows: 65-4127b. (a) Except as authorized by the uniform controlled substances act, it shall be unlawful for any person to manufacture, possess, have under such person's control, prescribe, administer, deliver, distribute, dispense or compound:

(1) Any depressant designated in subsection (e) of K.S.A. 65-4105, subsection (e) of K.S.A. 65-4107, subsection (b) or (c) of K.S.A. 65-4109 or subsection (b) of K.S.A. 65-4111, and amendments thereto;

(2) any stimulant designated in subsection (d) or (f) of K.S.A. 65-4107 or subsection (e) of K.S.A. 65-4109, and amendments thereto;

(3) any hallucinogenic drug designated in subsection (d) of K.S.A. 65-4105 and amendments thereto or designated in subsection (g) of K.S.A. 65-4107 and amendments thereto; or

(4) any substance designated in subsection (c), (d), (e), (f) or (g) of K.S.A. 65-4111 and amendments thereto.

Any person who violates this subsection shall be guilty of a class A misdemeanor, except that such person shall be guilty of a class D felony upon conviction for a second or subsequent offense or if the substance was prescribed for or administered, delivered, distributed or dispensed to a child under 18 years of age.

(b) Except as authorized by the uniform controlled substances act, it shall be unlawful for any person to sell, offer for sale or have in such person's possession with the intent to sell:

(1) Any depressant designated in subsection (e) of K.S.A. 65-4105, subsection (e) of K.S.A. 65-4107, subsection (b) or (c) of K.S.A. 65-4109 or subsection (b) of K.S.A. 65-4111, and amendments thereto;

(2) any stimulant designated in subsection (d) or (f) of K.S.A. 65-4107 or subsection (e) of K.S.A. 65-4109, and amendments thereto;

(3) any hallucinogenic drug designated in subsection (d) of K.S.A. 65-4105, and amendments thereto or designated in subsection (g) of K.S.A. 65-4107 and amendments thereto; or

(4) any substance designated in subsection (c), (d), (e), (f) or (g) of K.S.A. 65-4111, and amendments thereto.

Any person who violates this subsection shall be guilty of a class C felony.

(c) Except as authorized by the uniform controlled substances act, it shall be unlawful for any person to manufacture, possess, have under such person's control, prescribe, administer, deliver, distribute, dispense, compound, sell, offer for sale or have in such person's possession with intent to sell any controlled substance designated in K.S.A. 65-4113 and amendments thereto. Any person who violates this subsection shall be guilty of a class A misdemeanor, except that such person shall be guilty of a class D felony if the substance was prescribed for or administered, delivered, distributed, dispensed, sold, offered for sale or possessed with intent to sell to a child under 18 years of age.

Sec. 5. K.S.A. 65-4116 and K.S.A. 1986 Supp. 65-4105, 65-4107 and 65-4127b 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 HOUSE, and passed that body February 18, 1987.

HOUSE concurred in SENATE amendments April 8, 1987.

JAMES D. BRADEN

Speaker of the House.

GENEVA SEWARD

Chief Clerk of the House.

Passed the SENATE as amended April 6, 1987.

ROBERT V. TALKINGTON

President of the Senate.

LU KENNEY

Secretary of the Senate.

APPROVED April 21, 1987.

MIKE HAYDEN

Governor.

STATE OF KANSAS

Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

BILL GRAVES

Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, April 30, 1987.)

SENATE BILL No. 373

AN ACT concerning the construction defects recovery fund; relating to certain expenditures therefrom; amending K.S.A. 75-3785 and repealing the existing section.

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

Section 1. K.S.A. 75-3785 is hereby amended to read as follows: 75-3785. (a) There is hereby created in the state treasury the construction defects recovery fund.

(b) All proceeds received by state agencies shall be deposited in the construction defects recovery fund. All expenditures from the construction defects recovery fund in excess of \$10,000 \$25,000 for the purposes stated in paragraph (4) of this subsection shall be subject to the prior approval of the state finance council, 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. All other expenditures from the construction defects recovery fund of \$10,000 or less shall be subject to the prior approval of the secretary of administration, and the secretary of administration shall report each such expenditure to the joint committee on state building construction. ~~Such Where expenditures are made in support of litigation in which the state is involved, such expenditures also shall be subject to the prior approval of the attorney general.~~ All expenditures shall be paid pursuant to vouchers of the director of accounts and reports approved by the secretary of administration and the head of the state agency that ~~suffered the damages for which the proceeds were paid~~ and shall be for one or more of the following purposes:

(1) To identify the nature, extent and causes of defects in the design, construction or other work on the capital improvement for which the proceeds were received improvements;

(2) to provide architectural, engineering or other technical services to determine methods for correcting or repairing such defects;

(3) to provide services in support of claims by the state or to defend claims against the state concerning such defects state construction projects; or

(4) to correct or repair such defects for which the proceeds were received, or to make other repairs or perform maintenance related to such defects.

(~~e~~) ~~The director of accounts and reports shall transfer annually from the construction defects recovery fund to the state general fund proceeds that have been credited to the construction defects recovery fund more than one year without receiving approval from the secretary of administration or from the state finance council to expend such proceeds pursuant to subsection (b).~~

(~~d~~) (c) As used in this section, "proceeds" means money paid to the state of Kansas or any state agency for forfeited bid bonds, or by an insurer, or by a person or firm performing duties related to construction under a contract with a state agency, to compensate the state for errors, omissions or other construction, architectural or engineering related defects adversely affecting the state or a state agency.

Sec. 2. K.S.A. 75-3785 is hereby repealed.

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 7, 1987.

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

Passed the HOUSE April 9, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

SENATE BILL No. 412

AN ACT authorizing the city of McPherson to determine and change the use of certain public grounds within the city.

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

Section 1. Whenever the governing body of the city of McPherson shall determine by ordinance that the property described as Block 81 of the city of McPherson, McPherson county, Kansas, dedicated as public grounds by the original plat of the city of McPherson, and known as the Wickersham Block by reasons of its use by the school district as a site for a school building, is no longer needed for the use for which it was originally acquired, such city is hereby authorized to use such property for any public purpose which the governing body shall determine is in the best interest of the inhabitants of such city.

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 April 7, 1987.

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

Passed the HOUSE April 9, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2580

AN ACT concerning hospital district no. 1, Marion county, Kansas; authorizing the hospital board to convey, without consideration, certain property.

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

Section 1. Notwithstanding any provisions of article 25 of chapter 80 of the Kansas Statutes Annotated to the contrary, the hospital board of hospital district no. 1, Marion county, Kansas, is hereby authorized to convey, without consideration, to such party or parties as the board may determine, the following described property of hospital district no. 1, located in Marion county, Kansas: Lots 10, 11, 12 and 13, Block 5, Southern Addition to the City of Marion, Marion County, Kansas.

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 HOUSE, and passed that body April 3, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE April 9, 1987.

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

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

SENATE BILL No. 72

AN ACT relating to banks and banking; concerning branch banking; amending K.S.A. 9-1111c and K.S.A. 1986 Supp. 9-1111, 9-1111a and 9-1111b and repealing the existing sections; also repealing K.S.A. 1986 Supp. 9-525, 9-526, 9-527, 9-528, 9-529, 9-530 and 9-531.

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

Section 1. K.S.A. 1986 Supp. 9-1111 is hereby amended to read as follows: 9-1111. The general business of every bank shall be transacted at the place of business specified in its certificate of authority, and it shall be unlawful for any bank to establish and operate any branch bank except as hereinafter provided:

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

(b) in addition to an attached auxiliary teller facility, any bank domiciled in this state may, subject to the requirements and limitations hereinafter prescribed in subsections (c) and (d), establish and maintain not more than three branch banks, except that a bank may have up to two additional branch banks established under the provisions of K.S.A. 1986 Supp. 9-525 through 9-531; (e) any branch bank which was established by a bank within 2,600 feet of the premises specified as such bank's principal place of business in its certificate of authority, prior to the effective date of this act July 1, 1986, shall not be included in the maximum number of branch banks allowed in subsection (b) under this subsection;

(d) (c) a branch bank may be established and operated by a state bank incorporated under the laws of this state may, with the approval of the state banking board, and by a national banking association may, with the approval of the appropriate federal supervisory agency, granted upon the basis of findings by the state banking board or such federal agency that such service will serve the public convenience or need; provide auxiliary teller services, limited to rental of safe deposit boxes, receiving deposits of every kind and nature, cashing checks or orders to pay, issuing exchange, issuing and redeeming obligations of the treasury of the United States of America in denominations of \$1,000 or less; making all types of loans authorized to be made at the principal place of business of the bank subject to the same conditions and limitations, exercising the trust powers granted to the bank pursuant to K.S.A. 9-1601, and amendments thereto, subject to such conditions as the commissioner may require, and receiving payments payable at the bank at branch banks;

(e) (d) branch banks established and maintained under the provisions of this section authorized under subsection (b) shall be located:

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

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

(3) more than 50 feet from any other nonparticipating bank or branch bank;

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

(5) within the corporate limits of a city located in Johnson county which has no bank and which is contiguous to a city located in Johnson county where the premises specified by the bank as its place of business in its certificate of authority is located;

(e) in addition to establishment and maintenance of branch banks as authorized by subsection (b), one or more branch banks may be established and maintained in this state by any bank domiciled in this state subject to the following requirements and limitations:

(1) A branch bank may be located at the site of a bank domiciled in Kansas which has been merged into or consolidated with the branching bank, except that if such bank was chartered after January 1, 1987, it shall have been in existence and actively engaged in business for five or more years;

(2) a branch bank may be located at the site of a bank domiciled in Kansas the assets of which have been purchased and the liabilities of which have been assumed by the branching bank from a receiver in liquidation of the bank;

(3) branch banks which have been established and maintained pursuant to subsection (b) by a bank merged into or consolidated with the branching bank, or the assets of which have been purchased and the liabilities of which have been assumed by the branching bank, may continue to be maintained by the branching bank, and nothing in this act shall be deemed to require any service to be provided at any such existing branch bank which was not being provided at the time of such merger, consolidation or purchase and assumption;

(4) the establishment and maintenance of a branch established pursuant to this subsection by a state bank incorporated under the laws of this state or by a national banking association shall be subject to approval by the state banking board or by the appropriate federal supervisory agency, respectively, upon the basis of findings that such service will serve the public convenience.

nience and need, except that such approval may be given by the state bank commissioner in emergency situations under rules and regulations adopted pursuant to K.S.A. 9-1713, and amendments thereto;

(5) a branching bank establishing and maintaining a branch bank pursuant to any provision of this subsection (e) shall operate the branch bank for a period of at least two years before selling or otherwise disposing of such branch bank, except that such branching bank may sell or dispose of the branch bank for the purpose of establishing a new bank charter in the city or township in which such branch bank is located;

(6) any branching bank establishing and maintaining a branch bank pursuant to any provisions of this subsection (e), shall provide for an advisory board of directors made up of not less than five members from the city or county where the branch bank is located;

(7) any branching bank establishing and maintaining a branch bank pursuant to any provisions of this subsection (e), shall provide checking, savings and loan services at such branch bank;

(8) any branching bank establishing and maintaining a branch bank pursuant to any provisions of this subsection (e), shall have such branch bank open for business not less than 20 hours per week legal holidays excluded;

(f) any branch bank established and operated by a bank prior to January 1, 1987, may continue to be operated by the bank which established the branch;

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

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

(h) (i) for purposes of this section, "remote service unit" means an electronic information processing device, including associated equipment, structures and systems, through or by means of which information relating to financial services rendered to the public is stored and transmitted, whether instantaneously or otherwise, to a bank and which, for activation and account access, is dependent upon the use of a machine-readable instrument in the possession and control of the holder of an account with a bank. The term shall include "online" computer terminals and "offline" automated cash dispensing machines and automated teller machines, but shall not include computer terminals or automated teller machines or automated cash dispensing machines using systems in which account numbers are not machine read and verified. Withdrawals by means of "offline" systems shall not exceed \$300 per transaction and shall be restricted to individual not corporate or commercial accounts;

(j) any bank located in this state may establish and maintain one or more branch banks in any city located in the same county

in which the branching bank is located which city does not have a main bank, specified in the certificate of authority, located within the corporate limits of such city, or if there is no application pending for approval of a branch bank in any such city filed by a bank located in the same county as such city is located, in any such city located in any county adjoining the county in which such bank is located.

Upon receiving an application for approval of a branch bank to be established in a city located in a county adjoining the county in which the branching bank is located as authorized under this subsection (j), the chairperson of the banking board shall cause a hearing to be conducted in the city in which the branch bank is proposed to be located within 60 days following receipt of such application. Notice of such hearing shall be published by the branching bank in the official newspaper in such city, or if there be no such official newspaper, in an official newspaper in the county in which such city is located. Such notice shall be published not less than 10 or more than 30 days prior to the date of such hearing, and proof of publication shall be given to the bank commissioner. In addition the bank commissioner shall give notice of such hearing to the chief executive officer of any state or national bank whose main bank is located within the county in which such city is located. Any hearing scheduled or commenced under the provisions of this subsection (j) shall be stayed pending consideration of a new application for approval of a branch bank in such city by a bank located in the same county in which such city is located.

Upon completion of the transcript of any hearing hereunder, a copy thereof shall be filed in the office of the state bank commissioner, and one copy shall be furnished to each member of the state banking board not less than 14 days prior to the meeting at which such application is considered. At the next regular meeting of the banking board held after each member thereof has been furnished a transcript of the hearing for a period of not less than 14 days, or at any meeting thereafter as designated by the chairperson of the board, such application shall be considered by the board, and the board shall approve or disapprove such application. In either event, no action by the board shall be final until a statement of findings of fact in support of such action shall have been prepared by such person designated to do so by the chairperson thereof, circulated to and signed by those members voting thereon, and filed in the office of the state bank commissioner.

Sec. 2. K.S.A. 1986 Supp. 9-1111a is hereby amended to read as follows: 9-1111a. Any two or more banks which are individually authorized to establish and maintain branch banks under the provisions of this act may jointly establish and maintain a common branch bank. Each bank participating in the establishment and maintenance of a joint branch bank shall be deemed to have established a branch bank for the purposes of the limitation prescribed under the provisions of subsection (b) subsections (b) and (e) of K.S.A. 9-1111, and amendments thereto.

Sec. 3. K.S.A. 1986 Supp. 9-1111b is hereby amended to read as follows: 9-1111b. A bank making application to the state banking board for approval of a branch bank under the provisions of this act shall pay to the state bank commissioner a fee to be set by the commissioner, with approval of the board, in an amount not to exceed \$500 to defray the expenses of the board, commissioner or other designees in the examination and investigation of the application. The commissioner shall remit all amounts received under this section to the state treasurer who shall deposit the same to a separate special account in the state treasury for each application. The moneys in each such account shall be used only to pay the expenses of the board, commissioner or other designees in the examination and investigation of the application to which it relates and any unused balance shall be refunded to the applicant bank.

Sec. 4. K.S.A. 9-1111c is hereby amended to read as follows: 9-1111c. Whenever the state bank commissioner shall determine that any bank domiciled in this state has established a detached service facility or facilities branch in violation of the laws governing the operation of such bank, or is offering services at any such facility or facilities not authorized under the law

(continued)

governing the operation of such bank, the commissioner shall give written notification to the bank of such determination. Within ~~ten~~ (10) 10 days after receipt of such notification by the bank, the bank shall have the right to appeal in writing to the state banking board from the commissioner's determination, and thereupon the board shall fix a date for a hearing, which hearing shall be held within ~~thirty~~ (30) 30 days from the date of such appeal. At such hearing the board shall hear all matters relevant to the commissioner's determination and shall ~~thereafter~~ within ~~ten~~ (10) 10 days after the hearing approve or disapprove the commissioner's determination, and the decision of the board shall be final and conclusive.

If the bank does not appeal to the state banking board from the commissioner's determination as ~~herein provided~~, or if an appeal is taken and the commissioner's determination is approved by the board, the commissioner shall notify the attorney general of such determination; ~~and~~. If the bank is a state bank incorporated under the laws of this state, the commissioner shall proceed as provided in K.S.A. 9-1714, and amendments thereto, for the purpose of correcting such condition or operation, and all provisions of K.S.A. 9-1714, and amendments thereto, shall be applicable to such proceedings, and as to any bank domiciled in this state the commissioner ~~also~~ shall notify the pooled money investment board of such determination, and thereafter the pooled money investment board shall not award the bank a state bank account until the commissioner determines that the bank has established its ~~detached services facility or facilities~~ branch in the manner required under the laws governing the operation of such bank, ~~or is offering at such facility or facilities only services authorized under the laws governing the operation of such bank~~, and the commissioner shall have so notified the pooled money investment board.

Sec. 5. K.S.A. 9-1111c and K.S.A. 1986 Supp. 9-525, 9-526, 9-527, 9-528, 9-529, 9-530, 9-531, 9-1111, 9-1111a and 9-1111b 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 March 2, 1987.

SENATE adopted Conference Committee report April 8, 1987.

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

Passed the HOUSE as amended April 3, 1987.

HOUSE adopted Conference Committee report April 8, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2197

AN ACT concerning the county inheritance tax fund; providing for the termination of distributions to counties therefrom; abolishing such fund and disposing of the moneys therein; amending K.S.A. 79-1578 and repealing the existing section.

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

Section 1. K.S.A. 79-1578 is hereby amended to read as follows: 79-1578. (a) Until July 1, 1987, the secretary of revenue shall certify to the director of accounts and reports the amount of revenue collected from the tax imposed under the provisions of this act at the time of paying the same to the state treasurer and an amount equal to ~~five percent (5%)~~ 5% of the total amounts certified shall be transferred by the director of accounts and reports from the state general fund to the county inheritance tax fund which is hereby created prior to the dates hereinafter provided for distributions from the latter fund to be made to counties. Such certification shall be based upon receipts paid to the director of taxation with appropriate adjustments or corrections. No such certification shall be made by the secretary of revenue and no such transfer shall be made by the director of accounts and reports after June 30, 1987.

(b) Until January 1, 1988, the director of taxation shall make distributions from the county inheritance tax fund to counties on the first ~~days~~ day of February, May and September of each year. The director of taxation shall pay to each county the amount of said county's entitlement, which shall equal ~~five percent (5%)~~ 5% of the proceeds of the tax imposed under this act, upon legacies and successions to any estate subject to the jurisdiction of said such county and collected by the director of taxation as indicated by inheritance tax returns filed and attributed to said such county, with any adjustments or corrections made by said the director. No such distribution shall be made by the director of taxation after December 31, 1987.

(c) The director of accounts and reports shall draw warrants on the state treasurer payable to the county treasurer of each county entitled to payment from the county inheritance tax fund upon vouchers approved by the director of taxation. No such warrant shall be drawn by the director of accounts and reports after December 31, 1987. Upon receipt of such warrant, each county treasurer shall credit the amount thereof to the general fund of his or her the county.

(d) On January 1, 1988, the director of accounts and reports shall transfer all moneys in the county inheritance tax fund to the state general fund and the county inheritance fund is hereby abolished.

Sec. 2. K.S.A. 79-1578 is hereby repealed.

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 HOUSE, and passed that body March 11, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE April 7, 1987.

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

APPROVED April 17, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

I, BILL GRAVES, 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 17th day of April, 1987.

BILL GRAVES
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2561

AN ACT making and concerning appropriations for the fiscal years ending June 30, 1987, June 30, 1988, June 30, 1989, and June 30, 1990, to initiate and complete certain capital improvement projects for Kansas state university, university of Kansas, university of Kansas medical center and Wichita state university; authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing disbursements and acts incidental to the foregoing; amending sections 4 and 5 of chapter 15 of the 1986 Session Laws of Kansas and repealing the existing sections.

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

Section 1. For the fiscal years ending June 30, 1987, June 30, 1988, June 30, 1989, and June 30, 1990, appropriations are hereby made, restrictions and limitations are hereby imposed, and transfers, disbursements and acts incidental to the foregoing are hereby directed or authorized to initiate and complete capital improvement projects as provided in this act.

Sec. 2.

KANSAS STATE UNIVERSITY

(a) There is appropriated for the above agency from the Kansas educational building fund for the capital improvement project and for the fiscal year specified as follows:

Construct chemistry—biochemistry building
For the fiscal year ending June 30, 1989 \$285,000

Sec. 3. On the effective date of this act, section 4 of chapter 15 of the 1986 Session Laws of Kansas is hereby amended to read as follows: Sec. 4.

UNIVERSITY OF KANSAS

(a) The above agency is hereby authorized to initiate and complete a capital improvement project projects to renovate Snow hall and to construct and equip science library, subject to the restrictions and limitations imposed by this section.

(b) There is appropriated for the above agency from the Kansas educational building fund for the capital improvement projects and for the fiscal years specified as follows:

Renovate Snow hall
For the fiscal year ending June 30, 1987 \$800,000
For the fiscal year ending June 30, 1988 543,000
For the fiscal year ending June 30, 1989 2,733,500
For the fiscal year ending June 30, 1990 2,733,500
Construct and equip science library
For the fiscal year ending June 30, 1987 900,000
For the fiscal year ending June 30, 1988 4,659,900
For the fiscal year ending June 30, 1989 5,490,900
For the fiscal year ending June 30, 1990 2,620,200 3,129,200

(c) The appropriations made by this section shall not be subject to the provisions of K.S.A. 46-155 and amendments thereto.

Sec. 4.

UNIVERSITY OF KANSAS MEDICAL CENTER

(a) The above agency is hereby authorized to initiate and complete a capital improvement project for heating, ventilating and air conditioning repairs to Bell memorial hospital subject to the restrictions and limitations imposed by this section.

(b) In addition to the purposes for which expenditures may be made for fiscal year 1988 from the university of Kansas hospital fund, expenditures may be made for fiscal year 1988 from such fund for the following capital improvement project, subject to the expenditure limitation prescribed therefor:

Heating, ventilating and air conditioning repairs to Bell memorial hospital—FY 1988 \$540,000

(c) In addition to the purposes for which expenditures may be made for fiscal year 1989 from the university of Kansas hospital fund, expenditures may be made for fiscal year 1989 from such fund for the following capital improvement project, subject to the expenditure limitation prescribed therefor:

Heating, ventilating and air conditioning repairs to Bell memorial hospital—FY 1989 \$400,000

Sec. 5. On the effective date of this act, section 5 of chapter 15 of the 1986 Session Laws of Kansas is hereby amended to read as follows: Sec. 5.

WICHITA STATE UNIVERSITY

(a) The above agency is hereby authorized to initiate and complete a capital improvement project for an addition to and remodeling of Ablah library, subject to the restrictions and limitations imposed by this section.

(b) There is appropriated for the above agency from the Kansas educational building fund for the capital improvement project and for the fiscal years specified as follows:

Addition to and remodeling of Ablah library
For the fiscal year ending June 30, 1986 \$2,900,000
For the fiscal year ending June 30, 1987 4,600,000 3,000,000
For the fiscal year ending June 30, 1988 2,350,000 3,350,000
For the fiscal year ending June 30, 1989 450,000 1,050,000

(c) The appropriations made by this section shall not be subject to the provisions of K.S.A. 46-155 and amendments thereto.

Sec. 6.

WICHITA STATE UNIVERSITY

(a) The above agency is hereby authorized to initiate and complete a capital improvement project to plan, construct and equip a science classroom building subject to the restrictions and limitations imposed by this section.

(b) There is appropriated for the above agency from the Kansas educational building fund for the capital improvement project and for the fiscal years specified as follows:

Plan, construct and equip—science classroom building
For the fiscal year ending June 30, 1988 \$150,000
For the fiscal year ending June 30, 1989 350,000

Sec. 7. On the effective date of this act, sections 4 and 5 of chapter 15 of the 1986 Session Laws of Kansas are hereby repealed.

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 HOUSE, and passed that body March 25, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE April 7, 1987.

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

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS

Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2360

AN ACT providing for the establishment of a Shawnee county fair association; providing for election of a board of directors and executive board; authorizing a county tax levy to fund the operations of the fair association.

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

Section 1. A meeting shall be held at 7:00 p.m. on December 8, 1987, at the Kaw Valley cooperative building at 5715 West 21st Street in Topeka, Kansas, for the purpose of electing the initial members of the board of directors of the Shawnee county fair association established under the provisions of this act. The qualified electors residing in each township in Shawnee county may participate in such meeting to elect from among the residents of that township one director of the fair association. The qualified electors residing in the city of Topeka may participate in such meeting to elect from among the residents of the city three directors of the fair association. Upon assembling at such meeting the qualified electors of each such township and the qualified electors of the city shall separate into their individual groups and make such election.

Of the members first elected to the board of directors by the qualified electors of the city of Topeka at such election meeting, one director shall serve for a term of one year, one director shall serve for a term of two years and one director shall serve for a term of three years. Of the members first elected to the board of directors by the qualified electors of the various townships at such election meeting, directors elected from Auburn, Dover, Grove and Menoken townships shall serve for a term of one year, directors elected from Monmouth, Mission, Rossville and Silver Lake shall serve for a term of two years, and directors elected from Soldier, Tecumseh, Topeka and Williamsport townships shall serve for a term of three years. The directors so elected shall constitute the Shawnee county fair association.

An annual election meeting shall be held on the first Tuesday of December in 1988 and each year thereafter at which meeting the qualified electors of the city and the qualified electors of each township shall elect from among the residents of such city or township a successor to serve for a term of three years for each director whose term expires on such date. The executive board, as provided for in section 2, shall fix the time and place of such annual election meeting and shall cause a notice of the election meeting to be published once in a newspaper of general circulation in the county at least 10 days prior to the date fixed for such election meeting.

Elections of directors at such annual election meetings shall be conducted in the same manner as the elections conducted at the 1987 meeting were required to be conducted, except that the city shall elect only one director to succeed the director whose term has expired and only those townships having directors whose terms have expired shall elect directors to succeed such directors.

Directors shall be eligible to serve for two consecutive terms. Vacancies in the membership of the board of directors shall be filled by appointment by the executive board of the fair association for the unexpired term of office.

The fair association established under the provisions of this act shall be given recognition by the state board of agriculture without having lands or buildings of an appraised value of at least \$5,000 or without paid-up stock subscriptions in its treasury in the amount of \$5,000 appropriated to the purchase of lands or buildings or both.

Sec. 2. The board of directors of the Shawnee county fair association shall meet annually on the first Tuesday of December immediately following the election meeting provided for in section 1 and shall elect from among its own members an executive board consisting of a chairperson, a vice-chairperson, a secretary and a treasurer.

The executive board of the association shall be authorized to transact all business of the fair association. The members-elect of the executive board, prior to entering upon the duties of their respective offices, shall take and sign the usual oath of public officers, and the same shall be filed in the office of the county clerk.

The treasurer-elect of the executive board, before entering upon the duties of the office as treasurer, shall execute to the fair association a corporate surety bond of 100% of the amount as nearly as can be ascertained that shall be in the treasurer's hands at any one time. Such bond shall be conditioned upon the faithful discharge of the duties of the office of treasurer. The amount and sufficiency of the bond shall be determined by the board of county commissioners, and, upon the board's approval endorsed on the bond, shall be filed with the county clerk, who shall immediately notify the secretary of the executive board and the county treasurer of the approval and filing.

Members of the executive board shall hold office for one year and until their successors are elected and qualify. Vacancies in the membership of the executive board shall be filled for the unexpired term from the remaining members of the board of directors by the executive board.

Sec. 3. All moneys received by the treasurer for the fair association shall be deposited by the treasurer in a bank or trust company designated by the executive board and authorized to receive public deposits. The treasurer shall pay out, on the warrant of the secretary, or by a combination warrant check, signed by the chairperson, all moneys which shall come to the treasurer's hands for the use of the fair association, and the treasurer shall not pay any sum from the funds of the association in any other manner. The treasurer shall keep a record of all the moneys received and disbursed, specifying the person or persons from whom received and to whom paid, and the object for which the same has been paid out. The treasurer shall present to the board of directors at each annual meeting of the board a written report containing a statement of all moneys received, disbursed and on deposit.

Sec. 4. The initial members of the board of directors of the fair association shall adopt bylaws and rules and regulations governing the fair association in its activities of conducting a fair. Thereafter such bylaws may be amended or repealed by a two-thirds majority vote of the members of the board of directors of the association. The board of directors shall prepare and approve an annual budget for the operations of the fair association and certify the same to the county not later than August 1 of any year.

Sec. 5. The board of county commissioners of Shawnee county may levy an annual tax of not to exceed 2/10 of one mill upon all the taxable tangible property within the county for the purpose of funding the budget of the Shawnee county fair association to pay the costs of renting facilities within the county for the conduct of fairs, purchasing supplies and equipment, and paying premiums and other reasonable expenses of 4-H fairs and grange fairs sponsored by the fair association, and to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774, and amendments thereto, by cities located in the county. No levy shall be made for such purposes until a resolution authorizing the making of such levy has been adopted by the board of county commissioners and published for two consecutive issues in the official county paper. Whereupon, such levies may be made unless a petition in opposition thereto signed by not less than 5% of the qualified electors of the county, as determined by the vote for secretary of state at the last preceding election, is filed with the county election officer within 60 days following the last publication of the resolution of the board. In the event such a petition is filed, it shall be the duty of the board of county commissioners to submit the question to the voters at an election called for such purpose or at the next general election. If no protest petition is filed or if the question is submitted on a question submitted ballot and those voting on the question shall vote in favor of such tax levy, the board of county commissioners shall make such tax levies. Taxes levied under the authority of this act shall be exempt from the limitations imposed under the provisions of K.S.A. 79-5001 to 79-5016, inclusive, and amendments thereto. The amounts collected by the county for the purposes hereinbefore specified from tax levies, except for an amount to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774, and amendments thereto, by cities located in the county, shall be paid to the fair association, upon request of the treasurer.

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 HOUSE, and passed that body March 9, 1987.

HOUSE concurred in SENATE amendments April 7, 1987.
 JAMES D. BRADEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE as amended April 6, 1987.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

APPROVED April 17, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
 Office of Secretary of State

I, BILL GRAVES, 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 17th day of April, 1987.

BILL GRAVES
Secretary of State.
 (SEAL)

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2550

AN ACT concerning the Kansas public employees retirement system; relating to insured death and disability benefits; amending K.S.A. 1986 Supp. 74-4927 and repealing the existing section.

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

Section 1. K.S.A. 1986 Supp. 74-4927 is hereby amended to read as follows: 74-4927. (1) The board may establish a plan of death and long-term disability benefits to be paid to the members of the retirement system as provided by this section. The long-term disability benefit shall not be payable until the member has been prevented from carrying out each and every duty pertaining to the member's employment as a result of sickness or injury for a period of 180 days and the annual benefit shall not exceed an amount equal to 60% of the member's annual rate of compensation on the date such disability commenced and shall be payable in equal monthly installments. In the event that a member's compensation is not fixed at an annual rate but on an hourly, weekly, biweekly, monthly or any other basis than annual, the board shall prescribe by rule or regulation a formula for establishing a reasonable rate of annual compensation to be used in determining the amount of the death or long-term disability benefit for such member. Such plan shall provide that:

(A) For deaths occurring prior to January 1, 1987, the right to receive such death benefit shall cease upon the member's attainment of age 70 or date of retirement whichever first occurs. The right to receive such long-term disability benefit shall cease (i) for a member who becomes eligible for such benefit before attaining age 60, upon the date that such member attains age 65 or the date of such member's retirement, whichever first occurs, and (ii) for a member who becomes eligible for such benefit at or after attaining age 60, the date that such member has received such benefit for a period of five years, upon the date that such member attains age 70, or upon the date of such member's retirement, whichever first occurs, (iii) for all disabilities incurred on or after January 1, 1987, for a member who becomes eligible for such benefit at or after attaining age 70, the date that such member has received such benefit for a period of 12 months or upon the date of such member's retirement, whichever first occurs, and (iv) for all disabilities incurred on or after

January 1, 1987, for a member who becomes eligible for such benefit at or after attaining age 75, the date that such member has received such benefit for a period of six months or upon the date of such member's retirement, whichever first occurs.

(B) Long-term disability benefit payments shall be in lieu of any accidental total disability benefit that a member may be eligible to receive under subsection (3) of K.S.A. 74-4916 and amendments thereto. Such plan may provide that any amount which a member receives as a social security benefit or a disability benefit from any source by reason of any employment including but not limited to workmen's compensation benefits may be deducted from the amount of insured disability benefit payments under such plan, except that not more than 50% of such workmen's compensation benefits shall be deducted therefrom. In no case shall a member who is entitled to receive insured disability benefits receive less than \$50 per month. As used in this section, "workmen's compensation benefits" shall mean the total award of disability benefit payments under the workmen's compensation act notwithstanding any payment of attorney fees from such benefits as provided in the workmen's compensation act.

(C) The plan may include other provisions relating to qualifications for benefits; schedules and graduation of benefits; limitations of eligibility for benefits by reason of termination of employment or membership; conversion privileges; limitations of eligibility for benefits by reason of leaves of absence, military service or other interruptions in service; limitations on the condition of long-term disability benefit payment by reason of improved health; requirements for medical examinations or reports; or any other reasonable provisions as established by rule or regulation of uniform application adopted by the board.

(D) On and after April 30, 1981, the board may provide under the plan for the continuation of long-term disability benefit payments to any former member who forfeits the entitlement to continued service credit under the retirement system or continued assistance in the purchase of retirement annuities under K.S.A. 74-4925 and amendments thereto and to continued long-term disability benefit payments and continued death benefit coverage, by reason of the member's withdrawal of contributions from the retirement system or the repurchase of retirement annuities which were purchased with assistance received under K.S.A. 74-4925 and amendments thereto. Such long-term disability benefit payments may be continued until such individual dies, attains age 65 or is no longer disabled, whichever occurs first.

(E) Any visually impaired person who is in training at and employed by a sheltered workshop for the blind operated by the secretary of social and rehabilitation services and who would otherwise be eligible for the insured disability benefit as described in this section shall not be eligible to receive such benefit due to visual impairment as such impairment shall be determined to be a preexisting condition.

(2) (A) In the event that a member becomes eligible for a long-term disability benefit under the plan authorized by this section such member shall be given participating service credit for the entire period of such disability. Such member's "final average salary" shall be computed in accordance with subsection (17) of K.S.A. 74-4902 and amendments thereto except that the years of participating service used in such computation shall be the years of salaried participating service.

(B) In the event that a member eligible for a long-term disability benefit under the plan authorized by this section shall be disabled for a period of five years or more immediately preceding retirement, such member's "final average salary" shall be adjusted upon retirement by the actuarial salary assumption rates in existence during such period of disability.

(C) In the event that a member eligible for a long-term disability benefit under the plan authorized by this section shall be disabled for a period of five years or more immediately preceding death, such member's current annual rate shall be adjusted by the actuarial salary assumption rates in existence during such period of disability.

(3) (A) To carry out the legislative intent to provide, within the funds made available therefor, the broadest possible cover-

(continued)

age for members who are in active employment or involuntarily absent from such active employment, the plan of death and long-term disability benefits shall be subject to adjustment from time to time by the board within the limitations of this section. The plan may include terms and provisions which are consistent with the terms and provisions of group life and long-term disability policies usually issued to those employers who employ a large number of employees. The board shall have the authority to establish and adjust from time to time the procedures for financing and administering the plan of death and long-term disability benefits authorized by this section. Either the insured death benefit or the insured disability benefit or both such benefits may be financed directly by the system or by one or more insurance companies authorized and licensed to transact group life and group accident and health insurance in this state.

(B) The board may contract with one or more insurance companies, which are authorized and licensed to transact group life and group accident and health insurance in Kansas, to underwrite or to administer or to both underwrite and administer either the insured death benefit or the insured disability benefit or both such benefits. Each such contract with an insurance company under this subsection shall be entered into on the basis of competitive bids solicited and administered by the board. Such competitive bids shall be based on specifications prepared by the board.

(i) In the event the board purchases one or more policies of group insurance from such company or companies to provide either the insured death benefit or the insured disability benefit or both such benefits, the board shall have the authority to subsequently cancel one or more of such policies and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund.

(ii) In addition, the board shall have the authority to cancel any policy or policies of group life and long-term disability insurance in existence on the effective date of this act and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund. Notwithstanding any other provision of law, no premium tax shall be due or payable by any such company or companies on any such policy or policies purchased by the board nor shall any brokerage fees or commissions be paid thereon.

(4) (A) The cost of the plan of death and long-term disability benefits shall be paid from a special reserve hereby created in the fund, to be known as the group insurance reserve. Each participating employer shall appropriate and pay to the system in such manner as the board shall prescribe in addition to the employee and employer retirement contributions an amount equal to .6% of the amount of compensation on which the members' contributions to the Kansas public employees retirement system are based for deposit in the group insurance reserve of the Kansas public employees retirement fund.

(B) The director of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services a sum to pay the state's contribution to the group insurance reserve as provided by this section and shall present the same to the legislature for allowances and appropriation.

(C) The provisions of subsection (4) of K.S.A. 74-4920 and amendments thereto shall apply for the purpose of providing the funds to make the contributions to be deposited to the group insurance reserve.

(D) Any dividend or retrospective rate credit allowed by an insurance company or companies shall be credited to the group insurance reserve and the board may take such amounts into consideration in determining the amounts of the benefits under the plan authorized by this section.

(5) The death benefit provided under the plan of death and long-term disability benefits authorized by this section shall be

known and referred to as "insured death benefit." The long-term disability benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as "insured disability benefit."

(6) The board is hereby authorized to establish an "optional death benefit plan." Such optional death benefit plan shall be made available to all employees of the state of Kansas who are covered or may hereafter become covered by the plan of death and long-term disability benefits authorized by this section. The cost of the optional death benefit plan shall be paid by the applicant either by means of a system of payroll deductions or direct payment to the board. The board shall have the authority and discretion to establish such terms, conditions, specifications and coverages as it may deem to be in the best interest of the state of Kansas and its employees which should include term death benefits for the person's period of active state employment regardless of age, but in no case, on and after January 1, 1986, shall the maximum allowable coverage be less than \$100,000. The cost of the optional death benefit plan shall not be established on such a basis as to unreasonably discriminate against any particular age group. The board shall have full administrative responsibility, discretion and authority to establish and continue such optional death benefit plan and the director of accounts and reports of the department of administration shall when requested by the board and from funds appropriated or available for such purpose establish a system to make periodic deductions from state payrolls to cover the cost of the optional death benefit plan coverage under the provisions of this subsection (6) and shall remit all deductions together with appropriate accounting reports to the system. All funds received by the board, whether in the form of direct payments, payroll deductions or otherwise, shall be accounted for separately from all other funds of the retirement system and shall be paid into a special reserve hereby created in the fund, to be known as the optional death benefit plan reserve, from which reserve the board is authorized to make the appropriate payments and to pay the ongoing costs of administration of such optional death benefit plan as may be incurred in carrying out the provisions of this subsection (6).

Sec. 2. K.S.A. 1986 Supp. 74-4927 is hereby repealed.

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 HOUSE, and passed that body March 9, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE April 9, 1987.

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

APPROVED April 21, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2129

AN ACT relating to insurance; concerning risk retention and purchasing groups; formation; operation; requirements; amending K.S.A. 40-241i, 40-4101, 40-4102, 40-4103, 40-4108, 40-4109, 40-4113 and 40-4114 and repealing the existing sections; also repealing K.S.A. 40-4104, 40-4105, 40-4106, 40-4107, 40-4110, 40-4111 and 40-4112.

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

Section 1. K.S.A. 40-4101 is hereby amended to read as follows: 40-4101. As used in this act:

(a) "Commissioner" means the state insurance commissioner of this state or the commissioner, director or superintendent of insurance in any other state.

(b) "Completed operations liability" means liability arising from out of the installation, maintenance or repair of any product at a site which is not owned or controlled by any person who: (1) Performs that work; or (2) hires an independent contractor to perform that work; but shall include liability for activities which are completed or abandoned before the date of the occurrence giving rise to the liability.

(c) "Domicile", for purposes of determining the state in which a purchasing group is domiciled, means: (1) For a corporation, the state in which the purchasing group is incorporated; and (2) for an unincorporated entity, the state of its principal place of business.

(d) "Hazardous financial condition" means that, based on its present or reasonably anticipated financial condition, a risk retention group, although not yet financially impaired or insolvent, is unlikely to be able to: (1) Meet obligations to policyholders with respect to known claims and reasonably anticipated claims; or (2) pay other obligations in the normal course of business.

(e) "Insurance" means primary insurance, excess insurance, reinsurance, surplus lines insurance, and any other arrangement for shifting and distributing risk which is determined to be insurance under the laws of this state.

(f) "Liability" means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons, damage to their property, or other damage or loss to such other persons resulting from or arising out of: (1) Any business (whether profit or nonprofit), trade, product, services (including professional services), premises or operations; or (2) any activity of any state or local government, or any agency or political subdivision thereof; and (3) does not include personal risk liability and an employer's liability with respect to its employees other than legal liability under the federal employers' liability act.

(g) "Personal risk liability" means liability for damages because of injury to any person, damage to property, or other loss or damage resulting from any personal, familial, or household responsibilities or activities, rather than from responsibilities or activities referred to in subsection (f).

(h) "Plan of operation or a feasibility study" means an analysis which presents the expected activities and results of a risk retention group including, at a minimum: (1) The coverages, deductibles, coverage limits, rates and rating classification systems for each line of insurance the group intends to offer;

(2) historical and expected loss experience of the proposed members and national experience of similar exposures;

(3) pro forma financial statements and projections;

(4) appropriate opinions by a qualified, independent casualty actuary, including a determination of minimum premium or participation levels required to commence operations and to prevent a hazardous financial condition;

(5) identification of management, underwriting procedures, managerial oversight methods, investment policies; and

(6) such other matters as may be prescribed by the commissioner for liability insurance companies authorized by the insurance laws of the state.

(i) "Product liability" means the liability for damages because of any personal injury and, death, emotional harm, consequential economic damage, or property damage (including damages resulting from the loss of use of property) arising from out of the manufacture, design, importation, dis-

tribution, packaging, labeling, lease or sale of a product as defined and construed by the laws of this state, but does not include the liability of any person for those damages if the product involved was in the possession of such a person when the incident giving rise to the claim occurred.

(j) "Purchasing group" means any group which:

(1) Has as one of its purposes the purchase of liability insurance on a group basis;

(2) purchases such insurance only for its group members and only to cover their similar or related liability exposure, as described in subparagraph (3);

(3) is composed of members whose businesses or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations; and

(4) is domiciled in any state.

(k) "Risk retention group" means any corporation or other limited liability association taxable as a corporation or as an insurance company formed pursuant to this act formed under the laws of any state, Bermuda, or the Cayman Islands:

(1) Which is organized for the primary purpose of assuming and spreading the product liability or completed operations liability risk exposure of its members;

(2) Whose primary activity consists of assuming and spreading all, or any portion, of the product liability or completed operations liability risk exposure of its group's members; and

(3) which is composed of members each of whose principal activity consists of the manufacture, design, importation, distribution, packaging, labeling, lease or sale of a product or products.

(2) which is organized for the primary purpose of conducting the activity described in subparagraph (1);

(3) which is chartered and licensed as a liability insurance company and authorized to engage in the business of insurance under the laws of any state; or before January 1, 1985 was chartered or licensed and authorized to engage in the business of insurance under the laws of Bermuda or the Cayman Islands and, before such date, had certified to the insurance commissioner of at least one state that it satisfied the capitalization requirements of such state, except that any such group shall be considered to be a risk retention group only if it has been engaged in business continuously since such date and only for the operations liability (as such terms were defined in the product liability risk retention act of 1981 before the date of the enactment of the risk retention act of 1986);

(4) which does not exclude any person from membership in the group solely to provide for members of such a group a competitive advantage over such a person;

(5) which has as its members only persons who have an ownership interest in the group and which has as its owners only persons who are members who are provided insurance by the risk retention group; or has as its sole member and sole owner an organization which is owned by persons who are provided insurance by the risk retention group;

(6) whose members are engaged in businesses or activities similar or related with respect to the liability of which such members are exposed by virtue of any related, similar, or common business trade, product, services, premises, or operations;

(7) whose activities do not include the provision of insurance other than liability insurance for assuming and spreading all or any portion of the liability of its group members; and reinsurance with respect to the liability of any other risk retention group (or any members of such other group) which is engaged in businesses or activities so that such group or member meets the requirement described in subparagraph (6) from membership in the risk retention group which provides such reinsurance; and

(8) the name of which includes the phrase "risk retention group".

(l) "Service providers" means any person providing insurance related services or management services to, or for, a risk retention group, including, but not limited to, agents, brokers, claims appraisers and adjusters, insurers, actuaries and financial management consultants.

(continued)

(g) (l) "State" means the state of Kansas, any state in of the United States and the District of Columbia.

Sec. 2. K.S.A. 40-4102 is hereby amended to read as follows: 40-4102. A risk retention group seeking to be chartered in this state must be chartered and licensed as an a liability insurance company authorized by the insurance laws of this state and, except as provided elsewhere in this act, must comply with all of the laws, rules and regulations and requirements and rules and regulations applicable to such insurers chartered and licensed in this state and with K.S.A. 40-4103, and amendments thereto, to the extent such requirements are not a limitation on laws, rules and regulations or requirements of this state. Before it may offer insurance in any state, each risk retention group shall also submit for approval to the insurance commissioner of this state a plan of operation or a feasibility study and revisions of such plan or study if the group intends to offer any additional lines of liability insurance. Immediately upon receipt of an application for charter, this state shall provide summary information concerning the filing to the national association of insurance commissioners including the name of the risk retention group, the identity of the initial members of the group, the identity of those individuals who organized the group or who will provide administrative services or otherwise influence or control the activities of the group, the amount and nature of initial capitalization, the coverage to be afforded and the states in which the group intends to operate. Providing notification to the national association of insurance commissioners is in addition to and shall not be sufficient to satisfy the requirements of K.S.A. 40-4103, and amendments thereto, and all other sections of this act.

Sec. 3. K.S.A. 40-4103 is hereby amended to read as follows: 40-4103. (a) Risk retention groups chartered in states other than this state, Bermuda or the Cayman Islands and seeking to do business as a risk retention group in this state must shall observe and abide by the laws of this state as follows:

- (1) Register with the commissioner in this state;
- (2) designate the commissioner as its agent for service of process and receipt of legal documents;
- (3) no later than March 1 of each year, file with the commissioner of this state its annual statement as filed with the commissioner in the chartering state or the public official having supervision of insurance in the chartering jurisdiction;
- (4) file a copy of the last examination, if any, made of the risk retention group, certified by the commissioner of the chartering state or the public official having supervision of insurance in the chartering jurisdiction; and
- (5) file with the commissioner no later than January 15 of each year, or within 60 days thereafter, the product liability loss experience data report required by K.S.A. 40-1192, and amendments thereto.

(b) Risk retention groups chartered in Bermuda or the Cayman Islands, in addition to the requirements of subsection (a), must:

- (1) Be chartered or licensed and authorized to do business under the laws of Bermuda or the Cayman Islands before January 1, 1985;
- (2) file with the commissioner of this state a copy of the certification filed with the commissioner of at least one state that satisfies the capitalization requirements of that state, together with evidence that such certification has been accepted by the commissioner of that state as meeting the requirements of that state; and
- (3) file, with the commissioner of the state in which it certifies its capitalization, a waiver of any secrecy laws of the jurisdiction in which it is chartered.

(a) Notice of operations and designation of commissioner as agent. Before offering insurance in this state, a risk retention group shall submit to the commissioner:

- (1) A statement identifying the state or states in which the risk retention group is chartered and licensed as a liability insurance company, date of chartering, its principal place of business and such other information including information on its membership, as the commissioner of this state may require to verify that the risk retention group is qualified under subsection (k) of K.S.A. 40-4101 and amendments thereto;

(2) a copy of its plan of operations or a feasibility study and revisions of such plan or study submitted to its state of domicile; but the provision relating to the submission of a plan of operation or a feasibility study shall not apply with respect to any line or classification of liability insurance which:

(A) Was defined in the product liability risk retention act of 1981 before October 27, 1986; and

(B) was offered before such date by any risk retention group which had been chartered and operating for not less than three years before such date;

(3) a statement of registration which designates the commissioner as its agent for the purpose of receiving service of legal documents or process.

(b) Financial condition. Any risk retention group doing business in this state shall submit to the commissioner:

(1) A copy of the group's financial statement submitted to its state of domicile, which shall be certified by an independent public accountant and contain a statement of opinion on loss and loss adjustment expense reserves made by a member of the American academy of actuaries or a qualified loss reserve specialist (under criteria established by the national association of insurance commissioners);

(2) a copy of each examination of the risk retention group as certified by the commissioner or public official conducting the examination;

(3) upon request by the commissioner, a copy of any audit performed with respect to the risk retention group; and

(4) such information as may be required to verify its continuing qualification as a risk retention group under subsection (k) of K.S.A. 40-4101 and amendments thereto.

(c) Taxation. (1) All premiums paid for coverages within this state to risk retention groups chartered outside this state shall be subject to taxation at the same rate and subject to the same interest, fines and penalties for nonpayment as that provided by K.S.A. 40-246c and amendments thereto. Risk retention groups chartered or licensed in this state shall be taxed in accordance with K.S.A. 40-252, and amendments thereto.

(2) To the extent agents or brokers are utilized, they shall report and pay the taxes for the premiums for risks which they have placed with or on behalf of a risk retention group not chartered in this state.

(3) To the extent agents or brokers are not utilized or fail to pay the tax, each risk retention group shall pay the tax for risks insured within the state. Further, each risk retention group shall report all premiums paid to it for risks insured within the state.

(d) Compliance with unfair claims settlement practices law. Any risk retention group, its agents and representatives, shall comply with subsection (9) of K.S.A. 40-2404 and amendments thereto.

(e) Deceptive, false or fraudulent practices. Any risk retention group shall comply with the laws of this state regarding deceptive, false or fraudulent acts or practices. However, if the commissioner seeks an injunction regarding such conduct, the injunction shall be obtained from a court of competent jurisdiction.

(f) Examination regarding financial condition. Any risk retention group shall submit to an examination in accordance with K.S.A. 40-222 and 40-223, and amendments thereto, by the commissioner to determine its financial condition if the commissioner of the jurisdiction in which the group is chartered has not initiated an examination or does not initiate an examination within 60 days after a request by the commissioner of this state.

(g) Notice to purchasers. Any policy issued by a risk retention group shall contain in 10 point type on the front page and the declaration page, the following notice:

NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

(h) Prohibited acts regarding solicitation or sale. The following acts by a risk retention group are hereby prohibited:

- (1) The solicitation or sale of insurance by a risk retention

group to any person who is not eligible for membership in such group; and

(2) the solicitation or sale of insurance by, or operation of, a risk retention group that is in a hazardous financial condition or is financially impaired.

(i) Prohibition on ownership by an insurance company. No risk retention group shall be allowed to do business in this state if an insurance company is directly or indirectly a retention group all of whose members are insurance companies.

(j) Prohibited coverage. No risk retention group may offer insurance policy coverage prohibited by the laws of this state or declared unlawful by the supreme court of the state of Kansas.

(k) Delinquency proceedings. A risk retention group not chartered in this state and doing business in this state must comply with a lawful order issued in a voluntary dissolution proceeding or in a delinquency proceeding commenced by a state insurance commissioner if there has been a finding of financial impairment after an examination under subsection (f) of this section.

Sec. 4. K.S.A. 40-4108 is hereby amended to read as follows: 40-4108. No risk retention group, with respect to its product liability or completed operations insurance shall be permitted to join or contribute financially to any insurance insolvency guaranty fund, or similar mechanism, in this state, nor shall any risk retention group, or its insured, receive any benefit from any such fund for claims arising out of the operations of such risk retention group for product liability or completed operations insurance.

Sec. 5. K.S.A. 40-4109 is hereby amended to read as follows: 40-4109. A policy of insurance issued to a risk retention group or any member of that group shall not be required to be countersigned as otherwise provided in K.S.A. 40-246, and amendments thereto.

New Sec. 6. Any purchasing group meeting the criteria established under the provisions of the federal liability risk retention act of 1986 shall be exempt from any law of this state relating to the creation of groups for the purchase of insurance, prohibition of group purchasing or any law that would discriminate against a purchasing group or its members. In addition, an insurer shall be exempt from any law of this state which prohibits providing, or offering to provide, to a purchasing group or its members advantages based on their loss and expense experience not afforded to other persons with respect to rates, policy forms, coverage or other matters. A purchasing group shall be subject to all other applicable laws of this state.

New Sec. 7. (a) A purchasing group which intends to do business in this state shall furnish notice to the commissioner which shall:

- (1) identify the state in which the group is domiciled;
- (2) specify the lines and classifications of liability insurance which the purchasing group intends to purchase;
- (3) identify the insurance company from which the group intends to purchase its insurance and the domicile of such company;
- (4) identify the principal place of business of the group; and
- (5) provide such other information as may be required by the commissioner to verify that the purchasing group is qualified under subsection (j) of K.S.A. 40-4101 and amendments thereto.

(b) The purchasing group shall file with the insurance department its written consent, irrevocable, that any action or garnishment proceeding may be commenced against such group in the proper court of any county in this state in which the cause of action shall arise or in which the plaintiff may reside by the service of process on the commissioner of insurance of this state and stipulating and agreeing that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the president or chief officer of such corporation. Such consent shall be executed by the president of the company and shall be accompanied by a certified copy of the order or resolution of the board of directors, trustees or managers authorizing the president to execute the same. The summons, accompanied by a fee of \$3 shall be directed to the commissioner of insurance and shall require the defendant to answer not less than 40 days from its date. Such summons, and a certified copy of the petition shall be forthwith forwarded by the clerk of the court

to the commissioner of insurance, who shall immediately forward a copy of the summons and the certified copy of the petition, to the president of the group sued and thereupon the commissioner of insurance shall make return of the summons to the court from which it issued, showing the date of the receipt by the commissioner, the date of forwarding of such copies and the name and address of the person to whom the commissioner forwarded the copy. Such return shall be made under the commissioner's hand and seal of office, and shall have the same force and effect as a due and sufficient return made by the sheriff on process directed to the sheriff. The foregoing shall not apply in the case of a purchasing group which:

- (1) (A) Was domiciled before April 2, 1986; and
- (B) is domiciled on and after October 27, 1986 in any state of the United States;
- (2) (A) before October 27, 1986 purchased insurance from an insurance carrier licensed in any state; and
- (B) since October 27, 1986 purchased its insurance from an insurance carrier licensed in any state;
- (3) was a purchasing group under the requirements of the product liability retention act of 1981 before October 27, 1986; and
- (4) does not purchase insurance that was not authorized for purposes of an exemption under that act, as in effect before October 27, 1986.

New Sec. 8. A purchasing group may not purchase insurance from a risk retention group that is not chartered in a state or from an insurer not admitted in the state in which the purchasing group is located, unless the purchase is effected through a licensed agent or broker acting pursuant to the surplus lines laws and regulations of such state.

New Sec. 9. The commissioner is authorized to make use of any of the powers established under the insurance code of this state to enforce the laws of this state so long as those powers are not specifically preempted by the product liability risk retention act of 1981, as amended by the risk retention amendments of 1986. Such authorization includes, but is not limited to, the commissioner's administrative authority to investigate, issue subpoenas, conduct depositions and hearings, issue orders and impose penalties. With regard to any investigation, administrative proceeding, or litigation, the commissioner can rely on the procedural law and regulations of the state. The injunctive authority of the commissioner in regard to risk retention groups is restricted by the requirement that any injunction be issued by a court of competent jurisdiction.

Sec. 10. K.S.A. 40-4113 is hereby amended to read as follows: 40-4113. (a) A risk retention group which is chartered and licensed under K.S.A. 40-4102 or 40-4103 and which violates any provision of this act will be subject to fines and penalties applicable to licensed insurers generally, including revocation of license or the right to do business in this state, or both.

(b) A risk retention group doing business in this state, which is not chartered or licensed in accordance with either K.S.A. 40-4102 or 40-4103, will be deemed an unauthorized insurer and subject to the fines and penalties of chapter 40 of the Kansas Statutes Annotated.

New Sec. 11. Any person acting, or offering to act, as an agent or broker for a risk retention group, which solicits members, sells insurance coverage, purchases coverage for its members located within the state or otherwise does business in this state shall, before commencing any such activity, obtain a license from the commissioner.

New Sec. 12. An order issued by any district court of the United States enjoining a risk retention group from soliciting or selling insurance, or operating, in any state (or in all states or in any territory or possession of the United States) upon a finding that such a group is in a hazardous financial condition, shall be enforceable in the courts of the state.

Sec. 13. K.S.A. 40-4114 is hereby amended to read as follows: 40-4114. The commissioner may establish is hereby authorized to adopt such rules and regulations relating to risk retention groups as are may be necessary to carry out the provisions of this act.

(continued)

Sec. 14. K.S.A. 40-241i is hereby amended to read as follows: 40-241i. (a) Any company authorized to transact business in this state may, upon determining that the agent is of good business reputation and has had experience in insurance or will immediately receive a course of instruction in insurance and on the policies and policy forms of such company, certify such agent as the agent of the company under the license in effect for the agent. The certification shall be made to the commissioner on a form prescribed by the commissioner immediately upon appointment of the agent, shall be accompanied by the certification fees set forth in K.S.A. 40-252, and amendments thereto, and shall remain in effect until May 1, unless the commissioner is notified to the contrary or the license of the certified agent is terminated. The certification fee shall not be returned for any reason.

(b) With respect to insurance on growing crops, evidence satisfactory to the commissioner that the agent is qualified to transact insurance in accordance with standards or procedures established by any branch of the federal government shall be deemed to be the equivalent of certification by a company.

(c) *Duly licensed insurance agents transacting business in accordance with the provisions of article 41 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, shall be deemed to be certified by a company for the kinds of insurance permitted under the license in effect for the agent.*

Sec. 15. K.S.A. 40-241i, 40-4101, 40-4102, 40-4103, 40-4104, 40-4105, 40-4106, 40-4107, 40-4108, 40-4109, 40-4110, 40-4111, 40-4112, 40-4113 and 40-4114 are hereby repealed.

Sec. 16. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body February 19, 1987.

HOUSE concurred in SENATE amendments April 6, 1987.
 JAMES D. BRADEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE as amended April 3, 1987.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

APPROVED April 17, 1987.
 MIKE HAYDEN
Governor.

STATE OF KANSAS
 Office of Secretary of State

I, BILL GRAVES, 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 17th day of April, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

SENATE BILL No. 3

AN ACT concerning the state board of agriculture; concerning selection of delegates for attendance at annual meeting; providing for election of members of the board; concerning election of the secretary of state board of agriculture; providing for membership of state fair board; changing the name of the board of state fair managers to the state fair board; amending K.S.A. 2-135, 2-201, 2-202, 2-202a, 2-202b, 2-205, 2-205a, 2-205b, 2-213, 2-214, 2-215, 2-216, 2-217, 2-219, 2-220, 74-502, 74-503, 74-520, 74-521, 74-522, 74-523 and 74-524 and repealing the existing sections.

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

Section 1. K.S.A. 74-502 is hereby amended to read as follows: 74-502. (a) The farm organizations specified in this subsection, whether now organized or hereafter to be organized under the laws of Kansas, shall be allowed to select delegates for attendance at the annual meeting of the state board of agriculture. The delegates shall be selected in accordance with the following:

(1) One from each county or district agricultural society composed of one or more counties;

(2) one from each state fair or statewide fair;

(3) one from each county farmers' institute;

(4) one from each county farm bureau association with a voting membership of not less than 100;

(5) one from each county farmers' union with a voting membership of not less than 100;

(6) one from each county grange with a voting membership of not less than 100;

(7) one from each of the nine eight Kansas co-op council districts with member co-ops composed of producer membership of not less than 100;

(8) one member of the Kansas livestock association from each county in which the Kansas livestock association has a voting membership of not less than 100;

(9) one from each county national farmers' organization with a voting membership of not less than 100;

(10) one from each county Kansas association of wheat growers organization with a voting membership of not less than 100;

(11) one from each association of statewide character representing a particular kind or a particular breed of livestock; and

(12) one from each association of a statewide character for promotion of a farm crop or crops; and

(13) one from each nonprofit association, with a voting membership of not less than 100, of statewide character for the promotion or representation of a specific industry in agribusiness. For the purposes of this subsection, agribusiness means suppliers of goods or services used in the farming operation as defined in K.S.A. 1986 Supp. 2-3402, and amendments thereto. Each delegate authorized under this subsection shall be directly involved in the industry of agribusiness represented.

(b) In addition to the delegates provided for in subsection (a) of this section, one individual from each of the counties may attend the annual meeting of the state board of agriculture as a delegate, if a petition is signed by not less than 150 qualified electors of the county who are agricultural producers or landowners and who are not voting members of the farm bureau association, farmers' union, grange, national farmers' organization, Kansas association of wheat growers or Kansas livestock association or who are voting members of any such farm organization which has a voting membership of less than 100. Agricultural producers and landowners shall be those persons who are qualified to vote in the agricultural stabilization and conservation service's county elections. No person shall sign more than one petition. A petition shall not be filed with the county election officer prior to September 1 of each year. The county election officer shall submit to the secretary of the state board of agriculture on or before the first Friday following the second Tuesday of December of each year, the individual named as a delegate on the first petition which is filed. In addition to the foregoing, the county election officer shall certify to the secretary the sufficiency of each signature as to the qualification of the individual as an elector of the county and that the number of

signatures on the petition has been determined to be in accordance with the provisions of this subsection.

(c) In order to be eligible to send, or to participate by petition in the sending of, a delegate to the annual meeting of the state board of agriculture, each of the farm organizations shall have: (1) Duly elected officers; (2) held meetings; (3) carried on the work as provided for in the constitution and bylaws adopted by the organization; (4) filed a copy of the constitution and bylaws with the secretary of the state board of agriculture; (5) annually certified the above facts; (6) within three days after the election furnished, in writing on blanks furnished by the secretary of the state board of agriculture, a list of officers so elected to the secretary of the state board of agriculture; and (7) on or before the first Friday following the second Tuesday of December of each year, furnished a list of its voting members to the secretary of the state board of agriculture.

(d) Each delegate entitled to attend the annual meeting of the state board of agriculture shall be duly elected, and authorized in writing by the members of the organization the delegate represents. The written authorization shall be certified to the secretary of the state board of agriculture on or before the first Friday following the second Tuesday of December of each year. Each delegate representing a Kansas co-op council district shall be selected at the fall district meeting of each co-op council district. No such delegate selected shall be an employee of any cooperative, but may be a member of a cooperative board of directors. No delegate representing the Kansas livestock association shall be an employee of the Kansas livestock association. Each delegate, except in the case of the delegates from county and district agricultural societies, shall be a bona fide farmer or breeder of livestock. The state board of agriculture shall recognize not more than one association representing a single kind or a single breed of livestock. The county fair associations and county agricultural societies shall be construed to mean one and the same thing, and there shall be but one such fair association recognized in any county, except in counties that now have more than one fair association affiliated with the state board of agriculture.

(e) County or district agricultural societies shall hold well-balanced agricultural fairs designed to promote education and to encourage the improvement and development of agriculture in a broad and comprehensive way, and when, in the judgment of the state board of agriculture, any such society does not conform to adequate standards in its fairs, the state board of agriculture may, by formal resolution adopted at a regular meeting of the board, declare forfeited the society's representation with the state board of agriculture, and the place thus vacated may be assigned by the board of agriculture to another society or association that complies with the provisions of this act and holds fairs of acceptable character, and, moreover, any county or district agricultural society that has failed or fails to hold a fair for two consecutive years shall lose its representation with the state board of agriculture, and its place may be taken by another society which shall have fulfilled the requirement of this act. Each county or district agricultural society herein mentioned which shall have held a fair for the current year, offered and awarded premiums for the improvement of stock, tillage, crops, implements, mechanical fabrics and articles of domestic industry, shall make out a statement containing a synopsis of awards, moneys received, assets and liabilities, and an abstract of the treasurer's account, duly signed and certified by its officials. The statement shall be forwarded by mail or otherwise to the secretary of the state board of agriculture on or before the first Friday following the second Tuesday of December of each year.

Sec. 2. K.S.A. 74-503 is hereby amended to read as follows: 74-503. It shall be the duty of the officers and the members of the state board of agriculture, together with so many of the authorized delegates as shall be in attendance, to meet at the capital of the state on the second Wednesday of January of each year, and proceed to elect two members of the board from each agricultural district hereinafter established, who shall constitute the state board of agriculture. *Notwithstanding the provisions of K.S.A. 75-4318, and amendments thereto, board members may be nominated in caucus by voice vote, show of hands or, if re-*

quested, by secret ballot. If a secret ballot is requested, voting slips shall be provided to voting members of the caucus. Board members presiding at caucus meetings shall appoint a secretary for the purpose of keeping minutes of such meetings and for the purpose of taking attendance of qualified delegates eligible to participate in caucus elections. Board members may be elected at the general assembly by voice vote, show of hands or, if requested, by secret ballot. For the purpose of appointment and tenure of office of the state board of agriculture, the state is hereby divided into six agricultural districts, which shall be constituted as follows:

First district, the counties of Marshall, Nemaha, Brown, Doniphan, Pottawatomie, Jackson, Atchison, Shawnee, Jefferson, Leavenworth, Wyandotte, Osage, Douglas, Franklin and Johnson.

Second district, the counties of Miami, Coffey, Anderson, Linn, Woodson, Allen, Bourbon, Wilson, Neosho, Crawford, Montgomery, Labette and Cherokee.

Third district, the counties of Republic, Washington, Cloud, Clay, Riley, Ottawa, Dickinson, Geary, Wabaunsee, Saline, Morris, McPherson, Marion, Chase and Lyon.

Fourth district, the counties of Ellsworth, Rice, Reno, Harvey, Butler, Greenwood, Kingman, Sedgwick, Harper, Sumner, Cowley, Elk and Chautauqua.

Fifth district, the counties of Greeley, Wichita, Scott, Lane, Ness, Rush, Barton, Hamilton, Kearny, Finney, Hodgeman, Pawnee, Stafford, Stanton, Grant, Haskell, Gray, Ford, Edwards, Kiowa, Pratt, Morton, Stevens, Seward, Meade, Clark, Comanche and Barber.

Sixth district, the counties of Cheyenne, Rawlins, Decatur, Norton, Phillips, Smith, Jewell, Sherman, Thomas, Sheridan, Graham, Rooks, Osborne, Mitchell, Wallace, Logan, Gove, Trego, Ellis, Russell and Lincoln.

Members shall be elected for terms of three years, except that of the successors to the members from the second district whose terms expire in 1985, one member shall be elected for a term of one year and one member for a term of three years at the meeting in January, 1985; of the successors to the members from the third district whose terms expire in 1986, one member shall be elected for a term of one year and one member for a term of three years at the meeting in January, 1986. Nothing herein shall affect the terms of the members of the board in office on the effective date of this act and they respectively shall hold office for the terms for which they were respectively elected, except that the successor of one of the members from the second district whose term expires in 1985 shall be elected from the fifth district at the meeting in January, 1985, for a term of three years. At the expiration of the terms of these members, succeeding members shall be elected from their designated districts for terms of three years, or until their successors are elected and qualified. The members shall elect from their number a president, vice-president and treasurer for a term of one year. The secretary of the board shall be elected by the members of the board for a term of two years. *Every newly elected secretary of the state board of agriculture elected on or after the effective date of this act shall be elected subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto.* The secretary of the state board of agriculture shall prepare for the annual meeting a program of speakers, or other features calculated to be of value in promoting the state's agricultural industry, the annual meeting to continue in session until such time as the business requiring attention shall have been completed. The annual meeting shall not remain in session for more than three days. Each delegate to the annual meeting of the state board of agriculture and each officer and member of the state board of agriculture shall be entitled to one vote in all business coming before the annual meeting. The actual traveling and hotel expenses of each officer and member of the state board of agriculture, of each speaker to appear before the meeting, and all other actual expenses contingent to the holding of the annual meeting, shall be paid out of the treasury of the state of Kansas, in a sum not to exceed \$10,000 annually.

Sec. 3. K.S.A. 74-520 is hereby amended to read as follows:

(continued)

74-520. Immediately upon the taking effect of this act, (a) The state board of agriculture, with its secretary, the secretary of the state board of agriculture, one individual appointed for a term of three years by the Kansas chamber of commerce and industry, one individual appointed for a term of three years by the travel industry association of Kansas and one individual appointed for a term of three years by the Kansas technology enterprise corporation from among the board of directors of the Kansas technology enterprise corporation shall constitute the board of state fair managers state fair board.

(b) Any vacancy occurring in a position on the state fair board shall be filled in the same manner in which the original appointment was made.

New Sec. 4. The name of the board of state fair managers is hereby changed to the state fair board. All properties, moneys, appropriations, powers, duties and authority now vested in the board of state fair managers shall be vested in the state fair board. Whenever the board of state fair managers, or words of like effect, is referred to or designated by any statute, contract or other document, such reference or designation shall be deemed to apply to the state fair board.

Sec. 5. K.S.A. 2-135 is hereby amended to read as follows: 2-135. The board of state fair managers board in the name of the state of Kansas, and each community fair association, and each county fair association, organized and operating under the laws of the state of Kansas shall have the right of eminent domain as provided in K.S.A. 26-501 to 26-516, inclusive, and amendments thereto for the acquisition of lands or additional lands for fairgrounds or fair purposes.

Sec. 6. K.S.A. 2-201 is hereby amended to read as follows: 2-201. A state fair shall be held annually in the city of Hutchinson, Kansas, at such time as shall be fixed by the board of state fair managers board. It shall be unlawful for any person, corporation or association, or for any corporate entity other than the board of state fair managers of Kansas board, to hold or conduct a state fair in Kansas or to hold or conduct any exhibition or display of any livestock or agricultural products under a designation, publicity or advertisement as a state fair.

A violation of this section shall constitute a misdemeanor.

Sec. 7. K.S.A. 2-202 is hereby amended to read as follows: 2-202. The tract of land conveyed by the county of Reno to the state of Kansas for fair purposes, and all other real estate acquired by the state of Kansas, for fair purposes, shall be held by the state of Kansas as a state fairgrounds, and for other authorized uses. The board of state fair managers board may direct, regulate, lease and control the use of said the fairgrounds, and the buildings located thereon, in the conducting and operating of a state fair; and when use of same the fairgrounds, and the buildings located thereon, is not deemed necessary for use for fair purposes, the board of state fair managers board may enter into a contract, lease or agreement permitting the use of all or a portion of such fairgrounds, or buildings located thereon, for such uses and on such terms and conditions as may be agreed upon. Provided, That Such contract, lease or agreement shall be in writing. Provided further, In the event such contract, lease or agreement shall involve involves a use in which two or more persons or firms are known to be interested, then the contract, lease or agreement shall be awarded by the director of purchases, pursuant to the provisions of article 37 of chapter 75 of the Kansas Statutes Annotated. And If at any time the state of Kansas shall fail fails to hold a state fair in any one year, then the county of Reno or any association in that county organized for the purpose of holding a fair, shall be permitted to use the tract conveyed by the county of Reno to the state of Kansas and buildings thereon; free of charge; for the purpose of holding a state fair that year.

Sec. 8. K.S.A. 2-202a is hereby amended to read as follows: 2-202a. The board of state fair managers board shall on or before the first day of April 1 each year, file in the office of the county assessor of Reno county, Kansas, a list of all persons or firms having property stored on the fairgrounds, or in the buildings located thereon, as of the date applicable for the assessment of property for purposes of taxation, last preceding. Provided, That,

except that the state of Kansas or any of its agencies shall not be included in said the list.

Sec. 9. K.S.A. 2-202b is hereby amended to read as follows: 2-202b. The board of state fair managers board may raze any frame building, located on the state fairgrounds, or portion of same, when it is deemed by said the board unsafe, obsolete or of not sufficient use to justify maintenance. Said The board may repair, maintain or remodel any frame building, or buildings, located on the state fairgrounds as it shall deem deems necessary.

Sec. 10. K.S.A. 2-205 is hereby amended to read as follows: 2-205. (a) (1) All moneys received by the board of state fair managers board through the operation of the state fair and from any and all other sources directly related to the operation of the state fair shall be remitted 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 the same shall be credited by the state treasurer to the state fair fee fund, which is hereby created. As soon after the effective date of this act as possible, the director of accounts and reports shall transfer all moneys in the state fair revolving fee fund to the state fair fee fund created under this section. On the effective date of such transfer, all liabilities of the state fair revolving fee fund are hereby transferred to and imposed upon the state fair fee fund. On the effective date of such transfer, the state fair revolving fee fund is hereby abolished.

(2) During the period beginning July 1, and extending to December 31, of each year, moneys in the state fair fee fund, and appropriations for the operation of the state fair from the state general fund made for the state fair, or the board of state fair managers board, may be transferred from the state treasury to a bank in Reno county, Kansas, to the account of the board of state fair managers board, upon vouchers of the board of state fair managers board, for its use in operating and conducting a state fair, including but not by way of limitation, the payment of labor, salaries of part-time employees, prizes and awards. The state treasurer and the director of accounts and reports are authorized and directed to honor all such vouchers and orders of the board of state fair managers board, and to make such transfers as directed. During the period beginning July 1, and extending to December 31, of each year, the board of state fair managers board, is authorized to expend moneys on deposit to its credit in any Reno county, Kansas, bank, by approved vouchers directed to the treasurer of the board of state fair managers board, and by the issuance of checks by the treasurer of the board to the persons entitled thereto as shown upon such vouchers, and all such expenditures may be made without compliance with any of the provisions of any act contained in article 37 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory of the provisions thereof or supplemental thereto.

(3) During the period beginning July 1, and extending to December 31, of each year, the board of state fair managers board, may employ labor and personnel in conjunction with the current operation of the state fair, without compliance with the provisions of any act contained in article 29 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory of the provisions thereof or supplemental thereto. This authority to employ shall not be construed as authorizing the board to employ its normal classified service employees on a different basis for all or any part of that six-month period.

(4) All unencumbered moneys on deposit to the credit of the board of state fair managers board in a Reno county, Kansas, bank, on December 31, of each year, shall be transferred back to the state treasury to the credit of the state fair fee fund or appropriation from the state general fund according as each may be entitled. All moneys in the state fair fee fund may be used for the payment of checks drawn against the same upon vouchers drawn by the board of state fair managers board. It shall be the duty of the board of state fair managers board to submit on or before December 31, of each year a full and complete object classification report on all moneys collected by and expended by the board of state fair managers board to the director of accounts and reports.

(b) (1) All moneys received by the board of state fair manag-

ers board through the operation and promotion of events held on the state fairgrounds on those days which have not been designated as official state fair days, herein referred to as non-fair days events, shall be deposited in a separate account established in a bank in Reno county, Kansas, for each non-fair days event by the board of state fair managers board. All expenses incurred in the operation and promotion of each non-fair days event shall be paid from the separate bank account established for such non-fair days event by issuance of checks by the treasurer of the board of state fair managers board or a person designated by such treasurer and the balance of the money in such account after payment of all such expenses shall be remitted to the state treasurer by the board of state fair managers board. Upon receipt of each such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited by the state treasurer to the non-fair days activities fee fund. Moneys in the non-fair days activities fee fund may be transferred from the state treasury to a bank in Reno county, Kansas, to a separate account established for each non-fair days event, by the board of state fair managers board, upon vouchers of the board of state fair managers board, for its use in the operation and promotion of events held on the state fairgrounds on those days which have not been designated as official state fair days. The state treasurer and the director of accounts and reports are authorized and directed to honor all such vouchers and orders of the board of state fair managers board, and to make such transfers as directed. The board of state fair managers board is authorized to expend moneys on deposit to its credit in any of the non-fair days event accounts in any Reno county, Kansas, bank, by approved vouchers directed to the treasurer of the board of state fair managers board, and by the issuance of checks by the treasurer of the board to the persons entitled thereto as shown upon such vouchers, and all such expenditures may be made without compliance with any of the provisions of any act contained in article 37 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory of the provisions thereof or supplemental thereto.

(2) On or before April 1 of each year, the board of state fair managers board shall make a full and complete report of all moneys expended from all such non-fair days event accounts in the previous year to the director of accounts and reports.

(c) Each bank account required for use in operating and conducting a state fair under subsection (a) or a non-fair days event under subsection (b) shall be awarded to a bank in Reno county, Kansas, by the pooled money investment board under a written agreement in accordance with procedures for state bank accounts under K.S.A. 75-4217 and amendments thereto and shall be secured by pledge of securities in the manner prescribed for state bank accounts under K.S.A. 75-4218 and amendments thereto and in the amount prescribed for fee agency accounts under that statute.

Sec. 11. K.S.A. 2-205a is hereby amended to read as follows: 2-205a. When sufficient funds are not available and it is necessary to contract for supplies and services in advance of the fair, the board of state fair managers board is authorized to enter into contract which shall contain a provision that such contract shall become effective and binding upon the board of state fair managers board only in the event that funds are available to carry out the provisions thereof. All of such contracts shall be filed with the department of administration and, made a matter of record, and paid upon proper vouchers drawn by the board of state fair managers board on the state treasurer.

Sec. 12. K.S.A. 2-205b is hereby amended to read as follows: 2-205b. The board of state fair managers board is authorized to select and contract for afternoon and evening grandstand attractions, and grounds attractions and shows. ~~Provided, That.~~ Copies of all such contracts shall be sent by the board of state fair managers board to the department of administration for process purposes. The board of state fair managers board is authorized to select and purchase livestock feed, livestock bedding, and advertising media, including but not by way of limitation the following: Newspaper advertising, magazine advertising, outdoor billboards, radio, television, bumper signs, window cards, pencils, and calendars, all without approval from the department

of administration, but with purchase requisitions; or purchase order vouchers, to be submitted to the director of purchases; for processing purposes.

Sec. 13. K.S.A. 2-213 is hereby amended to read as follows: 2-213. The state board of fair managers are fair board is hereby authorized and empowered to enter into a contract with individuals or corporations for the construction of an automobile display building, and the maintenance thereof, upon the state fairgrounds and for which purpose the right to construct such building upon state's property is hereby expressly granted and conferred, which said building shall be the property of the state for the use and benefit of the state fair. The said board is further authorized and empowered to enter into a written lease for such building for a period of not more than eight years during which such period the rentals therefrom shall be used and applied to the payment of the cost of the construction and to the maintenance of such building and such rentals during said such period shall be deemed ample and sufficient to pay the entire cost of the construction and the maintenance of such building. In no event shall the state of Kansas ever be liable for the cost of such building, nor shall the state be liable for the maintenance of such building during said eight-year lease period. ~~Provided, however, That.~~ In the construction of said the building brick from the penitentiary may be used and labor from the industrial reformatory shall be provided.

Sec. 14. K.S.A. 2-214 is hereby amended to read as follows: 2-214. The board of state fair managers board and any parties in interest are hereby authorized and empowered to enter into a contract, lease or agreement permitting the use of a portion of the Kansas state fair grounds at Hutchinson, Kansas, for the erection thereon by the city of Hutchinson, of a fire station; or for the erection thereon by any agricultural or livestock organization of a statewide or nationwide character, of office buildings; and the erection of any such fire station or office buildings shall be under such terms and conditions as are lawful and proper. ~~Provided, however,~~ Upon the abandonment of any such fire station or office buildings for the purposes which such fire station or office buildings were originally constructed, all right, title and interest in and to such fire station or office buildings shall immediately vest in the state of Kansas.

Sec. 15. K.S.A. 2-215 is hereby amended to read as follows: 2-215. The board of state fair managers board is hereby authorized and empowered to grant easements for sewers and public utilities and for street purposes to the city of Hutchinson, Kansas, its successors and assigns, permitting the use of a portion of the Kansas state fairgrounds along and within ~~thirty (30)~~ 30 feet of the south side of the street adjoining and contiguous to the north side of the southwest quarter of section six (6), township ~~twenty-three (23)~~ 23, range five (5) west, in Reno county, Kansas, less the east ~~twenty (20)~~ 20 acres of said such quarter section. ~~Said Such~~ easements shall be granted under such terms and conditions as are lawful and proper.

Sec. 16. K.S.A. 2-216 is hereby amended to read as follows: 2-216. The board of state fair managers board shall annually, shall establish and collect admission charges for access and admissions entrances for persons attending the annual state fair at Hutchinson. No person except authorized employees of the state fair board, children under the age of six (6) years and such exhibitors or participants in activities as the board shall specifically provide for, shall be authorized to enter the state fairgrounds and buildings unless he or she shall exhibit such person exhibits evidence that he or she such person has paid the admission charge.

The state fair board is further authorized to provide for the refunding of the admission charges to certain entrants, exhibitors, performers, or participants in the activities at the fair if such party has evidence that he or she such party should be exempted from the payment of the charges.

All fees received by the board of state fair managers board in accordance with the provisions of this act shall be placed in the revolving fee fund the same as other moneys are placed therein under K.S.A. 2-205 and amendments thereto.

Sec. 17. K.S.A. 2-217 is hereby amended to read as follows:

(continued)

2-217. The board of state fair managers board is hereby authorized and empowered to enter into an agreement with the Kansas wheat centennial committee permitting the use of the state fairgrounds as a site for the construction of a permanent building to commemorate the wheat industry.

Sec. 18. K.S.A. 2-219 is hereby amended to read as follows: 2-219. When the use of the fairgrounds is not deemed necessary for use for fair purposes, the board of fair managers state fair board may enter into a contract, lease or agreement with the city of Hutchinson, Kansas, permitting the use of all or a portion of such fairgrounds, or buildings located thereon, for such uses and on such terms and conditions as may be agreed upon. ~~Provided, That.~~ Such contract, lease or agreement shall be in writing.

Sec. 19. K.S.A. 2-220 is hereby amended to read as follows: 2-220. (a) The state fair special cash fund is hereby created in the state treasury. The board of state fair managers board may apply annually to the director of accounts and reports to establish a change fund for use during the period of the state fair which shall be maintained in the form of cash from the moneys of the state fair special cash fund which shall be transferred from the state treasury to a separate account of the board of state fair managers board in a bank in Reno county, Kansas, in accordance with subsection (c). The director of accounts and reports shall authorize the establishment of such change fund and shall establish a maximum amount for such change fund of not to exceed ~~one hundred thousand dollars (\$100,000)~~ \$100,000 in accordance with the need therefor.

(b) After establishing the maximum amount for a change fund under subsection (a) and not less than ~~ten (10)~~ 10 days prior to the date fixed for the commencement of the state fair, the director of accounts and reports shall transfer an amount of money equal to such maximum amount from the state general fund to the state fair special cash fund. No such transfer from the state general fund shall exceed ~~one hundred thousand dollars (\$100,000)~~ \$100,000.

(c) For the purposes of a change fund authorized under this section, the moneys in the state fair special cash fund may be transferred by warrant, upon vouchers of the board of state fair managers board, from the state treasury to a separate account of such board in a bank in Reno county, Kansas. This bank account shall be awarded to a bank in Reno county, Kansas, by the pooled money investment board under a written agreement in accordance with procedures for state bank accounts under K.S.A. 75-4217 and amendments thereto and shall be secured by pledge of securities in the manner prescribed for state bank accounts under K.S.A. 75-4218 and amendments thereto and in the amount prescribed for fee agency accounts under that statute. The state treasurer and the director of accounts and reports shall honor all such vouchers and make such transfers as directed in accordance with this subsection, except that no such transfer shall be made more than ~~ten (10)~~ 10 days prior to the date fixed for the commencement of the state fair.

(d) The change fund authorized under this section may be established by the board of state fair managers board not more than five days preceding the date fixed for the commencement of the state fair. Such change fund shall be maintained in the daily amounts necessary for the operation of the state fair as directed by the board of state fair managers board except that no such amount shall exceed the maximum amount established by the director of accounts and reports under subsection (a). Prior to the sixth day after the conclusion of the state fair each year, such change fund shall be finally reconciled and all the moneys in such change fund shall be deposited in the bank account of the board of state fair managers board from which the change fund was established. Upon such deposit, all such moneys shall be remitted to the state treasurer. Upon receipt of such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the state fair special cash fund. Each year upon the crediting of such moneys to the state fair special cash fund and after the conclusion of the state fair, the director of accounts and reports shall transfer all moneys in the state fair special cash fund to the state general fund.

(e) The moneys in the change fund authorized under this

section shall be used exclusively for the making of change in operating and conducting the state fair during the period of the state fair. No advance or expenditure shall be made from such change fund.

(f) Except as otherwise provided in this section, the change fund authorized by this section shall be administered in the same manner as change funds authorized in accordance with K.S.A. 75-3078 and amendments thereto and shall be subject to such procedures and reporting requirements as may be prescribed by the director of accounts and reports under that statute. The director of accounts and reports may authorize a reconciling entry in any reconciliation statement for the change fund authorized by this section in an amount of not to exceed the maximum authorized by K.S.A. 75-3078 and amendments thereto for change funds authorized in accordance with that statute.

(g) All officers and employees of the board of state fair managers board having custody of moneys of the change fund authorized by this section shall be covered by a blanket surety contract purchased by the committee on surety bonds and insurance in such amount or amounts and upon such terms and conditions as the committee on surety bonds and insurance deems necessary and proper in accordance with the provisions of K.S.A. 75-4103, 75-4104 and K.S.A. 1079 Supp. 75-4105, and amendments thereto.

Sec. 20. K.S.A. 74-521 is hereby amended to read as follows: 74-521. ~~Said~~ The state fair board of state fair managers shall immediately organize by the election, from their own number, of a president and a vice-president, each of whom shall hold office for a term of one ~~(1)~~ year, and until their successors are elected and qualified. ~~Said~~ The board of state fair managers board shall select and purchase a seal to authenticate all their acts and proceedings. ~~Said~~ The board shall have power to meet for the transaction of business under the call of the president whenever it may be necessary; to fully control and regulate the time and manner of holding a state fair; to appoint all necessary subordinate officers and employees; to fix and establish premiums and awards for exhibitors and contestants, and pay the same; to budget and expend funds for necessary printing; and advertising for a state fair; and to do and perform all other matters pertinent in connection with the holding of a state fair. ~~Said~~ The board may appoint a secretary-treasurer. The secretary-treasurer shall be in the unclassified service of the Kansas civil service act, and shall receive an annual salary fixed by ~~said~~ the board and approved by the state finance council. ~~Said~~ The board members shall serve on committees which may be established by the board, or its president, and to which ~~said~~ the board members are assigned; by the board or its president. Members of the board of state fair managers board attending meetings of such board, or attending a subcommittee meeting thereof authorized by such board, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

Sec. 21. K.S.A. 74-522 is hereby amended to read as follows: 74-522. The members of ~~said~~ board of the state fair managers board shall be paid all ~~traveling~~ travel and hotel expenses actually and necessarily incurred by them in the performance of their respective duties.

Sec. 22. K.S.A. 74-523 is hereby amended to read as follows: 74-523. The ~~said~~ board of state fair managers board shall have power to ~~make all needed~~ adopt rules and regulations regarding the holding of ~~said~~ the state fair and the control and government thereof, which rules and regulations shall be published for the benefit of the public.

Sec. 23. K.S.A. 74-524 is hereby amended to read as follows: 74-524. A majority of ~~said~~ board of the state fair managers board shall constitute a quorum to transact business.

Sec. 24. K.S.A. 2-135, 2-201, 2-202, 2-202a, 2-202b, 2-205, 2-205a, 2-205b, 2-213, 2-214, 2-215, 2-216, 2-217, 2-219, 2-220, 74-502, 74-503, 74-520, 74-521, 74-522, 74-523 and 74-524 are hereby repealed.

Sec. 25. 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 10, 1987.

SENATE adopted Conference Committee report April 8, 1987.

ROBERT V. TALKINGTON

President of the Senate.

LU KENNEY

Secretary of the Senate.

Passed the HOUSE as amended March 26, 1987.

HOUSE adopted Conference Committee report April 8, 1987.

JAMES D. BRADEN

Speaker of the House.

GENEVA SEWARD

Chief Clerk of the House.

APPROVED April 21, 1987.

MIKE HAYDEN

Governor.

STATE OF KANSAS

Office of Secretary of State

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 21st day of April, 1987.

BILL GRAVES

Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2342

AN ACT concerning the employment security law; relating to disqualification for benefits; amending K.S.A. 44-706 and repealing the existing section.

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

Section 1. K.S.A. 44-706 is hereby amended to read as follows: 44-706. An individual shall be disqualified for benefits:

(a) If the individual left work voluntarily without good cause attributable to the work or the employer, subject to the other provisions of this subsection (a). The disqualification shall begin the day following the separation and shall continue until after the individual has become reemployed and has had earnings from insured work of at least three times the individual's weekly benefit amount. An individual shall not be disqualified under this subsection (a) if:

(1) The individual was forced to leave work because of illness or injury upon the advice of a licensed and practicing physician and, upon learning of the necessity for absence, immediately notified the employer thereof, or the employer consented to the absence, and after recovery from the illness or injury, when recovery was certified by a practicing physician, the individual returned to the employer and offered to perform services and the individual's regular work or comparable and suitable work was not available; as used in this paragraph (1) "physician" means any person licensed by the proper licensing authority of any state to engage in the practice of medicine and surgery, osteopathy, chiropractic, dentistry, optometry, podiatry or psychology;

(2) the individual left temporary work to return to the regular employer;

(3) the individual left work to enlist in the armed forces of the United States, but was rejected or delayed from entry;

(4) the individual left work because of the transfer of the individual's spouse from one place of work to another place of work at a geographic location which makes it unreasonable for the individual to continue work at the individual's place of work;

(5) the individual left work because of hazardous working conditions; in determining whether or not working conditions are hazardous for an individual, the degree of risk involved to the individual's health, safety and morals, the individual's physical

fitness and prior training and the working conditions of workers engaged in the same or similar work for the same and other employers in the locality shall be considered; as used in this paragraph (5), "hazardous working conditions" means working conditions that could result in a danger to the physical or mental well-being of the individual; each determination as to whether hazardous working conditions exist shall include, but shall not be limited to, a consideration of (A) the safety measures used or the lack thereof, and (B) the condition of equipment or lack of proper equipment; no work shall be considered hazardous if the working conditions surrounding the individual's work are the same or substantially the same as the working conditions generally prevailing among individuals performing the same or similar work for other employers engaged in the same or similar type of activity;

(6) the individual left work to enter training approved under section 236(a)(1) of the trade act of 1974, provided the work left is not of a substantially equal or higher skill level than the individual's past adversely affected employment (as defined for purposes of the trade act of 1974), and wages for such work are not less than 80% of the individual's average weekly wage as determined for the purposes of the trade act of 1974;

(7) the individual left work because of unwelcome harassment of the individual by the employer or another employee of which the employing unit had knowledge;

(8) the individual left work to accept better work; each determination as to whether or not the work accepted is better work shall include, but shall not be limited to, consideration of (A) the rate of pay, the hours of work and the probable permanency of the work left as compared to the work accepted, (B) the cost to the individual of getting to the work left in comparison to the cost of getting to the work accepted, and (C) the distance from the individual's place of residence to the work accepted in comparison to the distance from the individual's residence to the work left;

(9) the individual left work as a result of being instructed or requested by the employer, a supervisor or a fellow employee to perform a service or commit an act in the scope of official job duties which is in violation of an ordinance or statute;

(10) the individual left work because of a violation of the work agreement by the employing unit and, before the individual left, the individual had exhausted all remedies provided in such agreement for the settlement of disputes before terminating; or

(11) after making reasonable efforts to preserve the work, the individual left work due to a personal emergency of such nature and compelling urgency that it would be contrary to good conscience to impose a disqualification.

(b) If the individual has been discharged for misconduct connected with the individual's work. The disqualification shall begin the day following the separation and shall continue until after the individual becomes reemployed and has had earnings from insured work of at least three times the individual's determined weekly benefit amount, except that if an individual is discharged for gross misconduct connected with the individual's work, such individual shall be disqualified for benefits until such individual again becomes employed and has had earnings from insured work of at least eight times such individual's determined weekly benefit amount. In addition, all wage credits attributable to the employment from which the individual was discharged for gross misconduct connected with the individual's work shall be canceled. No such cancellation of wage credits shall affect prior payments made as a result of a prior separation.

(1) For the purposes of this subsection (b), "misconduct" is defined as a violation of a duty or obligation reasonably owed the employer as a condition of employment. In order to sustain a finding that such a duty or obligation has been violated, the facts must show: (A) Willful and intentional action which is substantially adverse to the employer's interests, or (B) carelessness or negligence of such degree or recurrence as to show wrongful intent or evil design. The term "gross misconduct" as used in this subsection (b) shall be construed to mean conduct evincing extreme, willful or wanton misconduct as defined by this subsection (b).

(continued)

(2) An individual shall not be disqualified under this subsection (b) if the individual is discharged under the following circumstances:

(A) The employer discharged the individual after learning the individual was seeking other work or when the individual gave notice of future intent to quit;

(B) the individual was making a good-faith effort to do the assigned work but was discharged due to: (i) Inefficiency, (ii) unsatisfactory performance due to inability, incapacity or lack of training or experience, (iii) isolated instances of ordinary negligence or inadvertence, (iv) good-faith errors in judgment or discretion, or (v) unsatisfactory work or conduct due to circumstances beyond the individual's control; or

(C) the individual's refusal to perform work in excess of the contract of hire.

(c) If the individual has failed, without good cause, to either apply for suitable work when so directed by the employment office of the secretary of human resources, or to accept suitable work when offered to the individual by the employment office, the secretary of human resources, or an employer, such disqualification shall begin with the week in which such failure occurred and shall continue until the individual becomes reemployed and has had earnings from insured work of at least three times such individual's determined weekly benefit amount. In determining whether or not any work is suitable for an individual, the secretary of human resources, or a person or persons designated by the secretary, shall consider the degree of risk involved to health, safety and morals, physical fitness and prior training, experience and prior earnings, length of unemployment and prospects for securing local work in the individual's customary occupation or work for which the individual is reasonably fitted by training or experience, and the distance of the available work from the individual's residence. Notwithstanding any other provisions of this act, an otherwise eligible individual shall not be disqualified for refusing an offer of suitable employment, or failing to apply for suitable employment when notified by an employment office, or for leaving the individual's most recent work accepted during approved training, including training approved under section 236(a)(1) of the trade act of 1974, if the acceptance of or applying for suitable employment or continuing such work would require the individual to terminate approved training and no work shall be deemed suitable and benefits shall not be denied under this act to any otherwise eligible individual for refusing to accept new work under any of the following conditions: (1) If the position offered is vacant due directly to a strike, lockout or other labor dispute; (2) if the remuneration, hours or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; (3) if as a condition of being employed, the individual would be required to join or to resign from or refrain from joining any labor organization.

(d) For any week with respect to which the secretary of human resources, or a person or persons designated by the secretary, finds that the individual's unemployment is due to a stoppage of work which exists because of a labor dispute or there would have been a work stoppage had normal operations not been maintained with other personnel previously and currently employed by the same employer at the factory, establishment or other premises at which the individual is or was last employed, except that this subsection (d) shall not apply if it is shown to the satisfaction of the secretary of human resources, or a person or persons designated by the secretary, that: (1) The individual is not participating in or financing or directly interested in the labor dispute which caused the stoppage of work; and (2) the individual does not belong to a grade or class of workers of which, immediately before the commencement of the stoppage, there were members employed at the premises at which the stoppage occurs any of whom are participating in or financing or directly interested in the dispute. If in any case separate branches of work which are commonly conducted as separate businesses in separate premises are conducted in separate departments of the same premises, each such department shall, for the purpose of this subsection (d), be deemed to be a separate factory, establishment or other premises. For the purposes of this subsection (d), failure or refusal to cross a picket line or refusal

for any reason during the continuance of such labor dispute to accept the individual's available and customary work at the factory, establishment or other premises where the individual is or was last employed shall be considered as participation and interest in the labor dispute.

(e) For any week with respect to which or a part of which the individual has received or is seeking unemployment benefits under the unemployment compensation law of any other state or of the United States, except that if the appropriate agency of such other state or the United States finally determines that the individual is not entitled to such unemployment benefits, this disqualification shall not apply.

(f) For any week with respect to which the individual is entitled to receive any unemployment allowance or compensation granted by the United States under an act of congress to ex-service men and women in recognition of former service with the military or naval services of the United States.

(g) For the period of one year beginning with the first day following the last week of unemployment for which the individual received benefits, or for one year from the date the act was committed, whichever is the later, if the individual, or another in such individual's behalf with the knowledge of the individual, has knowingly made a false statement or representation, or has knowingly failed to disclose a material fact to obtain or increase benefits under this act or any other unemployment compensation law administered by the secretary of human resources.

(h) For any week with respect to which the individual is receiving compensation for temporary total disability or permanent total disability under the workmen's compensation law of any state or under a similar law of the United States.

(i) For any week of unemployment on the basis of service in an instructional, research or principal administrative capacity for an educational institution as defined in subsection (v) of K.S.A. 44-703 and amendments thereto, if such week begins during the period between two successive academic years or terms or, when an agreement provides instead for a similar period between two regular but not successive terms during such period or during a period of paid sabbatical leave provided for in the individual's contract, if the individual performs such services in the first of such academic years or terms and there is a contract or a reasonable assurance that such individual will perform services in any such capacity for any educational institution in the second of such academic years or terms.

(j) For any week of unemployment on the basis of service in any capacity other than service in an instructional, research, or administrative capacity in an educational institution, as defined in subsection (v) of K.S.A. 44-703 and amendments thereto, if such week begins during the period between two successive academic years or terms if the individual performs such services in the first of such academic years or terms and there is a reasonable assurance that the individual will perform such services in the second of such academic years or terms, except that if benefits are denied to the individual under this subsection (j) and the individual was not offered an opportunity to perform such services for the educational institution for the second of such academic years or terms, such individual shall be entitled to a retroactive payment of benefits for each week for which the individual filed a timely claim for benefits and for which benefits were denied solely by reason of this subsection (j).

(k) For any week of unemployment on the basis of service in any capacity for an educational institution as defined in subsection (v) of K.S.A. 44-703 and amendments thereto, if such week begins during an established and customary vacation period or holiday recess, if the individual performs services in the period immediately before such vacation period or holiday recess and there is a reasonable assurance that such individual will perform such services in the period immediately following such vacation period or holiday recess.

(l) For any week of unemployment on the basis of any services, substantially all of which consist of participating in sports or athletic events or training or preparing to so participate, if such week begins during the period between two successive sport seasons or similar period if such individual performed services in the first of such seasons or similar periods and there is

a reasonable assurance that such individual will perform such services in the later of such seasons or similar periods.

(m) For any week on the basis of services performed by an alien unless such alien is an individual who was lawfully admitted for permanent residence at the time such services were performed, was lawfully present for purposes of performing such services, or was permanently residing in the United States under color of law at the time such services were performed, including an alien who was lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the federal immigration and nationality act. Any data or information required of individuals applying for benefits to determine whether benefits are not payable to them because of their alien status shall be uniformly required from all applicants for benefits. In the case of an individual whose application for benefits would otherwise be approved, no determination that benefits to such individual are not payable because of such individual's alien status shall be made except upon a preponderance of the evidence.

(n) For any week in which an individual is receiving a governmental or other pension, retirement or retired pay, annuity or other similar periodic payment under a plan maintained by a base period employer and to which the entire contributions were provided by such employer, except that: (1) If the entire contributions to such plan were provided by the base period employer but such individual's weekly benefit amount exceeds such governmental or other pension, retirement or retired pay, annuity or other similar periodic payment attributable to such week, the weekly benefit amount payable to the individual shall be reduced (but not below zero) by an amount equal to the amount of such pension, retirement or retired pay, annuity or other similar periodic payment which is attributable to such week; or (2) if only a portion of contributions to such plan were provided by the base period employer, the weekly benefit amount payable to such individual for such week shall be reduced (but not below zero) by the prorated weekly amount of the pension, retirement or retired pay, annuity or other similar periodic payment after deduction of that portion of the pension, retirement or retired pay, annuity or other similar periodic payment that is directly attributable to the percentage of the contributions made to the plan by such individual; or (3) if the entire contributions to the plan were provided by such individual, or by the individual and an employer (or any person or organization) who is not a base period employer, no reduction in the weekly benefit amount payable to the individual for such week shall be made under this subsection (n); or (4) whatever portion of contributions to such plan were provided by the base period employer, if the services performed for the employer by such individual during the base period, or remuneration received for the services, did not affect the individual's eligibility for, or increased the amount of, such pension, retirement or retired pay, annuity or other similar periodic payment, no reduction in the weekly benefit amount payable to the individual for such week shall be made under this subsection (n). The conditions specified in clause (4) of this subsection (n) shall not apply to payments made under the social security act or the railroad retirement act of 1974, or the corresponding provisions of prior law. Payments made under these acts shall be treated as otherwise provided in this subsection (n). If the reduced weekly benefit amount is not a multiple of \$1, it shall be reduced to the next lower multiple of \$1.

(o) For any week of unemployment on the basis of services performed in any capacity and under any of the circumstances described in subsection (i), (j) or (k) which an individual performed in an educational institution while in the employ of an educational service agency. For the purposes of this subsection (o), the term "educational service agency" means a governmental agency or entity which is established and operated exclusively for the purpose of providing such services to one or more educational institutions.

(p) For any week of unemployment on the basis of service as a school bus or other motor vehicle driver employed by a private contractor to transport pupils, students and school personnel to or from school-related functions or activities for an educational institution, as defined in subsection (v) of K.S.A. 44-703 and

amendments thereto, if such week begins during the period between two successive academic years or during a similar period between two regular terms, whether or not successive, if the individual has a contract or contracts, or a reasonable assurance thereof, to perform services in any such capacity with a private contractor for any educational institution for both such academic years or both such terms. An individual shall not be disqualified for benefits as provided in this subsection (p) for any week of unemployment on the basis of service as a bus or other motor vehicle driver employed by a private contractor to transport persons to or from nonschool-related functions or activities.

(q) For any week of unemployment on the basis of services performed by the individual in any capacity and under any of the circumstances described in subsection (i), (j), (k) or (o) which are provided to or on behalf of an educational institution, as defined in subsection (v) of K.S.A. 44-703 and amendments thereto, while the individual is in the employ of an employer which is a governmental entity or any employer described in section 501(c)(3) of the federal internal revenue code of 1954 which is exempt from income under section 501(a) of the code.

Sec. 2. K.S.A. 44-706 is hereby repealed.

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 HOUSE, and passed that body March 31, 1987.

HOUSE concurred in SENATE amendments April 8, 1987.

JAMES D. BRADEN
Speaker of the House
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE as amended April 7, 1987.

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

APPROVED April 23, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

I, BILL GRAVES, 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 23rd day of April, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2467

AN ACT concerning state agencies; concerning the state surplus property program; amending K.S.A. 74-2124, 75-3739 and K.S.A. 1986 Supp. 75-3738, 75-6602 and 75-6604 and repealing the existing sections.

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

New Section 1. K.S.A. 1986 Supp. 75-6601 through 75-6605 and sections 2 and 3, and amendments thereto, shall be known as the state surplus property act.

New Sec. 2. (a) Except as provided in subsection (b), all sales, trade-ins or other disposition of personal property owned by state agencies shall be made in accordance with the state surplus property act and rules and regulations authorized by such act.

(b) Subject to rules and regulations adopted pursuant to the state surplus property act or as otherwise directed by the governor, state agencies may transfer or loan personal property to other state agencies with or without charging a fee therefor. In accordance with procedures prescribed by the director of purchases, a state agency may trade in personal property in conjunction with a purchase by the state agency. The state agency shall give the director of correctional industries notice of the proposed trade-in. The director of correctional industries may elect to provide for disposition of the property under the surplus property program in lieu of permitting the state agency to trade in the property.

Sec. 3. K.S.A. 74-2124 is hereby amended to read as follows: 74-2124. (a) Notwithstanding the provisions of ~~K.S.A. 75-3739 and amendments thereto~~ the state surplus property act, the superintendent of the Kansas highway patrol may negotiate the sale of retired highway patrol vehicles to political subdivisions of this state under such terms and conditions as may be approved by the superintendent.

(b) All other sales of highway patrol vehicles shall be in accordance with the provisions of K.S.A. ~~75-3739 75-6602~~ and amendments thereto.

(c) The proceeds from all sales of highway patrol vehicles shall be deposited in the state treasury and credited to the general fees fund of the Kansas highway patrol.

Sec. 4. K.S.A. 1986 Supp. 75-3738 is hereby amended to read as follows: 75-3738. The director of purchases shall:

(1) (a) Purchase, rent or otherwise provide for the furnishing of supplies, materials, equipment or contractual services for all state agencies and ~~approve as to form and execution all leases for real estate and office space entered into by all state agencies.~~

(2) (b) Have power to authorize any state agency to purchase directly certain specified supplies, materials, equipment or contractual services under prescribed conditions and procedures.

(3) (c) Prescribe the manner in which supplies, materials and equipment shall be purchased, delivered and distributed.

(4) (d) Prescribe the time, manner and authentication of making requisitions for supplies, materials, equipment and contractual services.

(5) (e) Establish standards of quality and quantity and develop standard specifications in consultation with the several state agencies.

(6) Have power to transfer to or between state agencies or trade in supplies, articles or materials and equipment of state agencies which are surplus, obsolete, or unused or which are manufactured, raised, owned or processed by any state agency but sales of such property shall be handled pursuant to K.S.A. 1985 Supp. 75-6601 to 75-6603 and amendments thereto; and the director of accounts and reports shall make proper adjustments in the accounts of the state agency or agencies concerned.

(7) (f) Prescribe the manner of making chemical and physical tests of samples submitted with bids and samples of deliveries to determine compliance with specifications and the manner in which state agencies shall inspect all deliveries of supplies, materials and equipment.

(8) (g) Prescribe the amounts and form of, accounting for and disposition of any deposit or bond required to be submitted with a bid or a contract and the amount of any such deposit or bond to be given for the faithful performance of a contract.

(9) (h) Require reports by state agencies of stocks of supplies, materials and equipment on hand and prescribe the form of such reports and deliver copies of such reports to the director of ~~administrative services purchases~~ and the director of accounts and reports.

Sec. 5. K.S.A. 75-3739 is hereby amended to read as follows: 75-3739. In the manner as provided in this act and rules and regulations established thereunder:

(a) All contracts for construction and repairs, and all purchases of and contracts for supplies, materials, equipment and contractual services, shall be based on competitive bids; ~~and sales of property shall be to the highest responsible bidder, at an advertised public auction or after advertising for sealed bids in the same manner provided for purchase of property herein as may be determined by the director of purchases, except that competitive bids need not be required: (1) For contractual services where no competition exists; or (2) sealed in an established market; or (3) when, in the judgment of the director of purchases, chemicals and other material for use in laboratories, shop and like experimental studies by state educational institutions may be purchased to the best advantage of the state, or where rates are fixed by law or ordinance; or (4) for items traded in on like items; or (5) (3) when, in the judgment of the director of purchases, an agency emergency requires immediate delivery of supplies, materials or equipment, or immediate performance of services.~~

The director of purchases shall make a detailed report at least once in each calendar quarter to the legislative coordinating council and the chairpersons of the senate and the house of representatives committees on ways and means of all emergency purchases under subsection (a) ~~(5) (3)~~.

(b) If the amount of the purchase or sale is estimated to exceed approximately \$5,000, sealed bids shall be solicited by notice published once in the Kansas register not less than 10 days before the date stated therein for the opening of such bids. The director of purchases may also designate a trade journal for such publication. The director of purchases shall also solicit such bids by sending notices by mail to all active prospective bidders known to the director. All bids shall be sealed when received and shall be opened in public at the hour stated in the notice.

(c) All purchases or sales estimated to exceed approximately \$2,000 but not more than \$5,000, shall be made after receipt of sealed bids following at least three days' notice posted on a public bulletin board in the office of the director of purchases. The director of purchases may also solicit sealed bids by mail in such cases in like manner as provided in subsection (b).

(d) All purchases or sales estimated to be approximately \$2,000 or less may be made either upon competitive bids or in the open market, in the discretion of the director of purchases but, so far as practicable, shall be based on at least three competitive bids and recorded as provided in K.S.A. 75-3740; and amendments thereto, except that the director of purchases, with the approval of the secretary of administration, may delegate authority to any state agency to make small purchases or sales of less than \$2,000 either on the open market or under certain prescribed conditions and procedures.

(e) Contracts and purchases shall in all cases be based on specifications fixed by the director of purchases. When deemed applicable and feasible by the director of purchases, such specifications shall include either energy efficiency standards or appropriate life cycle cost formulas, or both, for all supplies, materials, equipment and contractual services to be purchased by the state. The director of purchases may reject a contract or purchase on the basis that a product is manufactured or assembled outside the United States. No such specifications shall be fixed in a manner to effectively exclude any responsible bidder offering comparable supplies, materials, equipment or contractual services.

(f) Notwithstanding anything herein to the contrary, all contracts with independent construction concerns for the construction, improvement, reconstruction and maintenance of the state highway system and the acquisition of rights-of-way for state highway purposes shall be advertised and let as now or hereafter provided by law.

(g) Notwithstanding anything herein to the contrary and except as otherwise provided in this subsection, the director of purchases, with the approval of the secretary of administration, may authorize state agencies to contract for services and materials with other state agencies, or with federal agencies, political subdivisions of Kansas, agencies of other states or subdivisions thereof, or private nonprofit educational institutions, without competitive bids if: (1) The obligations and duties imposed on, and the benefits and privileges to be received by, each state agency which is a proposed party to the contract does not exceed the authority and powers delegated to such state agency by the legislature, including the authority to enter into the contract; (2) the obligations and duties imposed on the state agency required to perform services or supply materials are within the normal scope of duties of the state agency and the competence of the state agency to perform the contracted services and to deliver the prescribed materials is demonstrated to the satisfaction of the director of purchases; and (3) the director of purchases determines that materials are not available from responsible sources other than state agencies at a lower cost. In addition to the requirements of clauses (1) to (3), inclusive, of this subsection subsections (g)(1) through (3), if a contract for services is financed entirely from moneys derived exclusively from the state general fund, the director of purchases, with the approval of the secretary of administration, may authorize state agencies to enter into such a contract for services with other state agencies, or with federal agencies, political subdivisions of Kansas, agencies of other states or subdivisions thereof, or private nonprofit educational institutions, without competitive bids only if the director of purchases determines that comparable services are not reasonably available from responsible sources other than such agencies at a lower cost.

(h) Except as otherwise specifically provided by law, no state agency shall enter into any lease of real property without the prior approval of the secretary of administration. Such state agency shall submit to the secretary of administration such information relating to any such proposed lease as the secretary may require. The secretary of administration shall either approve, modify and approve or reject any such proposed lease.

(i) ~~Notwithstanding anything in this section to the contrary, sales of retired motor vehicles, mowers, graders and other highway machinery and equipment of the Kansas highway patrol, central motor pool and department of transportation shall be to the highest responsible bidder at either an advertised public auction or by sealed competitive bids or as otherwise authorized by this section. Nothing in this subsection shall preclude a state agency from trading in such vehicles and equipment when authorized to do so by the director of purchases. The motor vehicle and highway equipment sales fee fund is hereby created and shall be utilized by the director of purchases to pay all or part of the expenses of sales authorized by this subsection. Fees for such expenses shall be deducted from the proceeds received from such sales and shall be deposited in the state treasury to the credit of the motor vehicle and highway equipment sales fee fund.~~

New Sec. 6. (a) On the effective date of this act, the director of accounts and reports shall transfer all moneys in the motor vehicle and highway equipment sales fee fund to the state general fund.

(b) On the effective date of this act, all liabilities of the motor vehicle and highway equipment sales fee fund existing prior to that date are hereby transferred to and imposed on the state general fund.

(c) The motor vehicle and highway equipment sales fee fund is hereby abolished.

Sec. 7. K.S.A. 1986 Supp. 75-6602 is hereby amended to read as follows: 75-6602. (a) Subject to such limitations as the secretary of corrections may prescribe, the director of Kansas correctional industries may dispose of surplus state property to individuals and entities eligible for participation in the federal surplus property program by:

- (1) Sale at fixed prices;
- (2) by sale at negotiated prices; or
- (3) by advertised public auction or advertised sealed bids.

(b) Subject to such limitations as the secretary of corrections may prescribe:

(1) The director of Kansas correctional industries may sell state surplus property to the general public by advertised public auction or advertised sealed bids; and

(2) may sell property to the general public at fixed or negotiated prices if such property has been offered for a period of at least 60 days to individuals and entities eligible for participation in the federal surplus property program.

(e) ~~Sales of surplus state property shall not be subject to the provisions of K.S.A. 75-3730 and amendments thereto except for property described in subsection (i) of K.S.A. 75-3730.~~

Sec. 8. K.S.A. 1986 Supp. 75-6604 is hereby amended to read as follows: 75-6604. (a) Subject to and in accordance with limitations and procedures prescribed by the director of accounts and reports therefor, each state agency disposing of surplus property by sale under ~~this the state surplus property act~~ shall deposit the moneys received therefor, less fees and charges assessed by the director of Kansas correctional industries, in the state treasury to the credit of the conversion of materials and equipment fund or the appropriate fee or other special revenue fund of the state agency.

Sec. 9. K.S.A. 74-2104, 75-3739 and K.S.A. 1986 Supp. 75-3738, 75-6602 and 75-6604 are hereby repealed.

Sec. 10. 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 March 11, 1987.

HOUSE concurred in SENATE amendments April 9, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE as amended April 8, 1987.

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

APPROVED April 23, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

I, BILL GRAVES, 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 23rd day of April, 1987.

BILL GRAVES
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE Substitute for Substitute for SENATE BILL No. 141

AN ACT concerning alcoholic beverages; amending K.S.A. 41-102, 41-103, 41-104, 41-203 through 41-207, 41-210, 41-304 through 41-308, 41-308a, 41-310 through 41-313, 41-316, 41-317, 41-319, 41-320 through 41-323, 41-328, 41-401, 41-402, 41-403, 41-408, 41-409, 41-410, 41-501, 41-506, 41-601, 41-602, 41-701, 41-702, 41-703, 41-709, 41-710, 41-714, 41-717, 41-718, 41-719, 41-727, 41-803, 41-901, 41-1101, 41-2601, 41-2605, 41-2606, 41-2608 through 41-2615, 41-2619 through 41-2623, 41-2625 through 41-2630, 41-2632, 41-2633, 41-2633a, 41-2634, 41-2637, 41-2640, 41-2701 through 41-2708, 41-2721, 41-2723, 41-2724, 79-3819, 79-3833, 79-4101 through 79-4104, 79-41a02, 79-41a06, 79-41a07 and 79-41a08, K.S.A. 1986 Supp. 79-3603, 7997-41a01, 79-41a03 and 79-41a04 and K.S.A. 41-102, as amended by section 1 of this act, 41-306, as amended by section 13 of this act, 41-307, as amended by section 16 of this act, 41-310, as amended by section 19 of this act, 41-311, as amended by section 21 of this act, 41-409, as amended by section 37 of this act, 41-410, as amended by section 39 of this act, 41-701, as amended by section 45 of this act, 41-1101, as amended by section 58 of this act, 79-4101, as amended by section 109 of this act, 79-4102, as amended by section 111 of this act, 79-4103, as amended by section 113 of this act, and 79-4104, as amended by section 115 of this act, and repealing the existing sections; also repealing K.S.A. 41-2602, 41-2603, 41-2624, 41-2713, 41-2718 and 41-2801 through 41-2804 and K.S.A. 41-2723, as amended by section 106 of this act, and 41-2724, as amended by section 107 of this act.

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

Section 1. K.S.A. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any beer or cereal malt beverage containing not more than 3.2% alcohol by weight.

(c) "Beer," when its meaning is not enlarged, modified, or limited by other words, means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Board" means the state alcoholic beverage control board of review created by this act.

(e) "Caterer" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(f) "Cereal malt beverage" has the meaning provided by K.S.A. 41-2701 and amendments thereto.

(g) "Club" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(h) "Director" means the director of alcoholic beverage control of the department of revenue.

(i) (1) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act.

(2) "Distributor" does not mean a wholesaler or distributor licensed pursuant to article 27 of chapter 41 of the Kansas Statutes Annotated except to the extent (A) specifically provided by law or (B) that such wholesaler or distributor imports, purchases or causes to be imported or purchased any alcoholic liquor other than as allowed by section 11 K.S.A. 41-2723 and amendments thereto.

(j) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification from agricultural products grown in this state.

(k) "Drinking establishment" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(l) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine.

(m) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, or with beer regardless of its alcoholic content, and includes blending beer or cereal malt beverage.

(n) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or

person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquors or beer regardless of its alcoholic content liquor, beer or cereal malt beverage.

(2) "Manufacturer" does not include a farm winery.

(o) "Minor" means any person under 21 years of age.

(p) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501 and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

(q) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

(r) "Person" means any natural person, corporation, partnership or association.

(s) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

(t) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a farm winery.

(u) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

(v) "Salesperson" means any natural person who:

(1) Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or

(2) is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides without the state of Kansas and sells to licensed buyers within the state of Kansas.

(w) "Secretary" means the secretary of revenue.

(x) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated, licensed drinking establishments, licensed caterers or holders of temporary permits.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a distributor, a farm winery or by a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated, a licensed club, a licensed drinking establishment, a licensed caterer or a holder of a temporary permit.

(y) "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

(z) "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

(aa) "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer, other than a salesperson.

(ab) "Temporary permit" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(ac) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 2. On and after January 1, 1988, K.S.A. 41-102, as amended by section 1 of this act, is hereby amended to read as

follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any cereal malt beverage.

(c) "Beer" means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Board" means the state alcoholic beverage control board of review created by this act.

(e) (d) "Caterer" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(f) (e) "Cereal malt beverage" has the meaning provided by K.S.A. 41-2701 and amendments thereto.

(g) (f) "Club" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(h) (g) "Director" means the director of alcoholic beverage control of the department of revenue.

(i) (h) (h) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act or cereal malt beverage for sale or resale to retailers licensed under K.S.A. 41-2702 and amendments thereto.

(j) (i) "Distributor" does not mean a wholesaler or distributor licensed pursuant to article 27 of chapter 41 of the Kansas Statutes Annotated except to the extent (A) specifically provided by law or (B) that such wholesaler or distributor imports, purchases or causes to be imported or purchased any alcoholic liquor other than as allowed by K.S.A. 41-2723 and amendments thereto.

(k) (j) "Domestic beer" means beer which contains not more than 8% alcohol by weight and which is manufactured from agricultural products grown in this state.

(l) (k) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification from agricultural products grown in this state.

(m) (l) "Drinking establishment" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(n) (m) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine.

(o) (n) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, beer or cereal malt beverage.

(p) (o) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquor, beer or cereal malt beverage.

(q) (p) "Manufacturer" does not include a microbrewery or a farm winery.

(r) (q) "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer.

(s) (r) "Minor" means any person under 21 years of age.

(t) (s) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501 and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

(u) (t) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

(v) (u) "Person" means any natural person, corporation, partnership or association.

(w) (v) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a

marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

(x) (w) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a microbrewery or a farm winery.

(y) (x) (v) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

(z) (y) (w) "Salesperson" means any natural person who:

(1) Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or

(2) is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides without the state of Kansas and sells to licensed buyers within the state of Kansas.

(aa) (z) (x) "Secretary" means the secretary of revenue.

(ab) (y) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs, licensed drinking establishments, licensed caterers or holders of temporary permits.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a distributor, a microbrewery, a farm winery, a licensed club, a licensed drinking establishment, a licensed caterer or a holder of a temporary permit.

(ac) (z) "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

(ad) (aa) "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

(ae) (bb) "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer, other than a salesperson.

(af) (cc) "Temporary permit" has the meaning provided by K.S.A. 41-2601 and amendments thereto.

(ag) (dd) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 3. K.S.A. 41-103 is hereby amended to read as follows: 41-103. The legislature hereby declares the public policy of this state to be: (1) That beer containing not more than 3.2 percent of alcohol by weight that: (a) Cereal malt beverage shall be sold at retail separately from sales of alcoholic liquor at retail; (2) that beer containing not more than 3.2 percent of alcohol by weight (b) cereal malt beverage shall be sold and dispensed at retail in rooms or premises separate and distinct from rooms or premises where alcoholic liquor is sold; and (3) that (c) no retailer's license for the sale of alcoholic liquors shall be granted to any applicant making application therefor if the premises sought to be licensed are located outside the corporate limits of any city within this state, save and except as provided in K.S.A. 41-303 and amendments thereto.

Sec. 4. K.S.A. 41-104 is hereby amended to read as follows: 41-104. No person shall manufacture, bottle, blend, sell, barter, transport, deliver, furnish or possess any alcoholic liquor for beverage purposes, except as specifically provided in this act, the club and drinking establishment act or in article 27 of chapter 41 of the Kansas Statutes Annotated, except that nothing contained in this act shall prevent:

(continued)

(1) (a) The possession and transportation of alcoholic liquor for the personal use of the possessor, the possessor's family and guests except that the provisions of K.S.A. 41-1103 and amendments thereto relating to transportation and the provisions of K.S.A. 41-407 and amendments thereto shall be applicable to all persons;

(2) (b) the making of wine, cider, or beer by a person from fruits, vegetables or grains, or the product thereof, by simple fermentation and without distillation, if it is made solely for the use of the maker and his or her the maker's family;

(3) (c) any duly licensed practicing physician or dentist from possessing or using alcoholic liquor in the strict practice of his or her the medical or dental profession;

(4) (d) any hospital or other institution caring for the sick and diseased persons, from possessing and using alcoholic liquor for the treatment of bona fide patients of such hospital or institution;

(5) (e) any drugstore employing a licensed pharmacist from possessing and using alcoholic liquor in the compounding of prescriptions of duly licensed physicians; or

(6) (f) the possession and dispensation of wine by an authorized representative of any church for the purpose of conducting any bona fide rite or religious ceremony conducted by such church; or

(7) the purchase, possession or sale of alcoholic liquor by a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

Sec. 5. On and after July 1, 1987, K.S.A. 41-203 is hereby amended to read as follows: 41-203. (a) There is hereby created a state alcoholic beverage control board of review which shall consist of three members who shall be appointed by the governor. Persons appointed to the board on or after July 1, 1982, shall be appointed subject to confirmation by the senate as provided in K.S.A. 75-4315b. The governor shall designate the chairperson of the board. The members of the board shall hold their respective offices for terms of four years. Any vacancy on the board shall be filled by appointment by the governor for the unexpired term.

(b) All members of the board shall be selected from among the members of the two political parties casting the highest and second highest number of votes respectively for secretary of state at the general election in 1949, but not more than two members of the board shall be members of either one of such political parties. No two members of the board shall be residents of the same congressional district. No person shall be appointed to the board, or continue to hold that office after appointment, while holding any other office or position under any laws of this state, any other state or the United States. Any member of the board may be removed by the governor, after an opportunity to be heard, for malfeasance, misfeasance or neglect in office.

(c) Members of the state alcoholic beverage control board of review attending meetings of the board, or attending a subcommittee meeting thereof authorized by the board, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

(d) The board shall hold regular monthly meetings and such other meetings as the chairperson determines advisable. The director of alcoholic beverage control may call the board into special session whenever the director determines it necessary. All regular monthly meetings shall be held in the regular office of the director of alcoholic beverage control established and maintained at Topeka, Kansas.

(e) The board shall have such powers and duties as prescribed in this act. The board shall appoint and fix the compensation of a secretary, subject to the approval of the secretary of revenue. The secretary shall keep a record of all proceedings, transactions, communications and official acts of the board, shall be custodian of all records of the board and shall perform such other duties as the board prescribes.

(f) The compensation and expenses of the members of the board and of the secretary shall be paid in the same manner as other employees of the department of revenue.

(g) The director of alcoholic beverage control may assign any agent or employees of the division of alcoholic beverage control to assist the board in any of its work. The state alcoholic beverage control board of review is hereby abolished.

(b) Whenever the state alcoholic beverage control board of review is referred to or designated by statute, contract or other document, the reference or designation shall be deemed to apply to the director.

(c) All books, records and other property of the state alcoholic beverage control board of review are hereby transferred to the director.

(d) No suit, action or other proceeding, judicial or administrative, lawfully commenced, or which could have been commenced, by or against the state alcoholic beverage control board of review shall abate by reason of the abolition of such board, and the court may allow any such suit, action or other proceeding to be maintained by or against the director.

Sec. 6. On and after July 1, 1987, K.S.A. 41-204 is hereby amended to read as follows: 41-204. (a) No person shall be appointed a member of the board or director who is not a citizen of the United States and who has not resided in the state of Kansas successively for five (5) years next years immediately preceding the date of his appointment; and.

(b) No person shall be appointed deputy director, secretary of the board, agent or employee of the director who is not a citizen of the United States and who has not resided in the state of Kansas successively for two (2) years next years immediately preceding the date of his appointment; nor shall any person be so appointed who.

(c) No person shall be appointed director or deputy director if such person has been convicted of, or shall have pleaded guilty of a felony, or of any violation of any federal or state law concerning the manufacture or sale of alcoholic liquor or cereal malt beverages prior or subsequent to the passage of this act, nor who, has paid a fine or penalty in settlement in any prosecution against him such person in any violation of such laws or who shall have or has forfeited his bond to appear in court to answer charges for any such violation.

(d) No such appointee person appointed director, deputy director or agent or employee of the director may, directly or indirectly, individually or as a member of a partnership, or as a shareholder of a corporation, have any interest whatsoever in the manufacture, sale or distribution of alcoholic liquor, nor receive any compensation or profit therefrom, nor have any interest whatsoever in the purchases or sales made by the persons authorized by this act, or to purchase or to sell alcoholic liquor. None of the provisions of this section shall prevent any such appointee subsection shall prevent a person subject to this subsection from purchasing and keeping in his the person's possession for the use of himself or members of his family or any the person or the person's family or guests any alcoholic liquor which may be purchased or kept by any person by virtue of this act.

Sec. 7. On and after July 1, 1987, K.S.A. 41-205 is hereby amended to read as follows: 41-205. Each member of the board, The director, deputy director and each person appointed by the board or director, shall take and subscribe an oath that he will to support and enforce the provisions of this act and the constitution of the state of Kansas.

Sec. 8. On and after July 1, 1987, K.S.A. 41-206 is hereby amended to read as follows: 41-206. (a) Except as permitted pursuant to subsection (b), no member or employee of the board, the director or neither the director nor any employee in the office of the director shall solicit or accept, directly or indirectly, any gift, gratuity, emolument or employment from any manufacturer, distributor, wholesaler, or retailer of alcoholic liquor or from any person who is an applicant for any license or is a licensee under the provisions of this act, or from any officer, agent or employee thereof, nor; or solicit requests from or recommend, directly or indirectly, to any such person, or to any officer, agent or employee thereof, the appointment of any person to any place or position; and every. Any such person, officer, agent or employee thereof, is hereby forbidden to offer to any member or employee of the board, the director, or any employee in the office of the director, any gift, gratuity, emolument or employment, except as permitted pursuant to subsection (b).

(b) The secretary may adopt rules and regulations allowing the acceptance of official hospitality by the director and em-

ployees in the office of the director, subject to such limits as prescribed by the secretary.

(c) If any person who is member or employee of the board, the director, or any or an employee in the office of the director shall violate any of the provisions of this section, he shall be removed from the office or employment held by him. Every person violating the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than five hundred dollars (\$500), or shall be imprisoned not less than sixty (60) days nor more than six (6) months or be both so fined and imprisoned violates any provision of this section, such person shall be removed from such person's office or employment.

(d) Violation of any provision of this section is a misdemeanor punishable by a fine of not more than \$500 or imprisonment of not less than 60 days nor more than six months, or both such fine and imprisonment.

(e) Nothing contained in this section shall be construed as preventing the prosecution and punishment of any person for bribery as defined in the criminal code of this state.

Sec. 9. On and after July 1, 1987, K.S.A. 41-207 is hereby amended to read as follows: 41-207. The director and the board each may, for authentication of the records, process and proceedings of the director and board, respectively, adopt and keep and use a common seal, of each of which seals judicial notice shall be taken in all of the courts of the state. Any process, notice or other paper which the director may be authorized by law to issue, shall be deemed sufficient if signed by the director or deputy director and authenticated by the seal of the director. Any process, notice or other paper which the board may be authorized by law to issue, shall be deemed sufficient if signed by the chairman of the board and attested to by the secretary of the board and authenticated by the seal of the board.

All acts, orders, proceedings, rules, and regulations, entries, minutes, and other records of the director and all reports and documents filed with the director may be proved in any court of this state by copy thereof certified to by the director or the deputy director with the seal of said the director attached. A written certificate stating that after diligent search no record or entry of a specified tenor is found to exist in the records of the office of state director of alcoholic beverage control, when signed and certified to by the director or the deputy director and authenticated by the seal of the director, shall be admissible as evidence in any court of this state to prove that the records of said the office contain no such record or entry.

All acts, orders, proceedings, rules, regulations, entries, minutes, and other records of the board and all reports and documents filed with the board may be proved in any court of this state by copy thereof certified to by the secretary of the board with the seal of said board attached.

Sec. 10. On and after July 1, 1987, K.S.A. 41-210 is hereby amended to read as follows: 41-210. (a) The director shall propose such rules and regulations as necessary to carry out the intent and purposes of this act. After the hearing on a proposed rule and regulation has been held as required by law, the director shall submit the proposed rule and regulation to the board for approval. If the board approves the proposed rule and regulation, the director shall submit it to the secretary of revenue who, if the secretary approves it, shall adopt the rule and regulation.

(b) It is intended by this act that the director of alcoholic beverage control shall have broad discretionary powers to govern the traffic in alcoholic liquors and to enforce strictly all the provisions of this act in the interest of sanitation, purity of products, truthful representation and honest dealings in such manner as generally will promote the public health and welfare. All valid rules and regulations adopted under the provisions of this act shall be absolutely binding upon all licensees and enforceable by the director of alcoholic beverage control through the power of suspension or revocation of licenses.

Sec. 11. On and after January 1, 1988, K.S.A. 41-304 is hereby amended to read as follows: 41-304. Licenses issued by the director shall be of the following classes: (a) Manufacturer's license; (b) alcoholic liquor spirits distributor's license; (c) wine

distributor's license (except beer); (e); (d) beer distributor's license; (d) (e) retailer's license; (e) (f) microbrewery license; (g) farm winery license; and (f) (h) nonbeverage user's license.

Sec. 12. On and after January 1, 1988, K.S.A. 41-305 is hereby amended to read as follows: 41-305. The A manufacturer's license shall allow: (1) the manufacture, storage and storage of alcoholic liquor and cereal malt beverage and the sale of alcoholic liquor, including beer regardless of its alcoholic content, and cereal malt beverage to distributors and nonbeverage users licensed in this state and to such persons without the outside this state as may be permitted by law; and (2) the sale of wine to wholesalers licensed pursuant to article 27 of chapter 41 of the Kansas Statutes Annotated. A license to manufacture beer shall also allow the sale of beer to retailers licensed in this state. Any cereal malt beverage or beer containing not to exceed 3.2% alcohol by weight manufactured by any such manufacturer shall not be sold to any person in this state other than a wholesaler or distributor holding a valid and existing wholesaler's or distributor's license issued under the laws of this state relating to cereal malt beverages and malt products.

Sec. 13. On and after July 1, 1987, K.S.A. 41-306 is hereby amended to read as follows: 41-306. An alcoholic liquor distributor's license, except a beer distributor's license, shall allow:

(1) (a) The wholesale purchase, importation and storage of alcoholic liquors, except beer, but all such alcoholic liquor so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed distributor, except that a licensed distributor may purchase confiscated alcoholic liquor at a sheriff's sale;

(2) (b) The sale of alcoholic liquors, except beer, to:

(a) (1) Distributors licensed in this state;

(b) (2) retailers licensed in this state, except that a licensed distributor shall sell a brand of alcoholic liquor only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410; and amendments thereto; and

(c) (3) such persons located outside such territory or outside this state as permitted by law;

(c) The sale of wine, but only in barrels, casks and other bulk containers, to:

(1) Licensed caterers; and

(2) clubs and drinking establishments licensed in this state, except that such distributor shall sell a brand of wine only to such clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto.

(3) (d) The purchase of alcoholic liquors, except beer, in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such alcoholic liquors shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of alcoholic liquors by manufacturers and with all federal rules, regulations and laws.

Sec. 14. On and after January 1, 1988, K.S.A. 41-306, as amended by section 13 of this act, is hereby amended to read as follows: 41-306. An alcoholic liquor distributor's license, except a beer A spirits distributor's license, shall allow:

(a) The wholesale purchase, importation and storage of alcoholic liquors, except beer, but all such alcoholic liquor spirits, but all such spirits so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed spirits distributor, except that a licensed spirits distributor may purchase confiscated alcoholic liquor spirits at a sheriff's sale.

(b) The sale of alcoholic liquors, except beer, spirits to:

(1) Spirits distributors licensed in this state;

(2) retailers licensed in this state, except that a licensed such distributor shall sell a brand of alcoholic liquor spirits only to those retailers whose licensed premises are located in the geo-

(continued)

graphic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(e) The sale of wine, but only in barrels, casks and other bulk containers, to:

(1) Licensed caterers; and

(2) clubs and drinking establishments licensed in this state, except that such distributor shall sell a brand of wine only to such clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto.

(c) The purchase of alcoholic liquors, except beer, spirits in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such alcoholic liquors spirits shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of alcoholic liquors spirits by manufacturers and with all federal rules, regulations and laws.

New Sec. 15. On and after January 1, 1988, a wine distributor's license shall allow:

(a) The wholesale purchase, importation and storage of wine, but all wine so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed wine distributor, except that a licensed wine distributor may purchase confiscated wine at a sheriff's sale.

(b) The sale of wine to:

(1) Wine distributors licensed in this state;

(2) retailers licensed in this state, except that such distributor shall sell a brand of wine only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(c) The sale of wine, but only in barrels, casks and other bulk containers, to:

(1) Licensed caterers; and

(2) clubs and drinking establishments licensed in this state, except that such distributor shall sell a brand of wine only to such clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto.

(d) The purchase of wine in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such wine shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of wine by manufacturers and with all federal rules, regulations and laws.

(e) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 16. On and after July 1, 1987, K.S.A. 41-307 is hereby amended to read as follows: 41-307. A beer distributor's license shall allow:

(a) The wholesale purchase, importation and storage of beer and

(b) The sale of beer to retailers licensed under this act who:

(1) Licensed caterers;

(2) retailers, clubs and drinking establishments, licensed in this state, except that such distributor shall sell a brand of beer only to those retailers, clubs and drinking establishments of which the licensed premises are located within the geographic territory designated in the notice or notices filed with the director pursuant to K.S.A. 41-409, as amended, and to and amendments thereto; and

(3) such persons located outside said territory or without the state as may be permitted by law. *Provided, That the word "beer" as used in this section shall not include any cereal malt beverage or beer containing not to exceed 3.2 percent of alcohol by weight such territory or outside this state as permitted by law.*

Sec. 17. On and after January 1, 1988, K.S.A. 41-307, as amended by section 16 of this act, is hereby amended to read as follows: 41-307. A beer distributor's license shall allow:

(a) The wholesale purchase, importation and storage of beer.

(b) The sale of beer to:

(1) Licensed caterers;

(2) beer distributors licensed in this state;

(3) retailers, clubs and drinking establishments, licensed in this state, except that such distributor shall sell a brand of beer only to those retailers, clubs and drinking establishments of which the licensed premises are located within the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-409 41-410 and amendments thereto; and

(c) (4) such persons located outside such territory or outside this state as permitted by law.

(c) The sale of cereal malt beverage to:

(1) Beer distributors licensed in this state;

(2) clubs and drinking establishments, licensed in this state, and retailers licensed under K.S.A. 41-2702 and amendments thereto, except that such distributor shall sell a brand of cereal malt beverage only to those such clubs, drinking establishments and retailers of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410 and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(d) The purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

Sec. 18. On and after July 1, 1987, K.S.A. 41-308 is hereby amended to read as follows: 41-308. (a) A retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, only in the premises specified in such license, alcoholic liquor including beer containing more than 3.2 percent of alcohol by weight alcoholic liquor for use or consumption off of and away from the premises specified in such license, but not for resale in any form except to a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated. A retailer's license shall permit sale and delivery of alcoholic liquor only on the licensed premises and shall not permit sale of alcoholic liquor for resale in any form, except that a licensed retailer may:

(1) Sell alcoholic liquor to a temporary permit holder for resale by such permit holder; and

(2) sell and deliver alcoholic liquor to a caterer or to the licensed premises of a club or drinking establishment, if such premises are in the county where the retailer's premises are located or in an adjacent county, for resale by such club, establishment or caterer.

(b) The holder of a retailer's license shall not sell, offer for sale, or give away or permit to be sold, offered for sale, or given away in or from the premises as specified in such license any service, or thing of value whatsoever except alcoholic liquor in the original package, nor shall he or she except that a licensed retailer may charge a delivery fee for delivery to a club, drinking establishment or caterer pursuant to subsection (a).

(c) No licensed retailer shall furnish any entertainment in such premises or permit any pinball machine or game of skill or chance to be located in or on such premises.

(d) A retailer's license shall allow the licensee to store wine in refrigerators, cold storage units, ice boxes or other cooling devices, and the licensee may sell such wine to consumers in a chilled condition.

Sec. 19. On and after July 1, 1987, K.S.A. 41-310 is hereby

amended to read as follows: 41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The annual fee for a manufacturer's license to manufacture alcohol and spirits shall be \$2,500.

(c) The annual fee for a manufacturer's license to manufacture beer (regardless of alcoholic content) shall be:

- (1) For 1 to 100 barrel daily capacity or any part thereof, \$200.
- (2) For 100 to 150 barrel daily capacity, \$400.
- (3) For 150 to 200 barrel daily capacity, \$700.
- (4) For 200 to 300 barrel daily capacity, \$1,000.
- (5) For 300 to 400 barrel daily capacity, \$1,300.
- (6) For 400 to 500 barrel daily capacity, \$1,400.
- (7) For 500 or more barrel daily capacity, \$1,600.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for the first year's operation a fee of \$1,000.

(d) The annual fee for a manufacturer's license to manufacture wine shall be \$500.

(e) The annual fee for a farm winery license shall be \$250.

(f) The annual fee for a distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing alcoholic liquors, except beer shall be \$1,250.

(g) The annual fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer shall be \$150.

(h) The annual fee for a nonbeverage user's license shall be:

- (1) For class 1, \$10.
- (2) For class 2, \$50.
- (3) For class 3, \$100.
- (4) For class 4, \$200.
- (5) For class 5, \$500.

(i) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g) and (h):

(1) Any city in which the licensed premises are located may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if the premises are located outside an incorporated city, may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(j) The annual fee for a retailer's license shall be ~~\$100~~ \$250.

(k) In addition to the license fees prescribed by subsection (j):

(1) Any city in which the licensed premises are located shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if located outside any incorporated city, shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(l) The license year for a license shall commence on the date the license is issued by the director and shall end one year after that date.

Sec. 20. On and after January 1, 1988, K.S.A. 41-310, as amended by section 19 of this act, is hereby amended to read as follows: 41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The annual fee for a manufacturer's license to manufacture alcohol and spirits shall be \$2,500.

(c) The annual fee for a manufacturer's license to manufacture beer (, regardless of alcoholic content), shall be:

- (1) For 1 to 100 barrel daily capacity or any part thereof, \$200.
- (2) For 100 to 150 barrel daily capacity, \$400.
- (3) For 150 to 200 barrel daily capacity, \$700.
- (4) For 200 to 300 barrel daily capacity, \$1,000.
- (5) For 300 to 400 barrel daily capacity, \$1,300.
- (6) For 400 to 500 barrel daily capacity, \$1,400.
- (7) For 500 or more barrel daily capacity, \$1,600.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for the first year's operation a fee of \$1,000.

(d) The annual fee for a manufacturer's license to manufacture wine shall be \$500.

(e) The annual fee for a microbrewery license or a farm winery license shall be \$250.

(f) The annual fee for a *spirits* distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing ~~alcoholic liquors, except beer shall be \$1,250~~ *spirits shall be \$1,000.*

(g) *The annual fee for a wine distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing wine shall be \$1,000.*

~~(g)~~ (h) The annual fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer and cereal malt beverage shall be ~~\$150~~ \$1,000.

~~(h)~~ (i) The annual fee for a nonbeverage user's license shall be:

- (1) For class 1, \$10.
- (2) For class 2, \$50.
- (3) For class 3, \$100.
- (4) For class 4, \$200.
- (5) For class 5, \$500.

~~(i)~~ (j) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g) ~~and~~, (h) and (i):

(1) Any city in which the licensed premises are located may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if the premises are located outside an incorporated city, may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

~~(j)~~ (k) The annual fee for a retailer's license shall be \$250.

~~(k)~~ (l) In addition to the license fees ~~fee~~ prescribed by subsection ~~(j)~~ (k):

(1) Any city in which the licensed premises are located shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 ~~or~~ nor more than \$300, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if located outside any incorporated city, shall levy and collect an annual occupation or

(continued)

license tax on the licensee in an amount not less than \$100 or nor more than \$300; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(4) (m) The license year for a license shall commence on the date the license is issued by the director and shall end one year after that date.

Sec. 21. K.S.A. 41-311 is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person:

(1) Who has not been a citizen of the United States for at least 10 years;

(2) who has been convicted of a felony under the laws of this state, any other state or the United States, except that this subsection (a)(2) shall not prohibit licensure of a person solely by reason of conviction of a nonviolent felony, other than racketeering, drug violations, gambling, tax evasion, prostitution or loan sharking, under the laws of the United States if the person was sentenced to probation for such felony not less than nine years immediately preceding such person's application for licensure and if the person has not been convicted of any misdemeanor offense, other than minor traffic offenses, since such conviction;

(3) who has had a license revoked for cause under the provisions of this act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;

(4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(6) who is not at least 21 years of age;

(7) who appoints or, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director or the board;

(8) who intends to carry on the business authorized by the license as agent of another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);

(10) who is the holder of a valid and existing license issued under the laws of this state relating to cereal malt beverages and malt products article 27 of chapter 41 of the Kansas Statutes Annotated unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that:

(A) A retailer licensed pursuant to K.S.A. 41-2702 and amendments thereto shall be eligible to receive a retailer's license under the Kansas liquor control act; and

(B) a holder of a cereal malt beverages wholesaler's license shall be eligible to receive a beer distributor's license under this act;

(11) who does not own the premises for which a license is sought, or does not have a written lease thereon for at least $\frac{3}{4}$ of the period for which the license is to be issued; or

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of the county in which the premises sought to be licensed are located this state;

(2) in the case of a retailer, a person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this

state for a total of at least four years immediately preceding the date of application; except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

(3) in the case of a farm winery, a person who has not been, for at least five years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least 10 years preceding the date of application; except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

(4) (3) a person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages;

(5) (4) a person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

(6) (5) a copartnership, unless all of the copartners are qualified to obtain a license; or

(7) (6) a corporation.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, manager, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;

(3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for

at least 10 years immediately preceding the date of application, except that:

(A) A wholesaler of cereal malt beverages properly licensed on September 1, 1948, shall be eligible for a beer distributor's license; and

(B) a person who has been a resident of the state for at least five years immediately preceding the date of application shall be eligible for a beer distributor's license.

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No farm winery license shall be issued to a:

(1) Person who is not a resident of the county in which the premises sought to be licensed are located this state;

(2) person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least four years immediately preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

(3) person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages other than that produced by such winery;

(4) person or copartnership or association who which has beneficial interest in any other retail establishment retailer licensed under this act;

(5) copartnership, unless all of the copartners are qualified to obtain a license; or

(6) corporation, unless all of the stockholders would be eligible to receive a license.

Sec. 22. On and after January 1, 1988, K.S.A. 41-311, as amended by section 21, is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person:

(1) Who has not been a citizen of the United States for at least 10 years;

(2) who has been convicted of a felony under the laws of this state, any other state or the United States;

(3) who has had a license revoked for cause under the provisions of this act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;

(4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(6) who is not at least 21 years of age;

(7) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director;

(8) who intends to carry on the business authorized by the license as agent of another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);

(10) who is the holder of a valid and existing license issued under article 27 of chapter 41 of the Kansas Statutes Annotated unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that:

(A) a retailer licensed pursuant to K.S.A. 41-2702 and

amendments thereto shall be eligible to receive a retailer's license under the Kansas liquor control act; and

(B) a holder of a cereal malt beverages wholesaler's license shall be eligible to receive a beer distributor's license under this act;

(11) who does not own the premises for which a license is sought, or does not have a written lease thereon for at least 3/4 of the period for which the license is to be issued; or

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of this state;

(2) a person who has not been a resident of this state for at least four years immediately preceding the date of application;

(3) a person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages;

(4) a person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

(5) a copartnership, unless all of the copartners are qualified to obtain a license; or

(6) a corporation.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;

(3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for

(continued)

at least 10 years immediately preceding the date of application, except that:

(A) A wholesaler of cereal malt beverages properly licensed on September 1, 1948, shall be eligible for a beer distributor's license; and

(B) a person who has been a resident of the state for at least five years immediately preceding the date of application shall be eligible for a beer distributor's license.

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No *microbrewery license* or farm winery license shall be issued to a:

(1) Person who is not a resident of this state;

(2) person who has not been a resident of this state for at least four years immediately preceding the date of application;

(3) person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages other than that produced by such *brewery* or winery;

(4) person, copartnership or association which has beneficial interest in any retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto;

(5) copartnership, unless all of the copartners are qualified to obtain a license; or

(6) corporation, unless all of the stockholders would be eligible to receive a license *stockholders owning in the aggregate 50% or more of the stock of the corporation would be eligible to receive such license and all other stockholders would be eligible to receive such license except for reason of citizenship or residency.*

Sec. 23. On and after January 1, 1988, K.S.A. 41-312 is hereby amended to read as follows: 41-312. No person holding a manufacturer's or distributor's license shall be permitted to receive any retailer's, *microbrewery* or farm winery license. No person holding a retailer's, *microbrewery* or farm winery license shall be permitted to receive any manufacturer's or distributor's license or another retailer's, *microbrewery* or farm winery license.

Sec. 24. On and after January 1, 1988, K.S.A. 41-313 is hereby amended to read as follows: 41-313. No corporation, either organized under the laws of this state, any other state or a foreign country, shall be issued a manufacturer's, distributor's, *microbrewery* or farm winery license unless the corporation has first procured a certificate of authority from the secretary of state to do business in this state as provided by law, appointed a citizen of the United States, and resident of Kansas, as its agent and filed with the director a duly authenticated copy of a duly executed power of attorney, authorizing the agent to accept service of process from the director, the board and the courts of this state and to exercise full authority of the corporation and full authority, control and responsibility for the conduct of all business and transactions of the corporation within the state relative to alcoholic liquor and the business licensed. The agent must be satisfactory to and approved by the director with respect to the agent's character. The agent shall at all times be maintained by the corporation.

In addition, any corporation organized under the laws of any other state or foreign country, as a condition precedent to the issuance to it of any license, shall file with the secretary of state of the state of Kansas, a duly authorized and executed power of attorney, authorizing the secretary of state to accept service of process from the director, the board and the courts of this state and to accept service of any notice or order provided for in this act, and all such acts by the secretary of state shall be fully binding upon the corporation.

Sec. 25. On and after January 1, 1988, K.S.A. 41-316 is hereby amended to read as follows: 41-316. Licenses to manufacturers, distributors, *microbreweries*, farm wineries and non-beverage users of alcoholic liquors shall be issued and renewed by the director to qualified applicants upon written application, receipt of bond properly executed and payment in advance of the state registration fee and the license fee.

Sec. 26. On and after January 1, 1988, K.S.A. 41-317 is hereby amended to read as follows: 41-317. (a) Applications for all licenses under this act shall be upon forms prescribed and furnished by the director and shall be filed with the director in duplicate. Each application shall be accompanied by a state registration fee of \$50 for each initial application and \$10 for each renewal application to defray the cost of preparing and furnishing standard forms incident to the administration of this act and the cost of processing the application. Each application shall also be accompanied by a deposit of a certified or cashier's check of a bank within this state, United States post office money order or cash in the full amount of the license fee required to be paid for the kind of license applied for, which license fee shall be returned to the applicant if the application is denied. All registration fees shall be paid into the state treasury by the director and shall be credited to the state general fund. All license fees received by the director, including fees received for licenses to manufacture beer, regardless of its alcoholic content, shall be paid into the state treasury by the director and shall be credited to the state general fund.

(b) Every applicant for a manufacturer's, *alcoholic liquor distributor's*, beer distributor's, nonbeverage user's, *microbrewery*, farm winery or retailer's license shall file with the application a joint and several bond on a form prescribed by the director and executed by good and sufficient corporate sureties licensed to do business within the state of Kansas to the director, in the following amounts:

(1) For a manufacturer, \$25,000;

(2) for an *alcoholic liquor a spirits* distributor, \$15,000;

(3) for a beer or wine distributor or a retailer, \$2,000;

(4) for nonbeverage users, \$200 for class 1, \$500 for class 2, \$1,000 for class 3, \$5,000 for class 4 and \$10,000 for class 5; and

(5) for a *microbrewery* or a farm winery, \$2,000.

If a distributor holds or applies for more than one distributor's license, only one bond for all such licenses shall be required, which bond shall be in an amount equal to the highest applicable bond.

(c) All bonds required by this section shall be conditioned on the licensee's compliance with the provisions of this act and payment of all taxes, fines and forfeitures which may be assessed against the licensee.

Sec. 27. On and after January 1, 1988, K.S.A. 41-319 is hereby amended to read as follows: 41-319. Within 30 days after an application is filed for a retailer's, *microbrewery* or farm winery license and within 20 days after an application is filed for a manufacturer's, distributor's or nonbeverage user's license, the director shall enter an order either refusing or granting the license. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been refused. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.

Sec. 28. On and after January 1, 1988, K.S.A. 41-320 is hereby amended to read as follows: 41-320. (a) All proceedings for the suspension and revocation of licenses of manufacturers, distributors, retailers, *microbreweries*, farm wineries and non-beverage users shall be before the director, and the proceedings shall be in accordance with rules and regulations adopted by the secretary of revenue pursuant to K.S.A. 41-210 and amendments thereto and not inconsistent with law. Except as provided in subsection (b), no license shall be suspended or revoked except after a hearing by the director with reasonable notice to the licensee and an opportunity to appear and defend.

(b) When proceedings for the suspension or revocation of a distributor's license are filed and the distributor has been issued more than one license for distributing places of business in this state, any order of the director suspending or revoking the license at any one place of business shall suspend or revoke all licenses issued to the distributor. When one person is the holder of stock in two or more corporations licensed as distributors under the provisions of this act, any order of the director suspending or revoking the license of any such corporation shall operate as a suspension or revocation of the license of all corporations licensed as distributors in which the person is a stockholder.

Sec. 29. On and after July 1, 1987, K.S.A. 41-321 is hereby amended to read as follows: 41-321. Whenever the director refuses an application for any license or shall suspend or revoke any license, the director shall prepare an order so providing which shall be signed by the director or a person designated by the director, and the seal of the director shall be affixed thereto. The order shall state the reason or reasons for such refusal, suspension or revocation. The order shall be mailed, by certified mail, by the director to the applicant at the address shown on the application or to the licensee at the address of the premises licensed.

Any applicant or licensee aggrieved by any order of the director may appeal from such order to the ~~alcoholic beverage control board of review secretary~~ by filing a notice of appeal with the secretary of the board. Such notice of appeal must either be mailed to the secretary by certified mail or filed with the secretary within 15 days after the date the order to be appealed from was mailed as provided by this section or, if such appeal is taken because the director has failed to enter the order on an application for a license, within 15 days after the date an application for a license is considered to have been refused as provided in K.S.A. 41-319 and amendments thereto. The notice of appeal shall be on a form which shall be prescribed and furnished by the board secretary. Whenever any such notice of appeal is filed, the secretary of the board shall notify, in writing, the director of such appeal. The secretary at least 10 days before the time fixed for the hearing shall notify the director and the applicant or licensee of the time when, and place where, the appeal will be heard by the board secretary, such notice to the applicant or licensee to be made by certified mail. The hearing shall be held within 30 days after the date of the filing of the notice of appeal unless the person appealing shall consent to a later hearing.

The secretary of revenue shall adopt, pursuant to K.S.A. 41-210 and amendments thereto, such rules and regulations as necessary to govern the procedure in such hearings. At any such hearing the applicant or licensee and the director may be present in person or by agent or counsel and present evidence and argument. The board secretary shall have the power to adjourn any hearing, but no such adjournment shall be for more than five days unless consented to by the person appealing. Within five days after the hearing is concluded, the board secretary shall render ~~its~~ the secretary's written opinion, decision and order on such appeal. A copy of such opinion, decision and order shall be mailed by the secretary of the board by certified mail to the applicant or licensee, and a copy shall be also delivered or mailed by the secretary of the board to the director.

Sec. 30. On and after July 1, 1987, K.S.A. 41-322 is hereby amended to read as follows: 41-322. For the purpose of hearing or conducting any appeal authorized to be heard by ~~it~~, the board ~~by the secretary~~, the secretary shall have power to examine, or cause to be examined, under oath, any licensee, the director, or other person, and to examine or cause to be examined books and records of any such licensee; to hear testimony and take proof material for its information in hearing such appeal; to administer or cause to be administered oaths; and for any such purposes to issue subpoenas to require the attendance of witnesses and the production of books which shall be effective in any part of this state; and any district court or any judge thereof either in term time or vacation, may by order duly entered, require the attendance of witnesses and the production of relevant books subpoenaed by the board secretary and the district court or judge may compel obedience to ~~its~~ or ~~his~~ or ~~her~~ the order by proceedings for contempt.

Sec. 31. On and after July 1, 1987, K.S.A. 41-323 is hereby amended to read as follows: 41-323. Any action of the board secretary pursuant to K.S.A. 41-321 and amendments thereto is subject to review in accordance with the act for judicial review and civil enforcement of agency actions. At the time of the filing of the petition for review, the petitioner shall give a bond for costs conditioned on the petitioner's prosecuting the appeal without delay and paying all costs assessed against the petitioner. If review of the decision of the district court is sought pursuant to K.S.A. 77-623 and amendments thereto, the director shall not be required to give a bond on such review.

Sec. 32. On and after July 1, 1987, K.S.A. 41-328 is hereby amended to read as follows: 41-328. (a) In addition to or in lieu of any other civil or criminal penalty provided by law, the director, upon a finding that a licensee under the Kansas liquor control act has violated any provision thereof, may impose on such licensee a civil fine not exceeding \$1,000 for each violation.

(b) No fine shall be imposed pursuant to this section except upon the written order of the director to the licensee who committed the violation. Such order shall state the violation, the fine to be imposed and the right of the licensee to appeal to the board. ~~Such licensee may appeal such order to the board, and the order.~~ Such order shall be subject to appeal and review in the manner provided by K.S.A. 41-321, 41-322 and 41-323, and amendments thereto.

(c) Any fine imposed pursuant to this section shall be paid to the state treasurer, who shall deposit the same in the state treasury and credit it to the state general fund.

(d) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 33. On and after January 1, 1988, K.S.A. 41-401 is hereby amended to read as follows: 41-401. Every licensed manufacturer ~~or of spirits or wine and every spirits or wine distributor of alcoholic liquor except beer~~ shall provide at his ~~such manufacturer's or distributor's~~ own expense a warehouse to be situated on and to constitute a part of his ~~such manufacturer's or distributor's~~ distillery or, winery or as a part of his premises used for the purpose of distributing, furnishing or selling such liquor spirits or wine for purposes of resale, to be kept separate and distinct from such distillery, winery or premises, and to be used only for the storage of such liquor spirits or wine manufactured or distributed by him ~~such manufacturer or distributor~~ for purposes of resale until the tax levied thereon, as hereinafter provided, ~~shall have~~ has been paid. ~~Provided,~~ No dwelling house shall be used for such purpose. Such warehouse, when approved by the director, shall be a bonded warehouse of the state of Kansas; and shall be under the control of the director; ~~and he.~~ The director may assign one or more of his agents to be known as a "storekeeper" or "inspector" to enforce the provisions of this act with respect to such warehouse or warehouses.

Sec. 34. On and after January 1, 1988, K.S.A. 41-402 is hereby amended to read as follows: 41-402. The entire stock of alcoholic liquor, ~~except beer regardless of its alcoholic content, of such spirits or wine of manufacturers or distributors, except in the case of a distillery or wine cellar where such liquor spirits or wine is in the process of distillation or manufacture, shall be kept in such warehouse such manufacturer's or distributor's warehouse approved under K.S.A. 41-401 and amendments thereto.~~ The director shall prescribe the records which the storekeeper or inspector shall keep, when assigned, as regards to such liquor spirits or wine while in the process of manufacture or distillation and after such liquor ~~shall have~~ spirits or wine has been delivered to bonded warehouses. Every such warehouse shall be in the joint custody of the director through his ~~the director's~~ storekeeper or inspector, when assigned, and the proprietor thereof, and shall be kept securely locked and at no time be unlocked or open, or remain open unless in the presence of such storekeeper, inspector or other person who may be designated to act for him ~~the director~~, as provided by the ~~rule~~ rules and regulations or order of the director; and no such liquor spirits or wine shall be received or delivered in or delivered from such warehouse, except on order or permit of the director or his ~~the director's~~ duly authorized storekeeper, inspector or other agent.

Sec. 35. K.S.A. 41-403 is hereby amended to read as follows: 41-403. Such Alcoholic liquor may, on payment of the tax thereon, pursuant to the rules of the director, ~~rules and regulations of the secretary~~, may be withdrawn, on such triplicate forms as the director ~~shall prescribe~~ prescribes, from the warehouse, pursuant to application to the director or to the storekeeper or inspector in charge of such warehouse; ~~and.~~ One triplicate original of each of such entry of withdrawal shall be transmitted to the director. When such liquor is withdrawn from any warehouse for sale only to other distributors or to ~~licensed retail liquor dealers in Kansas retailers, clubs, drinking estab-~~

(continued)

ishments or caterers, licensed in this state, there shall be affixed to each original package, container or cask, a bonded warehouse stamp or stamps indicative of the fact that the gallonage tax thereon, as hereinafter levied, has been paid. In case of receipt of such liquor by manufacturers or distributors, ~~entries of such receipts~~ entry of such receipt to such warehouses shall be made in triplicate, and one triplicate original of each of such entries of receipts such entry of receipt shall be transmitted forthwith by the proprietor of the warehouse to the director.

Sec. 36. K.S.A. 41-408 is hereby amended to read as follows: 41-408. Any common carrier of merchandise owning or operating any railroad, express company, bus, truck or other transportation lines or routes for the transportation of merchandise in the state of Kansas, upon application and filing of a bond in form and penalty and with such sureties as may be approved by the director, may be designated as a carrier of such alcoholic liquor, for the final release of which liquor, from a bonded warehouse in the state of Kansas, a permit has not been issued. The consignee shall be a manufacturer or distributor maintaining a bonded warehouse for such liquor within the state of Kansas. ~~Nothing in this section shall be construed to prevent or restrict any common carrier from transporting in intrastate commerce any such liquor without giving the required bond where the consignor is a bonded warehouse of the state of Kansas and the consignee is a licensed retail liquor dealer in this state.~~ Any such liquor arriving at a point of entry in the state of Kansas may be entered, in accordance with any rules and regulations which may be adopted pursuant to K.S.A. 41-210 and amendments thereto, for transportation ~~in bond~~ to any bonded warehouse in the state of Kansas.

Sec. 37. On and after July 1, 1987, K.S.A. 41-409 is hereby amended to read as follows: 41-409. ~~(1)~~ (a) Before commencing or continuing business, every manufacturer or distributor of beer, regardless of its alcoholic content, or cereal malt beverage and every importer of beer containing more than 3.2% of alcohol by weight shall file with the director a notice in writing, which states: ~~(a)~~ (1) The name of the person, company, corporation or firm, ~~(b)~~ (2) the name of the members of any such company or firm, ~~(c)~~ (3) the places of residence of such persons, ~~(d)~~ (4) a legal description of the premises on which the office of the manufacturer or distributor is situated and of the title thereto and the name of the owner thereof, and ~~(e)~~ (5) the geographic territory within which the distributor will distribute beer to retailers or cereal malt beverage to licensed retailers, clubs and drinking establishments. No manufacturer or distributor or other supplier of beer or cereal malt beverage shall enter into an agreement for the distribution of a brand of beer or cereal malt beverage with more than one distributor of beer or cereal malt beverage for all or any part of such geographic territory. Such geographic territory shall be the territory agreed upon by the manufacturer and the distributor and it may not be changed or modified without the written consent of all parties thereto. No supplier or distributor shall terminate or modify an agreement for the distribution of a brand of beer or cereal malt beverage or alter the geographic territory designated in an agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. Upon receipt of such notice, the director shall notify immediately all affected parties of the impending termination, modification or alteration by certified mail. Any supplier or distributor aggrieved by a termination, modification or transferral made under this section may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or transferral violates the agreement between the supplier and the distributor involved. There shall also be filed with such notice a verified copy of any contractual arrangement between the manufacturer and distributor, the importer and the distributor, and the distributor and the retailer, club or drinking establishment.

~~(2)~~ (b) Every such manufacturer or distributor of beer or cereal malt beverage on filing notice of the manufacturer or distributor's intention to commence or continue business as required by this section, shall execute a bond to the state of Kansas to be approved by the director in a sum equal to three

times the amount of the tax which, in the opinion of the director, such manufacturer or distributor will be liable to pay during any one month and in no event less than \$5,000 and conditioned ~~(a)~~ that: (1) The manufacturer or distributor will pay, or cause to be paid the taxes or duties required to be paid the state of Kansas under the Kansas liquor control act on all beer or cereal malt beverage made or brewed or distributed by or for the manufacturer or distributor, before the same it is sold or removed for consumption or sale from the premises owned or controlled by the manufacturer or distributor in such manner and at such time as the director may prescribe pursuant to rules and regulations adopted under the Kansas liquor control act; ~~(b)~~ that (2) the manufacturer or distributor will keep, or cause to be kept, books and records and make reports in the manner and for the purposes specified by rules and regulations adopted under the Kansas liquor control act, which shall be open to inspection by the director and the proper agents of the director; ~~(c)~~ that (3) the manufacturer or distributor will in all respects faithfully comply with all the requirements of the laws of the state of Kansas and the rules and regulations relating to the manufacture and distribution to licensed cereal malt beverage and beer retailers in the state of Kansas; ~~(d)~~ that of beer and cereal malt beverage; and (4) the manufacturer or distributor will execute a new bond once in four years, or whenever required to do so by the director in the amount determined under this subsection, and conditioned as provided by this subsection, which bonds shall be in lieu of any former bond or bonds of such manufacturer or distributor in respect to all liability accruing after its approval by the director.

~~(3)~~ (c) The director may require under rules and regulations adopted as provided in this act, that beer and cereal malt beverage be kept, received and withdrawn from bonded warehouses, as other alcoholic liquors are kept, received and withdrawn as provided under the Kansas liquor control act, whenever the director deems that the public interest demands.

~~(4)~~ (d) No beer or cereal malt beverage manufactured or distributed within this state shall be sold under the provisions of this act until the manufacturers or distributors of such beer or cereal malt beverage furnish satisfactory evidence to the director that such beers are beer or cereal malt beverage is brewed from alcoholic fermentation of an infusion of pure hops or pure extract of hops, and pure barley malt or other wholesome grains or cereals, and wholesome yeast, and pure water, and are free from all harmful substances, preservatives and adulterants.

Sec. 38. On and after January 1, 1988, K.S.A. 41-409, as amended by section 37 of this act, is hereby amended to read as follows: 41-409. (a) Before commencing or continuing business, every manufacturer or distributor of beer or cereal malt beverage, every beer distributor and every importer of beer shall file with the director a notice in writing, which states: (1) The name of the person, company, corporation or firm, (2) the name of the members of any such company or firm, (3) the places of residence of such persons, and (4) a legal description of the premises on which the office of the manufacturer or distributor is situated and of the title thereto and the name of the owner thereof; and (5) the geographic territory within which the distributor will distribute beer or cereal malt beverage to licensed retailers, clubs and drinking establishments. No manufacturer or distributor or other supplier of beer or cereal malt beverage shall enter into an agreement for the distribution of a brand of beer or cereal malt beverage with more than one distributor of beer or cereal malt beverage for all or any part of such geographic territory. Such geographic territory shall be the territory agreed upon by the manufacturer and the distributor and it may not be changed or modified without the written consent of all parties thereto. No supplier or distributor shall terminate or modify an agreement for the distribution of a brand of beer or cereal malt beverage or alter the geographic territory designated in an agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. Upon receipt of such notice, the director shall notify immediately all affected parties of the impending termination, modification or alteration by certified mail. Any supplier or distributor aggrieved by a termination, modification or transferral made under this section may file an appropriate action in

any district court of this state having venue, alleging that the termination, modification or transferal violates the agreement between the supplier and the distributor involved. There shall also be filed with such notice a verified copy of any contractual arrangement between the manufacturer and distributor, the importer and the distributor, and the distributor and the retailer, club or drinking establishment.

(b) Every such manufacturer or distributor of beer or cereal malt beverage and every beer distributor, on filing notice of the manufacturer's or distributor's intention to commence or continue business as required by this section, shall execute a bond to the state of Kansas to be approved by the director in a sum equal to three times the amount of the tax which, in the opinion of the director, such manufacturer or distributor will be liable to pay during any one month and in no event less than \$5,000 and conditioned that: (1) The manufacturer or distributor will pay, or cause to be paid the taxes or duties required to be paid the state of Kansas under the Kansas liquor control act on all beer or cereal malt beverage made or brewed or distributed by or for the manufacturer or distributor, before it is sold or removed for consumption or sale from the premises owned or controlled by the manufacturer or distributor in such manner and at such time as the director may prescribe pursuant to rules and regulations adopted under the Kansas liquor control act; (2) the manufacturer or distributor will keep, or cause to be kept, books and records and make reports in the manner and for the purposes specified by rules and regulations adopted under the Kansas liquor control act, which shall be open to inspection by the director and the proper agents of the director; (3) the manufacturer or distributor will in all respects faithfully comply with all the requirements of the laws of the state of Kansas and the rules and regulations relating to the manufacture and distribution of beer and cereal malt beverage; and (4) the manufacturer or distributor will execute a new bond once in four years, or whenever required to do so by the director in the amount determined under this subsection, and conditioned as provided by this subsection, which bonds shall be in lieu of any former bond or bonds of such manufacturer or distributor in respect to all liability accruing after its approval by the director.

(c) The director may require under rules and regulations adopted as provided in this act that beer and cereal malt beverage be kept, received and withdrawn from bonded warehouses, as other alcoholic liquors are kept, received and withdrawn as provided under the Kansas liquor control act, whenever the director deems that the public interest demands.

(d) No beer or cereal malt beverage manufactured or distributed within this state shall be sold under the provisions of this act until the manufacturers or distributors of such beer or cereal malt beverage furnish satisfactory evidence to the director that such beer or cereal malt beverage is brewed from alcoholic fermentation of an infusion of pure hops or pure extract of hops, and pure barley malt or other wholesome grains or cereals, and wholesome yeast, and pure water, and are free from all harmful substances, preservatives and adulterants.

Sec. 39. On and after July 1, 1987, K.S.A. 41-410 is hereby amended to read as follows: 41-410. (1) (a) No distributor of alcoholic liquor, except beer, shall sell any alcoholic liquor in this state unless such distributor has filed with the director a written notice stating each geographic territory, agreed upon in writing between the distributor and a supplier of the distributor, within which the distributor sells to retailers one or more brands of such supplier to retailers, clubs or drinking establishments licensed in this state. Such notice shall be accompanied by a map outlining each geographic territory stated in the notice. No manufacturer, importer or other supplier shall grant a franchise for the distribution of a brand to more than one distributor for all or part of any designated territory.

(2) (b) Each supplier of alcoholic liquors liquor doing business within this state shall file with the director a written notice describing each geographic territory, agreed upon in writing between the supplier and a distributor, within which the distributor sells to licensed retailers one or more brands of the supplier to retailers, clubs or drinking establishments licensed in this state.

(3) (c) No supplier or distributor shall terminate or modify a franchise for the distribution of a brand of alcoholic liquor or alter the geographic territory designated in a franchise agreement unless such supplier or distributor files written notice thereof with the director not less than thirty (30) 30 days prior to the termination, modification or alteration. In the case of an alteration in a franchise territory, such notice shall be accompanied by a map outlining the altered territory. Upon receipt of such notice, the director shall notify immediately, by certified mail, all affected parties of the impending termination, modification or alteration.

(4) (d) Any notice filed by a supplier pursuant to subsection (3) (c) shall be accompanied by an affidavit stating that the termination, modification or alteration is not caused by the failure of the distributor to violate any provision of the Kansas liquor control act or any rules and regulations adopted pursuant thereto.

(5) (e) Any supplier or distributor aggrieved by a termination, modification or alteration made under subsection (3) (c) may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or alteration violates the franchise agreement between the supplier and distributor involved.

(6) (f) No franchise agreement for the distribution of a brand of alcoholic liquor shall be terminated or modified, nor shall the territory designated in such an agreement be altered, except for reasonable cause.

(7) (g) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 40. On and after January 1, 1988, K.S.A. 41-410, as amended by section 39 of this act, is hereby amended to read as follows: 41-410. (a) No distributor of alcoholic liquor, except beer, shall sell any alcoholic liquor or cereal malt beverage in this state unless such distributor has filed with the director a written notice stating each geographic territory, agreed upon in writing between the distributor and a supplier of the distributor, within which the distributor sells one or more brands of such supplier to retailers, licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto or to clubs or drinking establishments licensed in this state under the club and drinking establishment act. Such notice shall be accompanied by a map outlining each geographic territory stated in the notice. No manufacturer, importer or other supplier shall grant a franchise for the distribution of a brand to more than one distributor for all or part of any designated territory.

(b) Each supplier of alcoholic liquor or cereal malt beverage doing business within this state shall file with the director a written notice describing each geographic territory, agreed upon in writing between the supplier and a distributor, within which the distributor sells one or more brands of the supplier to retailers, licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto or to clubs or drinking establishments licensed in this state under the club and drinking establishment act.

(c) No supplier or distributor shall terminate or modify a franchise for the distribution of a brand of alcoholic liquor or cereal malt beverage or alter the geographic territory designated in a franchise agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. In the case of an alteration in a franchise territory, such notice shall be accompanied by a map outlining the altered territory. Upon receipt of such notice, the director shall notify immediately, by certified mail, all affected parties of the impending termination, modification or alteration.

(d) Any notice filed by a supplier pursuant to subsection (c) shall be accompanied by an affidavit stating that the termination, modification or alteration is not caused by the failure of the distributor to violate any provision of the Kansas liquor control act or any rules and regulations adopted pursuant thereto.

(e) Any supplier or distributor aggrieved by a termination, modification or alteration made under subsection (c) may file an appropriate action in any district court of this state having venue,

(continued)

alleging that the termination, modification or alteration violates the franchise agreement between the supplier and distributor involved.

(f) No franchise agreement for the distribution of a brand of alcoholic liquor or *cereal malt beverage* shall be terminated or modified, nor shall the territory designated in such an agreement be altered, except for reasonable cause.

(g) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 41. On and after January 1, 1988, K.S.A. 41-501 is hereby amended to read as follows: 41-501. (a) As used in this section and K.S.A. 41-501a; and amendments thereto:

(1) "Gallon" means wine gallon.

(2) "Federal area" means any lands or premises which are located within the exterior boundaries of this state and which are held or acquired by or for the use of the United States or any department, establishment or agency of the United States.

(b) (1) For the purpose of raising revenue a tax is imposed upon the manufacturing, using, selling, storing or purchasing alcoholic liquors in this state or a federal area at a rate of \$.18 per gallon on all beer containing more than 3.2% alcohol by weight; \$.30 per gallon on wine containing 14% or less alcohol by volume; \$.75 per gallon on wine containing more than 14% alcohol by volume; and \$2.50 per gallon on alcohol and spirits.

(2) The tax imposed by this section shall be paid only once and shall be paid by the person in this state or federal area who first manufactures, uses, sells, stores, purchases or receives the alcoholic liquors. The tax shall be collected and paid to the director as provided in this act. If the alcoholic liquor is manufactured and sold in this state or a federal area, the tax shall be paid by the manufacturer, *microbrewery* or farm winery producing it. If the alcoholic liquor is imported into this state by a distributor for the purpose of sale at wholesale in this state or a federal area, the tax shall be paid by the distributor, and in no event shall such tax be paid by the manufacturer unless the alcoholic liquor is manufactured in this state. If not to exceed one gallon (or metric equivalent), per person of alcoholic liquor has been purchased by a private citizen outside the borders of the United States and is brought into this state by the private citizen in such person's personal possession for such person's own personal use and not for sale or resale, such import is lawful and no tax payment shall be due thereon.

(c) Manufacturers, *microbreweries*, farm wineries or distributors at wholesale of alcoholic liquors shall be exempt from the payment of the gallonage tax imposed on alcoholic liquors, upon satisfactory proof, including bills of lading furnished to the director by affidavit or otherwise as the director requires, that the liquors were manufactured in this state but were shipped out of the state for sale and consumption outside the state.

(d) Wines manufactured or imported solely and exclusively for sacramental purposes and uses shall not be subject to the tax provided in for by this section.

(e) The tax provided for by this section is not imposed upon:

(1) Any alcohol or wine, whether manufactured in or imported into this state, when sold to a nonbeverage user licensed by the state, for use in the manufacture of any of the following when they are unfit for beverage purposes: Patent and proprietary medicines and medicinal, antiseptic and toilet preparations; flavoring extracts and syrups and food products; scientific, industrial and chemical products; or scientific, chemical, experimental or mechanical purposes; or

(2) the privilege of engaging in any business of interstate commerce or otherwise, which business may not be made the subject of taxation by this state under the constitution and statutes of the United States.

(f) The tax imposed by this section shall be in addition to all other taxes imposed by the state of Kansas or by any municipal corporation or political subdivision thereof.

(g) Retail sales of alcoholic liquor and beer, sales of beer to consumers by *microbreweries* and sales of wine to consumers by farm wineries shall not be subject to the tax imposed by the Kansas retailers' sales tax act but shall be subject to the enforcement tax provided for in this act.

(h) Notwithstanding any ordinance to the contrary, no city shall impose an occupation or privilege tax on the business of

any person, firm or corporation licensed as a manufacturer, distributor, *microbrewery*, farm winery, retailer or nonbeverage user under this act and doing business within the boundaries of the city except as specifically authorized by K.S.A. 41-310 and amendments thereto.

(i) The director shall collect the taxes imposed by this section and shall account for and turn over to the state treasurer at least once each week all moneys collected from the tax. The state treasurer shall credit 1/10 of the moneys collected from taxes imposed upon alcohol and spirits under subsection (b)(1) to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126 and amendments thereto and shall credit the balance of the moneys collected to the state general fund.

(j) If any alcoholic liquor manufactured in or imported into this state is sold to a licensed manufacturer or distributor of this state to be used solely as an ingredient in the manufacture of any beverage for human consumption, the tax imposed upon the manufacturer or distributor shall be reduced by the amount of the taxes which have been paid under this section as to the alcoholic liquor so used.

(k) The tax provided for by this section is not imposed upon alcohol or wine used by any school or college for scientific, chemical, experimental or mechanical purposes or by hospitals, sanatoria or other institutions caring for the sick. Any school, college, hospital, sanatorium or other institution caring for the sick may import alcohol or wine for scientific, chemical, experimental, mechanical or medicinal purposes by making application to the director for a permit to import it and receiving such a permit. Application for the permit shall be on a form prescribed and furnished by the director, and a separate permit shall be required for each purchase of alcohol or wine. A fee of \$2 shall accompany each application. All permits shall be issued in triplicate to the applicant and shall be under the seal of the office of the director. Two copies of the permit shall be forwarded by the applicant to the *microbrewery*, farm winery, manufacturer or distributor from which the alcohol or wine is purchased, and the *microbrewery*, farm winery, manufacturer or distributor shall return to the office of the director one copy of the permit with its shipping affidavit and invoice. Within 10 days after receipt of any alcohol or wine, the school, college, hospital or sanatorium ordering it shall file a report in the office of the director upon forms furnished by the director, showing the amount of alcohol or wine received, the place where it is to be stored, from whom it was received, the purpose for which it is to be used and such other information as required by the director. Any school, college, hospital, sanatorium or institution caring for the sick, which complies with the provisions of this subsection, shall not be required to have any other license to purchase alcohol or wine from a *microbrewery*, farm winery, manufacturer or distributor.

Sec. 42. K.S.A. 41-506 is hereby amended to read as follows: 41-506. The director shall redeem any unused crowns or stamps that any purchaser thereof presents for redemption within six months after the sale thereof by the director, at the face value thereof. The director shall prepare a voucher showing the net amount of such refund due, and the director of accounts and reports shall draw a warrant on the state treasurer for the same and against the alcoholic liquor tax refund fund created by K.S.A. 41-507 and amendments thereto. The secretary of revenue may adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations prescribing the manner of making proof of such claims and providing for refunds of the face value of crowns or stamps affixed to any alcoholic liquor taxed herein which has become unfit for use and consumption or unsalable where such alcoholic liquor is returned for any of such reasons to the wholesaler distributor who affixed the crowns or stamps thereto and crowns that may be unfit for use by reason of size, sanitary condition or other reasons. Where the director finds such refund proper, the refund may be made by the issuance of tax credit memoranda to such wholesaler distributor which shall be accepted as credit on subsequent remittances for the purchase of crowns or stamps.

Sec. 43. On and after January 1, 1988, K.S.A. 41-601 is hereby amended to read as follows: 41-601. Every manufacturer, distributor, *microbrewery* which sells any beer to a beer dis-

tributor at wholesale and farm winery which sells any wine to a distributor at wholesale shall between the 1st and 15th day of each calendar month, make return under oath to the director of all alcoholic liquor manufactured and sold by the manufacturer, distributor, *microbrewery* or farm winery in the course of business during the preceding calendar month. In the case of a distributor, the return shall also show: (a) The total amount of liquor purchased by the distributor during the preceding calendar month, the names of the distillers or distributors from whom purchased, the quantity of each brand and the price paid therefor; and (b) the names and locations of the retailers to whom alcoholic liquors were liquor was sold by the distributor during the preceding calendar month, the quantity of each brand and the price charged therefor. The return shall be made upon forms prescribed and furnished by the director and shall contain such other information as the director reasonably requires.

Sec. 44. On and after January 1, 1988, K.S.A. 41-602 is hereby amended to read as follows: 41-602. It is the duty of each manufacturer, distributor, *microbrewery* which sells any beer to a beer distributor and farm winery which sells any wine to a distributor to keep complete and accurate records of all sales of liquor, wine or beer and complete and accurate records of all alcoholic liquors produced, manufactured, compounded or imported. The director, in the director's discretion, may prescribe reasonable and uniform methods for keeping records by manufacturers, distributors, *microbreweries* and farm wineries as contemplated by K.S.A. 41-401 through 41-409, and amendments thereto.

Sec. 45. On and after July 1, 1987, K.S.A. 41-701 is hereby amended to read as follows: 41-701. ~~(4)~~ (a) Except as provided in subsection (b), no distributor or wholesaler of alcoholic liquor, except beer, shall sell or attempt to sell any alcoholic liquor within this state except to:

(a) (1) A licensed manufacturer, licensed nonbeverage user or licensed distributor; or

(b) (2) a licensed retailer, except that, subject to the provisions of subsection (2) ~~(4)~~ (d), no such distributor of alcoholic liquor, except beer, shall sell a brand of alcoholic liquor to any retailer whose licensed premises are located outside of the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-410, and amendments thereto.

(b) A distributor may sell and attempt to sell wine, but only in barrels, casks and other bulk containers, to:

(1) A licensed caterer; and

(2) a club or drinking establishment licensed in this state, except that, subject to the provisions of subsection (d), no such distributor shall sell a brand of wine to any club or drinking establishment the licensed premises of which are located outside of the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-410 and amendments thereto.

~~(ii)~~ (c) No beer distributor shall sell or attempt to sell any beer within this state except to:

(1) A licensed manufacturer, licensed nonbeverage user or licensed distributor;

(2) a licensed caterer; or

(3) a retailer, club or drinking establishment, licensed in this state, except that, subject to the provisions of subsection (d), no such distributor shall sell beer to any retailer who is, club or drinking establishment if such retailer's, club's or establishment's licensed premises are located outside the geographic territory designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-409 and amendments thereto.

~~(2)~~ (a) (d) (1) If any beer distributor refuses to sell beer or provide service in connection therewith to any retailer located within such beer distributor's geographic territory, it shall be lawful for any other beer distributor to sell beer to such retailer.

(b) (2) If any licensed distributor of alcoholic liquor, except beer, refuses to sell alcoholic liquor which such distributor is authorized to sell or refuses to provide any service in connection therewith to any retailer located within such distributor's geo-

graphic territory, it shall be lawful for any other licensed distributor of alcoholic liquor, except beer, to sell such liquor to such retailer.

~~(3)~~ (e) No manufacturer of alcoholic liquor shall sell or attempt to sell any alcoholic liquor within this state except to a licensed manufacturer, licensed distributor or licensed nonbeverage user, except that the holder of a license to manufacture beer may attempt to sell or sell beer manufactured by such manufacturer to retailers licensed in this state, but a licensed manufacturer of beer shall not sell or attempt to sell any beer manufactured by such manufacturer containing not to exceed three and two-tenths percent (3.2%) of alcohol by weight cereal malt beverage to any person in this state other than a wholesaler or distributor licensed as such under the laws of this state relating to cereal malt beverages and malt products.

(4) (f) No supplier, wholesaler, distributor, manufacturer or importer shall by oral or written contract or agreement, expressly or impliedly fix, maintain, coerce or control the resale price of alcoholic liquor, beer or cereal malt beverage to be resold by such wholesaler, distributor, manufacturer or importer, except that a licensed distributor may furnish to retailers lists of the minimum bottle and case prices required under subsection (2) of K.S.A. 41-1117 and amendments thereto.

(5) (g) Any supplier, wholesaler, distributor or manufacturer violating the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than five hundred dollars (\$500) \$500 and not more than one thousand dollars (\$1,000) \$1,000, to which may be added not to exceed six (6) months' imprisonment. In addition, any supplier, wholesaler, distributor, manufacturer or importer violating the provisions of this section relating to fixing, maintaining or controlling the resale price of alcoholic liquor, beer or cereal malt beverage shall be liable in a civil action to treble the amount of any damages awarded plus reasonable attorney fees for the damaged party.

Sec. 46. On and after January 1, 1988, K.S.A. 41-701, as amended by section 45, is hereby amended to read as follows: 41-701. (a) Except as provided in subsection (b) (d), no spirits distributor of alcoholic liquor, except beer, shall sell or attempt to sell any alcoholic liquor spirits within this state except to:

(1) A licensed manufacturer, licensed nonbeverage user or licensed spirits distributor; or

(2) a licensed retailer, except that, subject to the provisions of subsection (d), no such distributor shall sell a brand of alcoholic liquor to any retailer whose licensed premises are located outside of the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-410 as authorized by K.S.A. 41-306 and amendments thereto.

(b) A distributor may sell and attempt to sell wine, but only in barrels, casks and other bulk containers, Except as provided in subsection (d), no wine distributor shall sell or attempt to sell any wine within this state except to:

(1) A licensed manufacturer, licensed nonbeverage user or licensed wine distributor;

(2) a licensed caterer; and or

~~(2)~~ a (3) a retailer, club or drinking establishment, licensed in this state, except that, subject to the provisions of subsection (d), no such distributor shall sell a brand of wine to any club or drinking establishment the licensed premises of which are located outside of the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-410 and amendments thereto as authorized by section 15.

(c) Except as provided by subsection (d), no beer distributor shall sell or attempt to sell any beer or cereal malt beverage within this state except to:

(1) A licensed manufacturer, licensed nonbeverage user or licensed beer distributor;

(2) a licensed caterer; or

(3) a retailer, licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto or a club or

(continued)

drinking establishment, licensed in this state, except that, subject to the provisions of subsection (d), no such distributor shall sell beer to any retailer, club or drinking establishment if such retailer's, club's or establishment's licensed premises are located outside the geographic territory designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-409 as authorized by 41-307 and amendments thereto.

(d) (1) If any beer distributor refuses to sell beer or provide service in connection therewith to any retailer located within such beer distributor's geographic territory, it shall be lawful for any other beer distributor to sell beer to such retailer.

(2) If any licensed distributor of alcoholic liquor, except beer, spirits distributor refuses to sell alcoholic liquor spirits which such distributor is authorized to sell or refuses to provide any service in connection therewith to any licensed retailer located within such distributor's geographic territory as authorized by K.S.A. 41-306 and amendments thereto, it shall be lawful for any other licensed spirits distributor of alcoholic liquor, except beer, to sell such liquor to sell such spirits to such retailer.

(2) If any wine distributor refuses to sell wine which such distributor is authorized to sell or refuses to furnish service in connection therewith to any licensed retailer, as authorized by section 15, it shall be lawful for any other licensed wine distributor to sell such wine to such retailer.

(3) If any beer distributor refuses to sell beer or cereal malt beverage which such distributor is authorized to sell or provide service in connection therewith to any retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto, as authorized by K.S.A. 41-307 and amendments thereto, it shall be lawful for any other licensed beer distributor to sell such beer or cereal malt beverage to such retailer.

(e) No manufacturer of alcoholic liquor or cereal malt beverage shall sell or attempt to sell any alcoholic liquor or cereal malt beverage within this state except to a licensed manufacturer, licensed distributor or licensed nonbeverage user, except that the holder of a license to manufacture beer may attempt to sell or sell beer manufactured by such manufacturer to retailers licensed in this state, but a licensed manufacturer of beer shall not sell or attempt to sell any cereal malt beverage to any person in this state other than a wholesaler or distributor licensed as such under the laws of this state relating to cereal malt beverages and malt products.

(f) No supplier, wholesaler, distributor, manufacturer or importer shall by oral or written contract or agreement, expressly or impliedly fix, maintain, coerce or control the resale price of alcoholic liquor, beer or cereal malt beverage to be resold by such wholesaler, distributor, manufacturer or importer.

(g) Any supplier, wholesaler, distributor or manufacturer violating the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than \$500 and not more than \$1,000, to which may be added not to exceed six months' imprisonment. In addition, any supplier, wholesaler, distributor, manufacturer or importer violating the provisions of this section relating to fixing, maintaining or controlling the resale price of alcoholic liquor, beer or cereal malt beverage shall be liable in a civil action to treble the amount of any damages awarded plus reasonable attorney fees for the damaged party.

Sec. 47. On and after July 1, 1987, K.S.A. 41-702 is hereby amended to read as follows: 41-702. (1) It shall be unlawful for any person having a retailer's license (a) Except to the extent permitted pursuant to K.S.A. 41-703 and amendments thereto, no licensed retailer, club, drinking establishment or caterer, or any officer, associate, member, representative or agent of such licensee to thereof, shall accept, receive, or borrow money, or anything else of value, or to accept or receive credit, directly or indirectly, from: (1) Any person, partnership or corporation engaged in the manufacturing, distributing or wholesaling of such liquor, or from manufacturer or distributor; (2) any person connected with or, in any way representing, or from any or a member of the family of such a manufacturer, or distributor or wholesaler, or from; (3) any stockholders in any corporation engaged in manufacturing, distributing or wholesaling of such liquor, or from a manufacturer or distributor; or (4) any officer,

manager, agent or representative of such a manufacturer, or distributor or wholesaler. It shall be unlawful for any.

(b) Except to the extent permitted pursuant to K.S.A. 41-703 and amendments thereto, no manufacturer, or distributor or wholesaler to shall give or lend money or anything of value or otherwise loan or extend credit, directly or indirectly, to any such licensee retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto, or to any licensed club, drinking establishment or caterer, or to the manager, representative, agent, officer or director of such licensee thereof.

(2) If any recipient of a license to sell intoxicating liquors at retail or wholesale shall violate any of the provisions of subdivision (1) of this section, his license (c) If any licensed retailer, distributor, manufacturer, club, drinking establishment or caterer violates any provision of this section, the license of such retailer, distributor, manufacturer, club, drinking establishment or caterer shall be suspended or revoked by the director in the manner provided by law for revocation or suspension for other violations of this act.

Sec. 48. On and after July 1, 1987, K.S.A. 41-703 is hereby amended to read as follows: 41-703. (a) Except as provided by subsection (d), no manufacturer, or distributor or wholesaler shall directly or indirectly: (1) Sell, supply, furnish, give or, pay for, or loan or lease, any furnishing, fixture or equipment on the premises of a place of business of another licensee authorized under this act to sell alcoholic liquor at retail a licensee under the club and drinking establishment act or a retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto; (2) pay for any such licensee's or retailer's license, or advance, furnish, lend or give money for payment of such license; (3) purchase or become the owner of any note, mortgage or other evidence of indebtedness of such licensee any such licensee or retailer or any form of security therefor; (4) be interested in the ownership, conduct or operation of the business of any licensee authorized to sell alcoholic liquor at retail such licensee or retailer; or (5) be interested, directly or indirectly, or as owner, part owner, lessee or lessor thereof, in any premises upon which alcoholic liquor is sold at retail the licensed premises of any such licensee or retailer.

(b) Except as provided by subsection (d), no manufacturer, or distributor or wholesaler shall, directly or indirectly, or through a subsidiary or affiliate, or by any officer, director or firm of such manufacturer, or distributor or wholesaler, furnish, give, lend or rent any interior decorations or any signs, for inside or outside use, for use in or about or in connection with any one establishment on which the licensed premises of a licensee under the club and drinking establishment act, or a retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto products of the manufacturer, or distributor or wholesaler are sold.

(c) No person engaged in the business of manufacturing, distributing or wholesaling alcoholic liquors manufacturer or distributor shall directly or indirectly pay for or advance, furnish or lend money for the payment of any licenses for another license of another under the club and drinking establishment act, the Kansas liquor control act or K.S.A. 41-2702 and amendments thereto.

(d) A manufacturer or distributor may furnish things of value to a licensee under the club and drinking establishment act or to a retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto to the extent permitted by rules and regulations adopted by the secretary pursuant to subsection (e).

(e) The secretary shall adopt rules and regulations permitting manufacturers and distributors to furnish equipment, signs, supplies or similar things of value to licensees under the club and drinking establishment act or to a retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto. Such rules and regulations shall limit the furnishing of such things of value so that they are not conditioned on or an inducement to the purchase of any alcoholic liquor or cereal malt beverage. In adopting such rules and regulations, the secretary shall consider and, to the extent the secretary determines suitable, base such rules and regulations

on the standards of the bureau of alcohol, tobacco and firearms of the United States treasury.

Sec. 49. On and after January 1, 1988, K.S.A. 41-709 is hereby amended to read as follows: 41-709. No manufacturer, or distributor or wholesaler shall sell or deliver any package containing alcoholic liquor manufactured or distributed by him such manufacturer or distributor for resale, unless the person to whom such package is sold or delivered is authorized to receive such package in accordance with the provisions of this act. ~~Provided, That a manufacturer may sell or deliver beer containing not more than 3.2 percent of alcohol by weight manufactured by him for resale to a wholesaler or distributor licensed under the laws of this state relating to cereal malt beverages.~~ The director shall revoke the license of any manufacturer, or distributor or wholesaler who violates the provisions of this section.

Sec. 50. On and after January 1, 1988, K.S.A. 41-710 is hereby amended to read as follows: 41-710. (a) No retailer's license shall be issued for premises which are located in areas not zoned for general commercial or business purposes, if the city or township in which the premises are located is zoned or are not approved by the director, if the premises sought to be licensed are located outside an incorporated city in a township which is not zoned.

(b) No *microbrewery license* or farm winery license shall be issued for premises which are zoned for any purpose except agricultural, commercial or business purposes.

(c) No retailer's, *microbrewery* or farm winery license shall be issued for premises which:

(1) Are located within 200 feet of any public or parochial school or college or church, except that if any such school, college or church is established within 200 feet of any licensed premises after the premises have been licensed, the premises shall be an eligible location for retail licensing; and

(2) do not conform to the building ordinances or laws of the state or city or, in the absence of such ordinances or laws, are not structurally in good condition or are in a dilapidated condition.

Sec. 51. On and after January 1, 1988, K.S.A. 41-714 is hereby amended to read as follows: 41-714. (a) It shall be unlawful for:

(1) Any person to advertise any alcoholic liquor by means of handbills;

(2) any person to advertise any alcoholic liquor by means of billboards along public highways, roads and streets or for any owner or occupant of any property to permit any billboard advertising alcoholic liquor to remain on the property;

(3) any retailer of alcoholic liquor to have any sign on the licensed premises in violation of subsection (b); or

(4) any licensee to display alcoholic liquor in any window of the licensed premises.

(b) No retailer shall have more than one sign on the licensed premises. The sign shall contain nothing but the license number, the name of the retailer and the words "Retail Liquor Store." No letter or figure in the sign shall be more than four inches high or three inches wide. If more than one line is used, the lines shall be not more than one inch apart. The sign shall be placed on the corner of a window or on the door.

(c) The provisions of this section shall not be interpreted to prohibit the advertising of a *microbrewery* or farm winery, but before July 1, 1989, no advertising of a farm winery shall advertise the sale of wines by the winery or the prices of those wines and before July 1, 1989, no advertising of a *microbrewery* shall advertise the sale of beer by the brewery or the prices of that beer. Any advertising of a farm winery or *microbrewery* shall be subject to approval by the director prior to its dissemination.

(d) On and after July 1, 1989, the provisions of this section shall not be interpreted to prohibit advertising of the price of any alcoholic liquor or advertising of any alcoholic liquor by brand name, and no rule and regulation adopted hereunder shall prohibit such advertising.

(e) The secretary of revenue may adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations necessary to regulate and control the advertising, in any form, and display of alcoholic liquor and nothing contained in this section shall be construed as limiting the secretary's power to adopt such rules and regulations not in conflict with this act.

Sec. 52. On and after January 1, 1988, K.S.A. 41-717 is hereby amended to read as follows: 41-717. (a) No person shall sell or furnish at retail and no *microbrewery* or farm winery shall sell to any consumer any alcoholic liquor on credit; on a pass-book; on order on a store; in exchange for any goods, wares or merchandise; or in payment for any services rendered. If any person extends credit in violation of this section subsection, the debt attempted to be created shall not be recoverable at law.

(b) No *microbrewery*, farm winery or retailer of alcoholic liquor shall accept a check for payment for alcoholic liquors sold by the winery or retailer to a consumer, other than the personal check of the person making the purchase.

Sec. 53. On and after January 1, 1988, K.S.A. 41-718 is hereby amended to read as follows: 41-718. (a) No person except a manufacturer, distributor, *microbrewery*, farm winery or wholesaler shall fill or refill, in whole or in part, any original package of alcoholic liquor with the same or any other kind or quality of alcoholic liquor.

(b) No person shall have in the person's possession for sale at retail any bottles, casks or other containers containing alcoholic liquor, except in original packages.

Sec. 54. K.S.A. 41-719 is hereby amended to read as follows: 41-719. (a) Except as provided in subsection (b), No person shall drink or consume alcoholic liquor upon the public streets, alleys, roads or highways; in beer parlors, taverns, pool halls or places to which the general public has access, whether or not an admission or other fee is charged or collected; upon property owned by the state or any governmental subdivision thereof; or inside vehicles while upon on the public streets, alleys, roads or highways.

(b) The provisions of subsection (a) shall not apply to the drinking or consumption of alcoholic liquor No person shall drink or consume alcoholic liquor on private property except:

(1) On premises where the sale of liquor by the individual drink is authorized by the club and drinking establishment act;

(2) upon private property by a person occupying such property as an owner or lessee of an owner and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803 and amendments thereto takes place;

(3) in a lodging room of any hotel, motel or boarding house by the person occupying such room and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803 and amendments thereto takes place;

(4) in a private dining room of a hotel, motel or restaurant, if the dining room is rented or made available on a special occasion to an individual or organization for a private party and if no sale of alcoholic liquor in violation of K.S.A. 41-803 and amendments thereto takes place; or

(5) on and after January 1, 1988, on the premises of a *microbrewery* or farm winery, if authorized by K.S.A. 41-308a or section 138, and amendments thereto.

(c) No person shall drink or consume alcoholic liquor on public property except:

(1) Upon On real property leased by a city to others under the provisions of K.S.A. 12-1740 to 12-1749, inclusive through 12-1749, and amendments thereto, if such real property is actually being used for hotel or motel purposes or purposes incidental thereto.

(2) In any state owned or operated building or structure, and upon on the surrounding premises, which are is furnished to and occupied by any state officer or employee as a residence.

(3) In a club which is licensed by the director and which is located upon On premises licensed as a club or drinking establishment and located on property owned or operated by an airport authority created pursuant to chapter 27 of the Kansas Statutes Annotated.

(4) In a club which is licensed by the director and which is located upon property owned or operated by an airport authority or established by a city having a population of more than 200,000.

(continued)

(4) On the state fair grounds on the day of any race held thereon pursuant to the Kansas parimutuel racing act.

(5) ~~Upon~~ ~~On~~ property exempted from the provisions of subsection (a) this subsection (c) pursuant to subsection (e) or (d), (e), (f) or (g).

(e) (d) Any city having a population of more than 200,000 may exempt, by ordinance, specified property, title of which is vested in such city, from the provisions of subsection (a) (c).

(d) (e) The board of county commissioners of any county having a population of not less than 150,000 may exempt, by resolution, specified property, the title of which is vested in such county, from the provisions of subsection (a) (c).

(f) The state board of regents may exempt from the provisions of subsection (c) specified property which is under the control of such board and which is not used for classroom instruction, where alcoholic liquor may be consumed in accordance with policies adopted by such board.

(g) The board of regents of Washburn university may exempt from the provisions of subsection (c) specified property the title of which is vested in such board and which is not used for classroom instruction, where alcoholic liquor may be consumed in accordance with policies adopted by such board.

(e) (h) Violation of any provision of subsection (a) this section is a misdemeanor punishable by a fine of not less than \$50 or more than \$200 or by imprisonment for not more than six months, or both.

Sec. 55. K.S.A. 41-727 is hereby amended to read as follows: 41-727. (a) Except with regard to serving of alcoholic liquor as permitted by K.S.A. 41-308a, 41-2610 or section 138, and amendments thereto, no person under 21 years of age shall possess, consume, obtain or, purchase; or attempt to obtain or purchase; alcoholic liquor from any person except as authorized by law.

(b) Violation of this subsection section by a person 18 or more years of age but less than 21 years of age is a misdemeanor punishable by a fine of not less than \$100 and not more than \$250 or by nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service; or by both.

(b) No person under 21 years of age shall possess or consume alcoholic liquor except as authorized by law.

Violation of this subsection by a person 18 or more years of age but less than 21 years of age is a misdemeanor punishable:

(1) By a fine of not less than \$100 and not more than \$250 or by 40 hours of public service; or by both, if committed on premises licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated; or

(2) by a fine of not less than \$25 and not more than \$250 or by 10 hours of public service; or by both, if committed on any other premises.

(c) Any person less than 18 years of age who violates this section is a juvenile offender under the Kansas juvenile offenders code and. Upon adjudication thereof, shall be required as a condition of disposition to pay the fine or perform the public service; or both, specified as punishment for the offense under subsection (a) or (b) and as a condition of disposition, the court shall require the offender to pay a fine of not less than \$100 nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service.

(d) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 56. K.S.A. 41-803 is hereby amended to read as follows: 41-803. (a) It shall be unlawful for any person to own, maintain, operate or conduct, either directly or indirectly, an open saloon.

(b) As used in this section, "open saloon" means any place, public or private, where alcoholic liquor is sold or offered or kept for sale by the drink or in any quantity of less than 100 milliliters (3.4 fluid ounces) or sold or offered or kept for sale for consumption on the premises where sold, but does not include any club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated premises where the sale of liquor is authorized by the club and drinking establishment act or, on and after January 1, 1988, any microbrewery or farm winery, if authorized by K.S.A. 41-308a or section 138, and amendments thereto.

(c) Any violation of the provisions of this section is a misdemeanor punishable by a fine of not more than \$500 and by imprisonment for not more than 90 days.

Sec. 57. On and after January 1, 1988, K.S.A. 41-901 is hereby amended to read as follows: 41-901. (a) No person shall manufacture, import for distribution as a distributor at wholesale or distribute or sell alcoholic liquor or beer or manufacture beer containing not more than 3.2% alcohol by weight or cereal malt beverage at any place within the state without having first obtained a valid license so to do therefor under the provisions of this act or under K.S.A. 41-2702 and amendments thereto. No person shall obtain a license to carry on the business authorized by the license as agent for another, obtain a license by fraud or make any false statement or otherwise violate any of the provisions of this act in obtaining any license hereunder. No person having obtained a license hereunder shall violate any of the provisions of this act with respect to the manufacture, possession, distribution or sale of alcoholic liquor or beer; with respect to the manufacture of beer containing not more than 3.2% alcohol by weight or cereal malt beverage; or with respect to the maintenance of the licensed premises.

(b) Violation of subsection (a) shall be punishable as follows, except where other penalties are specifically provided by law:

(1) For a first offense, by a fine of not more than \$500; and

(2) for a second or subsequent offense, by a fine of not more than \$1,000 or by imprisonment for not more than six months, or both.

(c) Each day any person engages in business as a manufacturer, distributor, microbrewery, farm winery or retailer in violation of the provisions of this act shall constitute a separate offense.

(d) Any license obtained to carry on the business as agent for another or any license obtained by fraud or by false statements shall be revoked by the director. When a license has been revoked for obtaining a license to carry on the business authorized by the license as agent for another, or obtained a license by fraud or by any false statement, all alcoholic liquor in the possession of the person who procured the license shall be forfeited and sold and the proceeds of the sale shall be paid to the county treasurer of the county where the alcoholic liquors were liquor was located. During the pendency of any appeal from any order revoking a license, the director may obtain an order from the district court of the county where the alcoholic liquor is located, restraining the sale or disposal of the alcoholic liquor. When an order revoking any license is issued by the director, the director shall forthwith forward by registered mail a certified copy of the order revoking the license under the seal of the director to the county attorney of the county where the alcoholic liquor is located.

Within 15 days after the order of revocation becomes final, the county attorney shall institute, against the person who procured the license, a civil action under the code of civil procedure in the district court of the county in the name of the state of Kansas on the relation of the county attorney to forfeit all alcoholic liquor against the person who procured the license. Summons shall be served as provided by the code of civil procedure upon the person who procured the license. Upon the return day of the summons issued or as soon after as convenient to the court, an order shall be entered by the court forfeiting the alcoholic liquors liquor to the state of Kansas and ordering them it to be sold by the sheriff of the county in which the forfeiture occurred. The order shall fix the time and place of sale and the method and manner in which the sale shall be held, together with notice of the sale as the court directs. After payment of all costs of the action, including a reasonable fee for the county attorney, the balance remaining shall be paid to the state treasurer pursuant to K.S.A. 20-2801 and any amendments thereto.

Sec. 58. On and after July 1, 1987, K.S.A. 41-1101 is hereby amended to read as follows: 41-1101. (a) No distributor licensed under this act shall purchase any alcoholic liquor from any manufacturer, owner of alcoholic liquor at the time it becomes a marketable product, exclusive agent of such manufacturer or owner, farm winery or distributor of alcoholic liquor bottled in a foreign country either within or without this state, unless the

manufacturer, owner, exclusive agent, farm winery or distributor files with the director a written statement sworn to by the manufacturer, owner, exclusive agent, farm winery or distributor or, in case of a corporation, one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor manufactured or distributed by the manufacturer, owner, exclusive agent, farm winery or distributor to any distributor licensed in this state and having a franchise to distribute the alcoholic liquor pursuant to K.S.A. 41-410 and amendments thereto; to make such sales to all such licensed distributors in this state at the same current price and without discrimination; and to file price lists showing the current prices of *spirits and wine* in the office of the director as often as may be necessary or required by the director but at least once each three months. If any manufacturer, owner, exclusive agent, farm winery or distributor making the agreement violates the agreement by refusing to sell such alcoholic liquor to any such franchised licensed distributor in this state or discriminates in current prices among such franchised licensed distributors making or attempting to make purchases of alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor, the director shall notify, by registered mail, each such franchised licensed distributor in this state of the violation. Thereupon, it shall be unlawful for a franchised licensed distributor in this state to purchase any alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor. If thereafter such a franchised licensed distributor purchases any alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor, such franchised distributor's license shall be revoked by the director. If any manufacturer, owner, exclusive agent, farm winery or distributor of alcoholic liquor bottled in a foreign country, making any agreement hereunder, does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the manufacturer, owner, exclusive agent, farm winery or distributor manufactures or distributes to supply the demands of all licensed distributors having a franchise to distribute such alcoholic liquor, the manufacturer, owner, exclusive agent, farm winery or distributor may ration such alcoholic liquor and apportion the available supply among such franchised licensed distributors purchasing or attempting to purchase it, in accordance with a plan which shall be subject to the approval of the director. The provisions of this subsection relating to the filing of price lists with the director shall not apply to any manufacturer with respect to alcoholic liquor *spirits or wine* manufactured or bottled in a foreign country.

(b) No retailer licensed under this act shall purchase any alcoholic liquor from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor distributed by the distributor and to provide service in connection therewith to any licensed retailer whose licensed premises are located within the geographic territory of the distributor's franchise for the alcoholic liquors *liquor*, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed retailers at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price of *spirits and wine* in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the agreement violates the agreement by refusing to sell or provide service to any such licensed retailer in this state without written approval of the director or discriminates in current prices among such licensed retailers making or attempting to make purchases of alcoholic liquor from the distributor, the director shall may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such alcoholic liquor and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(c) *No club or drinking establishment licensed in this state shall purchase any wine or beer from any distributor licensed*

under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of wine or beer distributed by the distributor to those clubs and drinking establishments to which the distributor is authorized to sell such wine or beer and to which the distributor desires to sell such wine or beer, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed clubs or drinking establishments at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price of wine in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the agreement violates the agreement by refusing to sell to any such licensed club or drinking establishment in this state without written approval of the director or discriminates in current prices among such licensed clubs or drinking establishments making or attempting to make purchases of wine or beer from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of wine or beer of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed clubs or drinking establishments, the distributor may ration such wine or beer and apportion the available supply among such licensed clubs or drinking establishments purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

For the purposes of this subsection, a delivery charge shall not be considered a part of the price of wine or beer sold by a distributor.

(e) ~~The provisions of this section shall not apply to any distributor of beer or any manufacturer or importer of beer, whether within or without this state, with respect to beer distributed or manufactured by the distributor, manufacturer or importer.~~

Sec. 59. On and after January 1, 1988, K.S.A. 41-1101, as amended by section 58 of this act, is hereby amended to read as follows: 41-1101. (a) No distributor licensed under this act shall purchase any alcoholic liquor from any manufacturer, owner of alcoholic liquor at the time it becomes a marketable product, exclusive agent of such manufacturer or owner, *microbrewery*, farm winery or distributor of alcoholic liquor bottled in a foreign country either within or without this state, unless the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor files with the director a written statement sworn to by the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor or, in case of a corporation, one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor manufactured or distributed by the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor to any distributor licensed in this state and having a franchise to distribute the alcoholic liquor pursuant to K.S.A. 41-410 and amendments thereto or *section 15*; to make such sales to all such licensed distributors in this state at the same current price and without discrimination; and to file price lists showing the current prices of spirits and wine in the office of the director as often as may be necessary or required by the director but at least once each three months. If any manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor making the agreement violates the agreement by refusing to sell such alcoholic liquor to any such franchised licensed distributor in this state or discriminates in current prices among such franchised licensed distributors making or attempting to make purchases of alcoholic liquor from the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor, the director shall notify, by registered mail, each such franchised licensed distributor in this state of the violation. Thereupon, it shall be unlawful for a franchised licensed distributor in this state to purchase any alcoholic liquor from the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor. If thereafter such a franchised licensed distributor purchases any alcoholic liquor from the manufacturer, owner, exclusive

(continued)

agent, *microbrewery*, farm winery or distributor, such franchised distributor's license shall be revoked by the director. If any manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor of alcoholic liquor bottled in a foreign country, making any agreement hereunder, does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor manufactures or distributes to supply the demands of all licensed distributors having a franchise to distribute such alcoholic liquor, the manufacturer, owner, exclusive agent, *microbrewery*, farm winery or distributor may ration such alcoholic liquor and apportion the available supply among such franchised licensed distributors purchasing or attempting to purchase it, in accordance with a plan which shall be subject to the approval of the director. The provisions of this subsection relating to the filing of price lists with the director shall not apply to any manufacturer with respect to spirits or wine manufactured or bottled in a foreign country.

(b) No retailer licensed under this act shall purchase any alcoholic liquor from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor distributed by the distributor and to provide service in connection therewith to any licensed retailer whose licensed premises are located within the geographic territory of the distributor's franchise for the alcoholic liquor, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed retailers at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price of spirits and wine in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the agreement violates the agreement by refusing to sell or provide service to any such licensed retailer in this state without written approval of the director or discriminates in current prices among such licensed retailers making or attempting to make purchases of alcoholic liquor from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such alcoholic liquor and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(c) No club or drinking establishment licensed in this state shall purchase any wine or beer from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of wine or beer distributed by the distributor to those clubs and drinking establishments to which the distributor is authorized to sell such wine or beer and to which the distributor desires to sell such wine or beer, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed clubs or drinking establishments at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price of wine in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the agreement violates the agreement by refusing to sell to any such licensed club or drinking establishment in this state without written approval of the director or discriminates in current prices among such licensed clubs or drinking establishments making or attempting to make purchases of wine or beer from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of wine or beer of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed clubs or drinking establishments, the distributor may ration such wine or beer and apportion the available supply among such licensed clubs or drinking establishments purchas-

ing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

For the purposes of this subsection, a delivery charge shall not be considered a part of the price of wine or beer sold by a distributor.

Sec. 60. K.S.A. 41-2601 is hereby amended to read as follows: 41-2601. As used in K.S.A. 41-2601 through 41-2630, and amendments thereto the club and drinking establishment act:

(a) The following terms shall have the meanings provided by K.S.A. 41-102 and amendments thereto: (1) "Alcoholic liquor"; (2) "board"; (3) "director"; (4) (3) "original package"; (5) (4) "person"; (6) (5) "sale"; and (7) (6) "to sell."

(b) (1) "Club" means an organization licensed hereunder to which the club members shall be permitted to resort for the purpose of consuming alcoholic liquor.

(2) (b) "Beneficial interest" shall not include any interest a person may have as owner, operator, lessee or franchise holder of a licensed hotel or motel on the premises of which a club or drinking establishment is located.

(c) "Caterer" means an individual, partnership or corporation which sells alcoholic liquor by the individual drink, and provides services related to the serving thereof, on unlicensed premises which may be open to the public, but does not include a holder of a temporary permit, selling alcoholic liquor in accordance with the terms of such permit.

(d) "Cereal malt beverage" has the meaning provided by K.S.A. 41-2701 and amendments thereto.

(e) "Class A club" means a premises which is owned or leased and operated by a corporation, partnership, business trust or association and which is operated thereby as a bona fide nonprofit social, fraternal or war veterans' club, as determined by the director, for the exclusive use of the corporate stockholders, partners, trust beneficiaries or associates (hereinafter referred to as members), and their families and invited and accompanied guests, and which is not operated for a profit other than such as would accrue to the entire membership. A corporation, partnership, business trust or association not operated for a profit, for the purposes of the definition of a class A club, shall only include a corporation, partnership, business trust or association which has been determined by the director to be a bona fide nonprofit social, fraternal or war veterans club guests accompanying them.

(3) (f) "Class B club" means a premises operated for profit by a corporation, partnership or individual, known as the management, to which premises the management allows persons, known as members, to which members of such club may resort for the consumption of food or alcoholic beverages and for entertainment. As a prerequisite for attaining membership the management must screen the applicants for good moral character. No membership may be granted within 10 days of the application therefor. Each membership must be renewable annually upon payment of the annual dues of at least \$10, except that:

(A) Any class B club located on the premises of a hotel as defined in K.S.A. 36-501 and amendments thereto may establish rules whereby a guest registered at the hotel, who is not a resident of the county in which the club is located, may file application for temporary membership in the club, which membership, if granted, shall only be valid for the period of time that the guest is a bona fide registered guest at the hotel, and such temporary membership shall not be subject to the waiting period or dues requirement of this section.

(B) Any class B club located on property which is owned or operated by a municipal airport authority and upon which consumption of alcoholic liquor is authorized by law may establish rules whereby an air traveler who is a holder of a current airline ticket may file application for temporary membership in the club for the day such air traveler's ticket is valid, and such temporary membership shall not be subject to the waiting period or dues requirement of this section.

(C) Any class B club licensed under the provisions of this act may establish rules whereby military personnel of the armed forces of the United States on temporary duty and housed at or near any military installation located within the exterior bound-

aries of the state of Kansas, may file application for temporary membership in the club, which membership, if granted, shall only be valid for the period of the training, not to exceed 90 weeks. Any person wishing to make application for temporary membership in a class B private club under this paragraph (C) shall present the temporary duty orders to the club management. Temporary membership issued under this paragraph (C) shall not be subject to the waiting period or dues requirements of this section.

(D) Any class B club may enter into a written agreement with a hotel, as defined in K.S.A. 36-501 and amendments thereto, whereby a guest who is registered at the hotel and who is not a resident of the county in which the club is located may file application for temporary membership in the club. The temporary membership, if granted, shall be valid for only the period of time that the guest is a bona fide registered guest at the hotel and shall not be subject to the waiting period or dues requirement of this section. A club may enter into a written agreement with a hotel pursuant to this provision only if (i) the hotel is located in the same county as the club, (ii) there is no club located on the premises of the hotel and (iii) no other club has entered into a written agreement with the hotel pursuant to this section.

(e) "Minor" means any person under 21 years of age.

(d) "Beneficial interest" shall not include any interest a person may have as owner, operator, lessee or franchise holder of a licensed hotel or motel on which the club premises are located.

(e) (g) "Club" means a class A or class B club.

(h) "Drinking establishment" means premises which may be open to the general public, where alcoholic liquor by the individual drink is sold.

(i) "Food" means any raw, cooked or processed edible substance or ingredient, other than alcoholic liquor or cereal malt beverage, used or intended for use or for sale, in whole or in part, for human consumption.

(j) "Hotel" has the meaning provided by K.S.A. 36-501 and amendments thereto.

(k) "Minor" means a person under 21 years of age.

(l) "Morals charge" means a charge involving prostitution; procuring any person; soliciting of a child under 18 years of age for any immoral act involving sex; possession or sale of narcotics, marijuana, amphetamines or barbiturates; rape; incest; gambling; illegal cohabitation; adultery; bigamy; or a crime against nature.

(m) "Restaurant" means a licensed food service establishment, as defined by K.S.A. 36-501 and amendments thereto, which, as determined by the director, derives not less than 50% of its gross receipts in each calendar year from the sale of food for consumption on the club premises.

(n) "Secretary" means the secretary of revenue.

(o) "Temporary permit" means a temporary permit issued pursuant to section 91.

Sec. 61. K.S.A. 41-2605 is hereby amended to read as follows: 41-2605. The director shall issue an annual license to each applying private club applicant for licensure which qualifies under this act. Such license shall be issued in the name of the corporation, partners, trustees or association officers or individual applying, as the case may be.

Sec. 62. K.S.A. 41-2606 is hereby amended to read as follows: 41-2606. (a) Applications for all club licenses under this act shall be upon forms prescribed and furnished by the director, and shall be filed with the director in duplicate, and. Each application shall be accompanied in each instance by a state registration fee of fifty dollars (\$50) an application fee of \$50, for each initial application, and ten dollars (\$10) \$10, for each renewal application, to defray the cost of preparing and furnishing standard forms incident to the administration of this act, and the cost of processing such application. Such Each application shall also be accompanied by a certified or cashier's check of a bank within this state, United States post office money order, or cash in the full amount of the class B club license fee prescribed by K.S.A. 41-2622 and amendments thereto, which license fee shall be returned to such the applicant if such the application is denied. All license and registration fees collected by the director

shall be paid by him into the state treasury and the state treasurer shall credit the same to the general fund of the state.

(b) Each application for licensure as a club shall be accompanied by (i) a copy of the current bylaws and/or and rules of the club, (ii) and a current list of the officers of the club.

(c) All application fees collected by the director shall be remitted to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state general fund.

Sec. 63. K.S.A. 41-2608 is hereby amended to read as follows: 41-2608. The license provided herein shall be issued Any club or drinking establishment license issued pursuant to this act shall be for one particular premises which shall be stated in the application and in the license. No license shall be issued for a premises which is being or will be used as a clubhouse or clubroom club or drinking establishment unless the city, township or county zoning code allows a clubhouse or clubroom club or drinking establishment at that location.

Sec. 64. K.S.A. 41-2609 is hereby amended to read as follows: 41-2609. The provisions of K.S.A. 41-320, 41-321, 41-322, 41-323 and 41-324, and amendments thereto, relating to proceedings for the suspension or revocation of licenses issued under the Kansas liquor control act, appeals to the board from orders of the director refusing, suspending or revoking such licenses and judicial review by the district court of decisions of the board on such appeals and duties of county attorneys relating to such review shall apply in the same manner to proceedings for the suspension or revocation of club licenses issued under this act, appeals to the board from orders of the director refusing, suspending or revoking club licenses issued under this act, orders refusing temporary permits, appeals to the board from orders of the director and judicial review by the district court of decisions of the board on such appeals.

Sec. 65. K.S.A. 41-2610 is hereby amended to read as follows: 41-2610. It shall be unlawful for a club licensee any licensee or holder of a temporary permit under this act to:

(a) Employ any person under the age of 18 years in connection with the dispensing or serving of alcoholic liquor.

(b) Employ knowingly or continue in employment any person in connection with the dispensing or serving of alcoholic liquor or the mixing of drinks containing alcoholic liquor who has been adjudged guilty of a felony or of any crime involving a morals charge in this or any other state, or of the United States. For the purposes of this subsection, "morals charge" shall include those charges involving prostitution; procuring any person; soliciting of a child under 18 years of age for any immoral act involving sex; possession or sale of narcotics, marijuana, amphetamines or barbiturates; rape; incest; gambling; illegal cohabitation; adultery; bigamy; or crimes against nature.

(c) Employ knowingly or to continue in employment any person in connection with the dispensing or serving of alcoholic liquor or mixing of drinks containing alcoholic liquor who has been adjudged guilty of a violation of any intoxicating liquor law of this or any other state, or of the United States, during the two-year period immediately following such adjudging.

(d) In the case of a club, fail to maintain at the licensed premises a current list of all club members and their residence addresses; (e) or refuse to allow the director or, any of the director's authorized agents or any law enforcement officer to inspect the current list of the members of the club such list.

(f) Purchase alcoholic liquor from any person except from a person holding a valid license to sell alcoholic liquor at retail authorized by law to sell such alcoholic liquor to such licensee or permit holder.

(g) Permit any employee of the licensee or permit holder who is under the age of 21 years to work on the licensed premises where alcoholic liquor is sold by such licensee or permit holder at any time when not under the on-premise on-premises supervision of either the licensee or permit holder, or an employee of the licensee who is 21 years of age or over.

(h) (g) Employ any person under 21 years of age in connection with the mixing or dispensing of drinks containing alcoholic liquor.

(continued)

Sec. 66. K.S.A. 41-2611 is hereby amended to read as follows: 41-2611. The director may revoke or suspend the license of any club licensee any license issued pursuant to the club and drinking establishment act for any one or more of the following reasons:

(a) The licensee has fraudulently obtained the license by giving false information in the application therefor or any hearing thereon.

(b) The licensee has violated any of the provisions of this act or any rules or regulations adopted hereunder.

(c) The licensee has become ineligible to obtain a license or permit under this act.

(d) Drunkenness of the licensee club's The licensee's manager or employee has been intoxicated while on duty; or.

(e) The licensee club, or its manager or employee, has permitted any disorderly person to remain in the licensed premises on premises where alcoholic liquor is sold by such licensee.

(e)(f) There has been a violation on the club premises of any of a provision of the laws of this state, or of the United States, pertaining to the (i) sale of intoxicating or alcoholic liquors or cereal malt beverages, or (ii) any crime involving a "morals charge" as defined in subsection (b) of K.S.A. 41-2610 and amendments thereto, on premises where alcoholic liquor is sold by such licensee.

(f) The purchase and display in the licensed premises by

(g) The licensee club, or its managing officers or any employee, of has purchased and displayed, on premises where alcoholic liquor is sold by such licensee, a federal wagering occupational stamp issued by the United States treasury department.

(g) The purchase and display in the licensed premises by

(h) The licensee club, or its managing officers or any employee, of has purchased and displayed, on premises where alcoholic liquor is sold by such licensee, a federal coin operated gambling device stamp for the club premises issued by the United States treasury department.

(h)(i) The licensee holding a class B license holds a license as a class B club, drinking establishment or caterer and has been found guilty of a violation of article 10 of chapter 44 of the Kansas Statutes Annotated under a decision or order of the civil rights commission which has become final or such licensee has been found guilty of a violation of K.S.A. 21-4003 and amendments thereto.

Sec. 67. K.S.A. 41-2612 is hereby amended to read as follows: 41-2612. Every club licensee holder of a license for a club or drinking establishment shall cause his such license to be framed and hung in plain view in a conspicuous place on the licensed premises.

Sec. 68. K.S.A. 41-2613 is hereby amended to read as follows: 41-2613. The right of immediate entry to and inspection at any time of any premises licensed as a club under this act, or of any premises where alcoholic liquor is sold by a licensee or holder of a temporary permit, or any premises subject to the control of any club licensed under this act licensee or temporary permit holder, at any time by any duly authorized officer or agent of the director, or by any peace law enforcement officer, shall be a condition on which every club license shall be license or temporary permit is issued, and the application for, and acceptance of, any club license hereunder or temporary permit shall conclusively be deemed to be the consent of the applicant and licensee or permit holder to such immediate entry and inspection. Such consent shall not be revocable during the term of the license or temporary permit. Refusal of such entry shall be grounds for revocation of the license or temporary permit.

Sec. 69. K.S.A. 41-2614 is hereby amended to read as follows: 41-2614. (a) No club licensed hereunder or drinking establishment shall allow the serving, mixing or consumption of alcoholic liquor on its premises between the hours of 2:00 a.m. and 9:00 a.m. on any day other than a Sunday nor between the hours of 3 a.m. and 12 noon on a Sunday.

(b) No caterer shall allow the serving, mixing or consumption of alcoholic liquor between the hours of 2:00 a.m. and 6:00 a.m. on any day at an event catered by such caterer.

Sec. 70. K.S.A. 41-2615 is hereby amended to read as fol-

lows: 41-2615. (a) No club licensed hereunder licensee or permit holder, or any owner, officer or employee thereof, shall knowingly or unknowingly permit the consumption of alcoholic liquor or cereal malt beverage on its premises by a minor and no minor shall consume or attempt to consume any alcoholic liquor or cereal malt beverage while in or upon the premises of a club licensed hereunder or as prohibited by K.S.A. 41-715 and any amendments thereto. The owner of any club, any officer or any employee thereof, who shall permit the consumption of alcoholic liquor or cereal malt beverage on the premises of the club by a minor shall be deemed guilty of a misdemeanor and upon conviction shall be subject to the same penalty as prescribed by K.S.A. 41-715 for violation of that section by a minor on premises where alcoholic beverages are sold by such licensee or permit holder.

(b) Violation of this section is a misdemeanor punishable by a fine of not less than \$100 and not more than \$250 or imprisonment not exceeding 30 days, or both.

Sec. 71. K.S.A. 41-2619 is hereby amended to read as follows: 41-2619. The existence of any establishment, room or place purporting to be a club or being place for which a license or temporary permit has not been issued pursuant to this act and which purports, or is held out to the public or to any person by the proprietors of said establishment, room or place or their agents or employees, to be a club unless a club license has been issued by the director for such establishment, room or place where alcoholic liquor is sold by the individual drink, shall be deemed to be sufficient probable cause for any judge of the district court to issue a search warrant to any peace law enforcement officer of the state or a subdivision of the state for the purpose of searching said establishment, room or such place for alcoholic liquor being sold, possessed or consumed in violation of this act, any other law of the state, or any ordinance of a municipal subdivision of the state.

Sec. 72. K.S.A. 41-2620 is hereby amended to read as follows: 41-2620. (a) No person shall maintain or operate any club or drinking establishment in this state after July 31, 1965, without having in his such person's possession for the location of the club establishment a valid unexpired or and unrevoked club license issued by the director for such club or establishment.

(b) No person shall act as a caterer in this state without having in such person's possession a valid unexpired and unrevoked caterer's license issued by the director.

(c) No person or organization shall sponsor, conduct or hold an event in this state which requires a temporary permit unless such person or organization has in such person's or organization's possession a temporary permit issued by the director for such event and such event is conducted in accordance with the terms of such permit.

Sec. 73. K.S.A. 41-2621 is hereby amended to read as follows: 41-2621. A club or drinking establishment license shall allow the licensee to operate a club or drinking establishment only at the premises specified in such license in accordance with the provisions of this act and the rules and regulations adopted by the secretary of revenue in accordance with as provided by K.S.A. 41-210 and amendments thereto.

Sec. 74. K.S.A. 41-2622 is hereby amended to read as follows: 41-2622. (a) At the time application is made to the director for a club license under the terms of this act, an applicant for a class A club license shall pay an annual fee of two hundred fifty dollars (\$250) and an applicant for a class B club license shall pay an annual fee of one thousand dollars (\$1,000). In addition to such license fee, license pursuant to the club and drinking establishment act, the applicant shall pay the following annual license fee in the manner provided by K.S.A. 41-2606 and amendments thereto:

(1) For a class A club which is a bona fide nonprofit fraternal or war veterans' club, as defined by rules and regulations of the secretary, \$250;

(2) for a class A club which is a bona fide nonprofit social club, as defined by rules and regulations of the secretary, and which has not more than 500 members, \$500;

(3) for a class A club which is a bona fide nonprofit social

club, as defined by rules and regulations of the secretary, and which has more than 500 members, \$1,000;

(4) for a class B club, \$1,000;

(5) for a drinking establishment, \$1,000;

(6) for a hotel of which the entire premises are licensed as a drinking establishment, \$2,000;

(7) for a caterer, \$500;

(8) for a drinking establishment/caterer, \$1,500; and

(9) for a drinking establishment/caterer, if the drinking establishment is a hotel of which the entire premises are licensed as a drinking establishment, \$3,500.

If a licensee is described by more than one of the above, the highest fee shall apply.

(b) In addition to the fee provided by subsection (a):

(1) Any city in which a licensed class B club is where the licensed premises of a club or drinking establishment are located or, if such licensed premises are not located in a city, the board of county commissioners of the county where the licensed premises are located, shall levy and collect an annual occupation or license tax on such club from the licensee in an amount equal to not less than one hundred dollars (\$100) \$100 nor more than two hundred fifty dollars (\$250) \$250; or

(2) in any county having a population of more than one hundred sixty thousand (160,000) 160,000 and not more than one hundred eighty-five thousand (185,000) 185,000 and in any county in which there is located not less than seventy-five (75) class A and class B clubs are located the premises of not less than 75 clubs and drinking establishments, any city located within the county in which any such club is licensed premises are located or, if such licensed premises are not located within a city, the board of county commissioners of such county may levy and collect an annual occupation or license tax from all such clubs the licensees in an amount not to exceed two hundred fifty dollars (\$250), but no other \$250.

(c) No occupational or excise tax or license fee other than that provided by subsection (b) shall be levied by any city or county against or collected from such club licensee a licensed club or drinking establishment.

(d) The director 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. Fifty percent (50%) Of each such deposit, 50% shall be credited to the state general fund, and the remaining fifty percent (50%) 50% shall be credited to the alcoholism treatment fund, which fund is hereby created. Moneys in said the alcoholism treatment fund shall be used by the secretary of social and rehabilitation services for the purpose of implementing the powers and duties of said the secretary under the provisions of K.S.A. 65-4006 and 65-4007, and any amendments to said sections thereto. All expenditures from the alcoholism treatment fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers signed by the secretary of social and rehabilitation services or by a person or persons designated by the secretary.

Sec. 75. K.S.A. 41-2623 is hereby amended to read as follows: 41-2623. (a) No club license shall be issued under the provisions of this act to:

(a) (1) Any person described in subsection (a)(1), (2), (4), (5), (6), (7), (8), (9), ~~(11)~~ or (12) of K.S.A. 41-311 and amendments thereto, except that the provisions of subsection (a)(7) of such section shall not apply to nor prohibit the issuance of any license to any a license for a class A club to an officer of a post home of a congressionally chartered service or fraternal organization, or a benevolent association or society thereof.

(b) (2) A person who has had the person's license revoked for cause under the provisions of this act.

(c) A person who is not a resident of the county in which the premises sought to be licensed are located.

(d) A person who has not been a resident for at least one year immediately preceding the date of application of the county in which the premises covered by the license are located; or

(3) A person who has not been a resident of this state for a total of at least five years period of at least one year immediately preceding the date of application; except that if the premises

sought to be licensed are located in a city which is located in two or more counties, the applicant for a license, if a resident of such city, shall be deemed to be a resident of each of such counties for the purposes of this qualification.

(e) (4) A person who has a beneficial interest in the manufacture, preparation or wholesaling or the retail sale of alcoholic liquors or a beneficial interest in any other club, drinking establishment or caterer licensed hereunder, except that:

(1) (A) A license for premises located in a hotel, as defined in K.S.A. 36-501 and amendments thereto, may be granted to a person who has a beneficial interest in another club or clubs one or more other clubs or drinking establishments licensed hereunder if the other club or clubs such other clubs or establishments are located in a hotel as defined herein hotels.

(2) (B) A license for a club located in a licensed food service establishment, as defined in K.S.A. 36-501 and amendments thereto, or drinking establishment which is a restaurant may be issued to a person who has a beneficial interest in other clubs located in licensed food service establishments; if not less than 50% of the gross receipts on each such club and food service establishment are derived from the sale of food for consumption on the premises of such club and food service establishment or drinking establishments which are restaurants.

(C) A caterer's license may be issued to a person who has a beneficial interest in a club or drinking establishment and a license for a club or drinking establishment may be issued to a person who has a beneficial interest in a caterer.

(D) A license for a class A club may be granted to an organization of which an officer, director or board member is a distributor or retailer licensed under the liquor control act if such distributor or retailer sells no alcoholic liquor to such club.

(E) On and after January 1, 1988, a license for a class B club or drinking establishment may be granted to a person who has a beneficial interest in a microbrewery or farm winery licensed pursuant to the Kansas liquor control act.

(4) (5) A copartnership, unless all of the copartners are qualified to obtain a license.

(5) (6) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation would be ineligible to receive a club license hereunder for any reason other than citizenship and residence requirements.

(7) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 5% of the common or preferred stock, of a corporation which:

(A) Has had a license revoked under the provisions of the club and drinking establishment act; or

(B) has been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

(8) (8) A corporation organized under the laws of any state other than this state.

(b) No club or drinking establishment license shall be issued under the provisions of the club and drinking establishment act to:

(1) A person described in subsection (a)(11) of K.S.A. 41-311 and amendments thereto.

(2) A person who is not a resident of the county in which the premises sought to be licensed are located.

Sec. 76. K.S.A. 41-2625 is hereby amended to read as follows: 41-2625. (a) No corporation shall be issued a club license as a club, drinking establishment or caterer unless such corporation shall have first appointed first appoints a citizen of the United States, and resident of Kansas, as its agent; and shall have filed files with the director a duly authenticated copy of a duly executed power of attorney authorizing such agent to: (1) Accept service of process from the director, the board and the courts of this state; and authorizing such agent to; and (2) exercise full authority of such corporation; and full authority, control and responsibility for the conduct of all business and transactions of the corporation within the state relative to the business licensed.

(continued)

Such agent must have the qualifications of a licensee except for the qualification of residence. Such agent shall at all times be maintained by such corporation.

(b) No corporation shall be issued a ~~club~~ license as a club, drinking establishment or caterer unless such corporation shall have first filed first files with the director a copy of its articles of incorporation and its bylaws.

(c) No partnership shall be issued a ~~club~~ license as a club, drinking establishment or caterer unless such partnership shall have first filed first files with the director a copy of the partnership agreement.

Sec. 77. K.S.A. 41-2626 is hereby amended to read as follows: 41-2626. Whenever any ~~club licensee shall have licensee~~ under this act has been convicted by any court of a violation of any of the provisions of this act, or the rules and regulations lawfully promulgated thereunder, the director shall revoke or suspend his the licensee's license in an original proceeding brought before him the director for that purpose.

Sec. 78. K.S.A. 41-2627 is hereby amended to read as follows: 41-2627. The provisions of K.S.A. 41-315 and amendments thereto relating to retail licenses under the Kansas liquor control act are hereby made applicable to ~~club~~ licenses issued under the provisions of this act for clubs and drinking establishments.

Sec. 79. K.S.A. 41-2628 is hereby amended to read as follows: 41-2628. The provisions of K.S.A. 41-319 and amendments thereto relating to applications for retailers' licenses under the Kansas liquor control act shall apply to applications for ~~club~~ licenses made under the provisions of this act.

Sec. 80. K.S.A. 41-2629 is hereby amended to read as follows: 41-2629. A class B club license, drinking establishment license or caterer's license shall be purely a personal privilege, good for not to exceed one year after issuance unless sooner suspended or revoked as provided in this act and shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, voluntarily or involuntarily, or subject to being encumbered or hypothecated. The A class B club license, drinking establishment license or caterer's license shall not descend by the laws of testate or intestate devolution; but it shall cease or expire upon the death of the licensee subject to the following provision. An executor, administrator or representative of the estate of any deceased holder of a class B club licensee, drinking establishment or caterer's license or the trustee of any insolvent or bankrupt class B club licensee, drinking establishment or caterer's license may continue the licensee's business on the licensed premises under order of the appropriate court and may exercise the privilege of the deceased, insolvent or bankrupt licensee after the death of such licensee or after such insolvency or bankruptcy until the expiration of such license, but in no case longer than one year after the death, insolvency or bankruptcy of such licensee. A refund shall be made of that portion of the license fee paid for any period in which the licensee shall be prevented from operating under such license in accordance with the provisions of this act, other than that caused by suspension or revocation. The secretary of revenue shall adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations providing for the authorization of refunds of the license fees paid for any period in which the licensee does not use such license being canceled upon the request of the licensee and for voluntary reasons.

Sec. 81. K.S.A. 41-2630 is hereby amended to read as follows: 41-2630. The attorney general, the attorney for the director or any county or district attorney, within their county or district, shall at all times have the power to enjoin any person from operating or maintaining a club or drinking establishment or business as a caterer within their respective jurisdictions, notwithstanding the person has a ~~club~~ license therefor, if it appears that the licensee has violated any provision of this act, or any of the rules and regulations adopted under this act. Such injunction proceedings shall be the same as is now prescribed for the enjoining of alcoholic liquor nuisances under the Kansas liquor control act.

Sec. 82. K.S.A. 41-2632 is hereby amended to read as fol-

lows: 41-2632. (a) As used in this section: (1) The word "distributor" means a person, firm, association or corporation which is the holder of an alcoholic liquor distributor's license issued under the Kansas liquor control act; (2) the word "retailer" means a person, copartnership or association which is the holder of a retailer's license issued under the Kansas liquor control act; and (3) the word "manufacturer" shall have the meaning ascribed to it by subsection (10) of K.S.A. 41-101 and amendments thereto.

(b) It shall be unlawful for a distributor of alcoholic liquor, or a manufacturer, or for any officer, agent or employee of a distributor, or a manufacturer thereof, to influence, coerce or induce or attempt to influence, coerce or induce, either directly or indirectly, any holder of a ~~club~~ license issued under this act, or any officer, agent or employee of the holder of such a ~~club~~ license, to: (1) Purchase any particular brand or kind of alcoholic liquor to be dispensed in such club or to purchase by the licensee unless such distributor is selling or attempting to sell such alcoholic liquor to the licensee; or (2) purchase from a particular retailer alcoholic liquor to be dispensed in such club from a particular retailer by the licensee.

(c) Any person, corporation, firm or association violating the provisions of this section shall be guilty of violation of this section is a misdemeanor and upon conviction thereof shall be punished punishable by a fine of not less than one hundred dollars (\$100) \$100 nor more than one thousand dollars (\$1,000) \$1,000 or by imprisonment for not more than six (6) months, or by both such fine and imprisonment.

Sec. 83. K.S.A. 41-2633 is hereby amended to read as follows: 41-2633. Violation of any provision of K.S.A. 41-2601 to 41-2637, inclusive the club and drinking establishment act, and amendments thereto, or K.S.A. 41-2639, or any rule or regulation adopted thereunder, for which a penalty is not otherwise specifically provided shall be is punishable by a fine not to exceed five hundred dollars (\$500) \$500 or imprisonment not to exceed six (6) months, or both.

Sec. 84. K.S.A. 41-2633a is hereby amended to read as follows: 41-2633a. (a) In addition to or in lieu of any other civil or criminal penalty provided by law, the director, upon a finding that a licensee under article 26 of chapter 41 of the Kansas Statutes Annotated or temporary permit holder under the club and drinking establishment act has violated any provision thereof, may impose on such licensee or temporary permit holder a civil fine not exceeding \$1,000 for each violation.

(b) No fine shall be imposed pursuant to this section except upon the written order of the director to the licensee or temporary permit holder who committed the violation. Such order shall state the violation, the fine to be imposed and the right of the licensee or temporary permit holder to appeal to the board. Such licensee may appeal such order to the board, and the order of the board the order. Such order shall be subject to appeal and review in the manner provided by K.S.A. 41-321, 41-322 and 41-323, and amendments thereto.

(c) Any fine imposed pursuant to this section shall be paid to the state treasurer, who shall deposit the same in the state treasury and credit it to the state general fund.

(d) This section shall be part of and supplemental to article 26 of chapter 41 of the Kansas Statutes Annotated.

Sec. 85. On and after July 1, 1987, K.S.A. 41-2634 is hereby amended to read as follows: 41-2634. (a) The secretary of revenue may adopt rules and regulations for the administration and enforcement of article 26 of chapter 41 of Kansas Statutes Annotated.

(b) The secretary of revenue shall adopt rules and regulations establishing criteria for determining whether an applicant or licensee is a bona fide nonprofit social, fraternal or war veterans club, based on the following standards:

(1) An applicant or licensee is a bona fide nonprofit social club if:

(A) It is organized and operated exclusively for pleasure, recreation and other non-profitable purposes; and

(B) no part of its net earnings inures to the benefit of any of its private shareholders or members.

(2) An applicant or licensee is a bona fide nonprofit fraternal club if:

(A) It is a fraternal beneficiary society, order or association which operates under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and

(B) such society, order or association provides for the payment of life, sickness, accident or other benefits to its members or their dependents.

(3) An applicant or licensee is a bona fide nonprofit war veterans club if:

(A) It is a post or organization of war veterans or an auxiliary unit or society of, or a trust or foundation for, any such post or organization, organized in the United States or any of its possessions;

(B) not less than seventy-five percent (75%) of its members are war veterans and substantially all of its other members are veterans or widows or widowers of veterans; and

(C) no part of its net earnings inures to the benefit of any private shareholder or individual.

(c) Any rules and regulations adopted pursuant to subsection (d) shall be based on the same criteria and standards used to determine the right to exemption from federal income taxes pursuant to section 501(c)(7), (8) and (19) of the internal revenue code of 1954, as amended.

(d) All rules and regulations adopted pursuant to this section shall have the prior approval of the state alcoholic beverage control board of review, which approval shall be given only after the public hearing thereon required by law has been held.

Sec. 86. K.S.A. 41-2637 is hereby amended to read as follows: 41-2637. (a) A club license for a class A club shall allow the licensee to sell and offer for sale, to any member of the club, offer for sale, sell and serve alcoholic liquor for consumption on the licensed premises by such member or by members and their families, and guests accompanying such member. Cereal malt beverages, as defined by K.S.A. 41-2701, may be sold by a private club licensed by the director to members of the private club or to bona fide guests accompanying such members for on-premise consumption only them.

(b) Any two or more class A clubs, or any two or more class B clubs which are restaurants, may permit, by an agreement filed with and approved by the director, the members of each such club to have access to all other clubs which are parties to such agreement. The privileges extended to the visiting members of other clubs under such an agreement shall be determined by the agreement; and, if the agreement so provides, any club which is a party to such agreement may sell and, offer for sale and serve, to any person who is a member of another club which is a party to such agreement, alcoholic liquor for consumption on the licensed premises by such person or by and such person's family, and guests accompanying such person them.

(e) This section shall be part of and supplemental to K.S.A. 41-2601 to 41-2635, inclusive, and amendments thereto.

New Sec. 87. (a) A license for a class B club shall allow the licensee to offer for sale, sell and serve alcoholic liquor for consumption on the licensed premises by members of such club and guests accompanying them.

(b) Any two or more class B clubs which are restaurants may permit, by an agreement filed with and approved by the director, the members of each such club to have access to all other clubs which are parties to such agreement. The privileges extended to the visiting members of other clubs under such an agreement shall be determined by the agreement and, if the agreement so provides, any club which is a party to such agreement may sell, offer for sale and serve, to any person who is a member of another club which is a party to such agreement, alcoholic liquor for consumption on the licensed premises by such person and such person's family, and guests accompanying them.

(c) Except as provided by subsection (d), an applicant for membership in a class B club shall, before becoming a member of such club:

(1) Be screened by the club for good moral character;

(2) pay an annual membership fee of not less than \$10; and

(3) wait for a period of 10 days after completion of the application form and payment of the membership fee.

(d) Notwithstanding the membership fee and waiting period requirement of subsection (c):

(1) Any class B club located on the premises of a hotel may establish rules whereby a guest, who registered at the hotel and who is not a resident of the county in which the club is located, may file application for temporary membership in such club. The membership, if granted, shall be valid only for the period of time that the guest is a bona fide registered guest at the hotel and such temporary membership shall not be subject to the waiting period or fee requirement of this section.

(2) Any class B club located on property which is owned or operated by a municipal airport authority and upon which consumption of alcoholic liquor is authorized by law may establish rules whereby an air traveler who is a holder of a current airline ticket may file application for temporary membership in such club for the day such air traveler's ticket is valid, and such temporary membership shall not be subject to the waiting period or fee requirement of this section.

(3) Any class B club may establish rules whereby military personnel of the armed forces of the United States on temporary duty and housed at or near any military installation located within the exterior boundaries of the state of Kansas may file application for temporary membership in such club. The membership, if granted, shall be valid only for the period of the training, not to exceed 20 weeks. Any person wishing to make application for temporary membership in a class B club under this subsection (d)(3) shall present the temporary duty orders to the club. Temporary membership issued under this subsection (d)(3) shall not be subject to the waiting period or fee requirements of this section.

(4) Any class B club may enter into a written agreement with a hotel whereby a guest who is registered at the hotel and who is not a resident of the county in which the club is located may file application for temporary membership in such club. The temporary membership, if granted, shall be valid only for the period of time that the guest is a bona fide registered guest at the hotel and shall not be subject to the waiting period or dues requirement of this section. A club may enter into a written agreement with a hotel pursuant to this provision only if (A) the hotel is located in the same county as the club, (B) there is no class B club located on the premises of the hotel and (C) no other club has entered into a written agreement with the hotel pursuant to this section.

New Sec. 88. (a) A license for a drinking establishment shall allow the licensee to offer for sale, sell and serve alcoholic liquor for consumption on the licensed premises which may be open to the public, but only if such premises are located in a county where the qualified electors of the county:

(1) (A) Approved, by a majority vote of those voting thereon, the proposition to amend section 10 of article 15 of the constitution of the state of Kansas at the general election in November, 1986, or (B) have approved a proposition to allow sales of alcoholic liquor by the individual drink in public places within the county at an election pursuant to section 92; and

(2) have not approved a proposition to prohibit such sales of alcoholic liquor in such places at a subsequent election pursuant to section 92.

(b) A drinking establishment shall be required to derive from sales of food for consumption on the licensed premises not less than 30% of all the establishment's gross receipts from sales of food and beverages on such premises unless the licensed premises are located in a county where the qualified electors of the county:

(1) Have approved, at an election pursuant to section 92, a proposition to allow sales of alcoholic liquor by the individual drink in public places within the county without a requirement that any portion of their gross receipts be derived from the sale of food; and

(2) have not approved a proposition to prohibit such sales of alcoholic liquor in such places at a subsequent election pursuant to section 92.

(c) A drinking establishment shall specify in the application for a license or renewal of a license the premises to be licensed, which may include all premises which are in close proximity and are under the control of the applicant or licensee.

(continued)

New Sec. 89. (a) A caterer's license shall allow the licensee to offer for sale, sell and serve alcoholic liquor for consumption on unlicensed premises, which may be open to the public, but only if such premises are located in a county where the qualified electors of the county:

(1) (A) Approved, by a majority vote of those voting thereon, the proposition to amend section 10 of article 15 of the constitution of the state of Kansas at the general election in November, 1986, or (B) have approved a proposition to allow sales of alcoholic liquor by the individual drink in public places within the county at an election pursuant to section 92; and

(2) have not approved a proposition to prohibit such sales of alcoholic liquor in such places at a subsequent election pursuant to section 92.

(b) A caterer shall be required to derive from sales of food at each catered event not less than 30% of the caterer's gross receipts from all sales of food and beverages at such event unless the caterer offers for sale, sells and serves alcoholic liquor only in counties where the qualified electors of the county:

(1) Have approved, at an election pursuant to section 92, a proposition to allow sales of alcoholic liquor by the individual drink in public places within the county without a requirement that any portion of their gross receipts be derived from the sale of food; and

(2) have not approved a proposition to prohibit such sales of alcoholic liquor in such places at a subsequent election pursuant to section 92.

(c) Each caterer shall maintain the caterer's principal place of business in a county in this state where the caterer is authorized by this section to sell alcoholic liquor by the individual drink in a public place. All records of the caterer relating to the caterer's licensed business and the caterer's license shall be kept at such place of business. The caterer's principal place of business shall be stated in the application for a caterer's license and the caterer shall notify the director of any change in its location within 10 days after such change.

(d) Prior to any event at which a caterer will sell alcoholic liquor by the individual drink, the caterer shall notify:

(1) The police chief of the city where the event will take place, if the event will take place within the corporate limits of a city; or

(2) the county sheriff of the county where the event will take place, if the event will be outside the corporate limits of any city.

(e) A caterer may rebate a portion of the caterer's receipts from the sale of alcoholic liquor at an event to the person or organization contracting with the caterer to sell alcoholic liquor at such event.

New Sec. 90. A license for a drinking establishment/caterer shall allow the licensee all the rights and privileges of a holder of a drinking establishment license and of a licensed caterer, subject to all provisions of law relating to such an establishment or caterer.

New Sec. 91. (a) A temporary permit shall allow the permit holder to offer for sale, sell and serve alcoholic liquor for consumption on unlicensed premises, which may be open to the public, subject to the terms of such permit.

(b) The director may issue a temporary permit to any one or more persons or organizations applying for such a permit, in accordance with rules and regulations of the secretary. The permit shall be issued in the names of the persons or organizations to which it is issued.

(c) Applications for temporary permits shall be required to be filed with the director not less than seven days before the event for which the permit is sought unless the director waives such requirement for good cause. Each application shall state the purposes for which the proceeds of the event will be used. The application shall be upon a form prescribed and furnished by the director and shall be filed with the director in duplicate. Each application shall be accompanied by a permit fee of \$25 for each day for which the permit is issued, which fee shall be paid by a certified or cashier's check of a bank within this state, United States post office money order or cash in the full amount thereof. All permit fees collected by the director pursuant to this section shall be remitted to the state treasurer, who shall deposit the

entire amount in the state treasury and credit it to the state general fund.

(d) Temporary permits shall specify the premises for which they are issued and shall be issued only for premises where the city, county or township zoning code allows use for which the permit is issued. No temporary permit shall be issued for premises which are not located in a county where the qualified electors of the county:

(1) (A) Approved, by a majority vote of those voting thereon, to adopt the proposition amending section 10 of article 15 of the constitution of the state of Kansas at the general election in November, 1986; or (B) have approved a proposition to allow the sale of liquor by the individual drink in public places within the county at an election pursuant to section 92; and

(2) have not approved a proposition to prohibit such sales of alcoholic liquor in such places at a subsequent election pursuant to section 92.

(e) A temporary permit shall be issued for a period of time not to exceed three consecutive days, the dates and hours of which shall be specified in the permit. Not more than four temporary permits may be issued to any one applicant in a calendar year.

(f) All proceeds from an event for which a temporary permit is issued shall be used only for the purposes stated in the application for such permit.

(g) A temporary permit shall not be transferable or assignable.

(h) The director may refuse to issue a temporary permit to any person or organization which has violated any provision of the Kansas liquor control act, the drinking establishment act or K.S.A. 79-41a01 *et seq.*, and amendments thereto.

New Sec. 92. (a) The board of county commissioners may, by resolution, or shall, upon a petition filed in accordance with subsection (b), submit to the qualified electors of the county at any state general election a proposition to:

(1) Prohibit the sale of alcoholic liquor by the individual drink in public places within the county;

(2) permit the sale of alcoholic liquor by the individual drink in public places within the county which derive not less than 30% of their gross receipts from the sale of food for consumption on the premises; or

(3) permit the sale of alcoholic liquor by the individual drink in public places within the county without a requirement that any portion of their gross receipts be derived from the sale of food.

(b) A petition to submit a proposition to the qualified voters of a county pursuant to this section shall be filed with the county election officer. The petition shall be signed by qualified electors of the county equal in number to not less than 10% of the electors of the county who voted for the office of secretary of state at the last preceding general election at which such office was elected. The appropriate version following shall appear on the petition:

"We request an election to determine whether the sale of alcoholic liquor by the individual drink in _____ county shall be (prohibited in public places) (allowed in public places where at least 30% of the gross receipts are from sales of food for consumption on the premises) (allowed in public places without a requirement that any portion of their gross receipts be from sales of food)."

(c) Upon the adoption of a resolution or the submission of a valid petition calling for an election pursuant to this section, the county election officer shall cause the appropriate version of the following proposition to be placed on the ballot at the next succeeding state general election which occurs more than 90 days after the resolution is adopted or the petition is filed with the county election officer:

"Shall sale of alcoholic liquor by the individual drink in _____ county be (prohibited) (allowed in public places where at least 30% of the gross receipts are from sales of food for consumption on the premises and prohibited in all other public places) (allowed in public places without a requirement that any portion of their gross receipts be from sales of food)?"

(d) If a majority of the votes cast and counted is in favor of the proposition, the county election officer shall transmit a copy of

the results to the director, who shall issue or refuse to issue temporary permits and licenses for drinking establishments and caterers within the county accordingly and the rights of licensees holding licenses on the date of the election shall be modified in accordance with the result of the election as provided by rules and regulations of the secretary.

(e) The election provided for by this section shall be conducted, and the votes counted and canvassed, in the manner provided by law for question submitted elections of the county.

New Sec. 93. (a) Nothing in the club and drinking establishment act shall be construed to prohibit a person from possessing, on premises licensed pursuant to such act, alcoholic liquor or cereal malt beverage not purchased from the licensee.

(b) Nothing in this section shall prevent a licensee from adopting a policy prohibiting the possession, on the licensee's licensed premises, of alcoholic liquor or cereal malt beverage not purchased from the licensee.

Sec. 94. K.S.A. 41-2640 is hereby amended to read as follows: 41-2640. (a) No club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated, or, drinking establishment, caterer or holder of a temporary permit, nor any person acting as an employee or agent of such a club thereof, shall:

(1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;

(2) offer or serve to any person a drink at a price that is less than the acquisition cost of the drink to the licensee or permit holder;

(3) sell, offer to sell or serve to any person an unlimited number of drinks during any set period of time for a fixed price, except at private functions not open to the general club membership public or to the general membership of a club;

(4) sell, offer to sell or serve any drink to any person at any time at a price less than that charged all other purchasers of drinks on that day;

(5) increase the volume of alcoholic liquor contained in a drink or the size of a drink of cereal malt beverage without increasing proportionately the price regularly charged for the drink on that day;

(6) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of drinks as prizes; or

(7) advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (a)(1) through (6).

(b) Nothing in subsection (a) shall be construed to prohibit a club, drinking establishment, caterer or holder of a temporary permit from:

(1) Offering free food or entertainment at any time; or

(2) selling or delivering wine by the bottle or carafe.

(c) Violation of any provision of this section is a misdemeanor punishable as provided by K.S.A. 41-2633 and amendments thereto.

(d) Violation of any provision of this section shall be grounds for suspension or revocation of the club's licensee's license as provided by K.S.A. 41-2609 and amendments thereto and for imposition of a civil fine on the licensee or temporary permit holder as provided by K.S.A. 41-2633a and amendments thereto.

(e) Every licensed private club and drinking establishment shall make available at any time upon request a price list showing the club's or drinking establishment's current prices per drink for all drinks.

(f) As used in this section, "drink" means an individual serving of any beverage containing alcoholic liquor or an individual serving of cereal malt beverage.

~~(g) This section shall be part of and supplemental to K.S.A. 41-2601 through 41-2630, and amendments thereto.~~

New Sec. 95. (a) No drinking establishment license, caterer's license or temporary permit shall be effective before July 1, 1987.

(b) On and after July 1, 1987, the director may provide procedures whereby a license for a class B club issued before July 1, 1987, may be converted to a drinking establishment license or a drinking establishment/caterer license if all require-

ments of this act are met and the licensee pays that portion of the additional license fee, if any, attributable to the remaining unexpired license term.

New Sec. 96. K.S.A. 41-2601, 41-2604 through 41-2615, 41-2619 through 41-2623, 41-2625 through 41-2633, 41-2633a, 41-2634 through 41-2637, 41-2639 and 41-2640, and amendments thereto, and sections 87 through 93 and 95 shall be known and may be cited as the club and drinking establishment act.

Sec. 97. On and after January 1, 1988, K.S.A. 41-2701 is hereby amended to read as follows: 41-2701. As used in this act unless the context otherwise requires:

(a) "Cereal malt beverage" means any fermented but undistilled liquor brewed or made from malt or from a mixture of malt or malt substitute, but does not include any such liquor which is more than 3.2% alcohol by weight.

(b) "Director" means the director of alcoholic beverage control of the department of revenue.

(c) "Manufacturer" means a manufacturer as defined by K.S.A. 41-102 and amendments thereto.

(d) "Person" means any individual, firm, partnership, corporation or association.

~~(d)~~ (e) "Retailer" means any person who sells or offers for sale any cereal malt beverage for use or consumption and not for resale in any form.

~~(e)~~ (f) "Place of business" means any place at which cereal malt beverages are sold.

~~(f)~~ (g) "Wholesaler or (g) "Distributor" means any person who sells or offers for sale any cereal malt beverage or wine to any person authorized by law to sell cereal malt beverages or wine at retail a beer distributor licensed pursuant to the Kansas liquor control act.

~~(g)~~ (h) "Legal age for consumption of cereal malt beverage" means: (1) With respect to persons born before July 1, 1966, 19 years of age; and (2) with respect to persons born on or after July 1, 1966, 21 years of age, except that "legal age for consumption of cereal malt beverage" shall mean 18 years of age if at any time the provisions of P.L. 98-363 penalizing states for permitting persons under 21 years of age to consume cereal malt beverage are repealed or otherwise invalidated or nullified.

~~(h)~~ "Wine" has the meaning provided by K.S.A. 41-102 and amendments thereto.

Sec. 98. K.S.A. 41-2702 is hereby amended to read as follows: 41-2702. (a) No retailer shall sell any cereal malt beverage without having first secured a license for each place of business as herein provided. In case such place of business is located within the corporate limits of a city then, the application for license shall be made to the governing body of such city. In all other cases, the application for license shall be made to the board of county commissioners in the county in which such place of business is to be located, except that the application for license to sell on railway cars shall be made to the director as hereinafter provided.

(b) A board of county commissioners shall not issue or renew a retailer's license without giving the clerk of the township where the place of business is to be located written notice by registered mail of the filing of the application for licensure or renewal. The township board may within ten (10) 10 days file advisory recommendations as to the granting of such license or renewal and such advisory recommendations shall be considered by the board of county commissioners before such license is issued. If an original license is granted and issued, the board of county commissioners shall grant and issue renewals thereof upon application of the license holder, if the license holder is qualified to receive the same and the license has not been revoked as provided by law.

(c) An application for a retailer's license shall be verified and upon a form prepared by the attorney general of the state and shall contain:

(1) The name and residence of the applicant;

(2) the length of time that the applicant has resided within the state of Kansas;

(3) the particular place of business for which a license is desired;

(continued)

(4) the name of the owner of the premises upon which the place of business is located; and

(5) a statement that the applicant is a citizen of the United States and not less than ~~twenty-one (21)~~ 21 years of age and that the applicant has not within two ~~(2)~~ years immediately preceding the date of making application been convicted of a felony, any crime involving moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

(d) In addition to the fee provided by subsection (e), each application for a retailer's license to sell cereal malt beverages for consumption on the licensed premises shall be accompanied by a fee as follows:

(1) For licensure of a place of business in a county having a population of ~~one hundred sixty-five thousand (165,000)~~ 165,000 or less, a fee of not less than ~~twenty-five dollars (\$25)~~ or more than ~~one hundred dollars (\$100)~~ \$25 nor more than \$100, as prescribed by the board of county commissioners or the governing body of the city, as the case may be;

(2) for licensure of a place of business in a county having a population in excess of ~~one hundred sixty-five thousand (165,000)~~ 165,000, a fee of not less than ~~twenty-five dollars (\$25)~~ or more than ~~two hundred dollars (\$200)~~ \$25 nor more than \$200, as prescribed by the board of county commissioners or the governing body of the city, as the case may be;

(3) for licensure to sell on railway cars, a fee of ~~one hundred dollars (\$100)~~ \$100.

(e) On and after January 1, 1988, each applicant for a retailer's license or renewal of such a license shall submit to the director a copy of the completed application for such license or license renewal, together with a fee of \$25. Upon receipt of such application, the director shall authorize a state stamp to be affixed to the license. No such stamp shall be affixed to any license except such stamps as provided by the director and no retailer's license shall be issued or renewed unless such stamp has first been affixed thereto.

(f) The director shall remit to the state treasurer all license fees collected by the director hereunder, and the state treasurer shall credit the same to the state general fund, except that the director may provide for the deposit in the cereal malt beverage tax refund fund of such amounts as necessary for the refund of any such license fees collected hereunder.

(g) The board of county commissioners of the several counties or the governing body of a city shall issue a license upon application duly made as otherwise provided for herein, to any retailer engaged in business in ~~said~~ such county or city and qualified to receive ~~said~~ such license, to sell only cereal malt beverages in original and unopened containers, and not for consumption on the premises. The annual license fee for such license, which shall be in addition to the fee provided by subsection (e), shall be not less than ~~twenty-five dollars (\$25)~~ or more than ~~fifty dollars (\$50)~~ \$25 nor more than \$50.

(h) No license issued under this act shall be transferable.

Sec. 99. K.S.A. 41-2703 is hereby amended to read as follows: 41-2703. (a) After examination of an application for a retailer's license, the board of county commissioners or the director shall, if they approve the same, issue a license to the applicant. The governing body of the city shall, if the applicant is qualified as provided by law, issue a license to ~~said~~ such applicant.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of the county in which the place of business covered by the license is located, has not been a resident of such county for at least six ~~(6)~~ months or has not been a resident in good faith of the state of Kansas.

(2) A person who has not been a resident of this state for at least one year ~~prior to~~ immediately preceding application for a retailer's license.

(3) A person who is not of good character and reputation in the community in which the person resides.

(4) A person who is not a citizen of the United States.

(5) A person who, within two ~~(2)~~ years immediately preceding the date of making application, has been convicted of a

felony; or any crime involving a moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

(6) A partnership, unless ~~one of the partners is a resident of the county in which the licensed premises is located~~ and all the members of the partnership are otherwise qualified to obtain a license.

(7) A corporation, if any manager, officer or director thereof, or any stockholder owning in the aggregate more than ~~twenty-five percent (25%)~~ 25% of the stock of such corporation, would be ineligible to receive a license hereunder for any reason other than the citizenship and residency requirements.

(8) A corporation, if any manager, officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 25% of the stock, of a corporation which: (A) Has had a retailer's license revoked under K.S.A. 41-2708 and amendments thereto; or (B) has been convicted of a violation of the drinking establishment act or the cereal malt beverage laws of this state.

(9) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses all the qualifications of a licensee.

(10) A person whose spouse would be ineligible to receive a retailer's license for any reason other than citizenship, residence requirements or age, except that this subsection (b)(10) shall not apply in determining eligibility for a renewal license.

(c) Retailer's licenses shall be issued either on an annual basis or for the calendar year. If such licenses are issued on an annual basis, the board of county commissioners or the governing body of the city shall notify the ~~cereal malt beverage wholesalers distributors~~ supplying the county or city on or before April 1 of the year if a retailer's license is not renewed.

Sec. 100. K.S.A. 41-2704 is hereby amended to read as follows: 41-2704. (a) In addition to and consistent with the requirements of this act, the board of county commissioners of any county or the governing body of any city may prescribe hours of closing, standards of conduct and rules and regulations concerning the moral, sanitary and health conditions of places licensed pursuant to this act and may establish zones within which no such place may be located.

(b) Except as provided by subsection (g), no cereal malt beverages may be sold:

(1) Between the hours of 12:00 midnight and 6:00 a.m.;

(2) on Sunday, except in a place of business which is licensed to sell cereal malt beverage for consumption on the premises and which derives not less than 30% of its gross receipts from the sale of food for consumption on the licensed premises; or

(3) on the day of any national, state, county or city election, including primary elections, during the hours the polls are open, within the political area in which such election is being held.

(c) No private rooms or closed booths shall be operated in a place of business, but this provision shall not apply if the licensed premises are also currently licensed as a club under a license issued by the director pursuant to the club and drinking establishment act.

(d) Each place of business shall be open to the public and to law enforcement officers at all times during business hours, except that a premises licensed as a club under a license issued by the director pursuant to the club and drinking establishment act shall be open to law enforcement officers and not to the public.

(e) No licensee shall permit a person under the legal age for consumption of cereal malt beverage to consume or purchase any cereal malt beverage in or about a place of business, and no licensee shall permit a person under the legal age for consumption of cereal malt beverage to possess cereal malt beverage in or about a place of business, except that a licensee's employee who is not less than 18 years of age may dispense or sell cereal malt beverage, if:

(1) The licensee's place of business is licensed only to sell cereal malt beverage at retail in original and unopened containers and not for consumption on the premises; or

(2) the licensee's place of business is a licensed food service establishment, as defined by K.S.A. 36-501 and amendments thereto, and not less than 50% of the gross receipts from the licensee's place of business is derived from the sale of food for consumption on the premises of the licensed place of business.

(f) No person shall have any alcoholic liquor in such person's possession while in a place of business, unless the premises are currently licensed as a club by the director or drinking establishment pursuant to the club and drinking establishment act.

(g) Cereal malt beverages may be sold on premises which are both licensed pursuant to both the acts contained in article 27 of chapter 41 of the Kansas Statutes Annotated and licensed as a club by the director the club and drinking establishment act at any time when alcoholic liquor is allowed by law to be served on the premises.

Sec. 101. On and after January 1, 1988, K.S.A. 41-2705 is hereby amended to read as follows: 41-2705. (a) It shall be unlawful for any individual brewer or group of brewers to sell, deliver or distribute cereal malt beverages or malt products in the state of Kansas except to a licensed wholesaler or distributor of such:

(b) (1) Except as provided in paragraph (2) of this subsection (b), no manufacturer, distributor, agent or wholesaler shall:

(A) Directly or indirectly sell, supply, furnish, give, pay for, loan or lease any furnishings, fixture or equipment on the premises of a place of business of a retailer;

(B) directly or indirectly pay for any retailer's license or advance, furnish, lend or give money for payment of such license;

(C) purchase or become the owner of any note, mortgage or other evidence of indebtedness of a retailer or any form of security therefor;

(D) directly or indirectly be interested in the ownership, conduct or operation of the business of any retailer; or

(E) be directly or indirectly interested in or owner, part owner, lessee or lessor of any premises upon which cereal malt beverages are sold at retail.

(2) A distributor, agent or wholesaler may sell tapping and dispensing equipment, as defined by rules and regulations adopted under article 27 of chapter 41 of the Kansas Statutes Annotated, at not less than the cost paid for such equipment by the distributor, agent or wholesaler. The terms of any such sale shall comply with the provisions of K.S.A. 41-2706. Such sales shall not be subject to any repurchase agreement.

(c) No manufacturer, distributor or wholesaler shall, directly or indirectly or through a subsidiary or affiliate, or by any officer, director or firm of such manufacturer, distributor or wholesaler, furnish, give, lend or rent any interior decorations other than signs, costing in the aggregate more than \$100 in any one calendar year for use in or about or in connection with any one establishment on which products of the manufacturer, distributor or wholesaler are sold.

(d) No person engaged in the business of manufacturing, distributing or wholesaling cereal malt beverages shall, directly or indirectly, pay for or advance, furnish or lend money for the payment of any license for another.

(e) (a) Except to the extent permitted pursuant to K.S.A. 41-703 and amendments thereto, no retailer, or any officer, associate, member, representative or agent thereof, shall accept, receive or borrow money or anything else of value, or accept or receive credit, directly or indirectly, from: (1) Any manufacturer or distributor; (2) any person connected with, in any way representing or a member of the family of a manufacturer or distributor; (3) any stockholders in a manufacturer or distributor; or (4) any officer, manager, agent or representative of a manufacturer or distributor.

(b) Any licensee who shall permit or assent, or be a party in any way, to any violation or infringement of the provisions of this section or of K.S.A. 41-702 or 41-703, and amendments thereto, shall be deemed guilty of a violation of this act, and any money loaned contrary to a provision of this act section shall not be recovered back, or any note, mortgage or other evidence of indebtedness, or security, or any lease or contract obtained or made contrary to this act shall be unenforceable and void.

(f) No wholesaler or distributor shall sell any cereal malt beverage to any person who has not secured a license as provided for in this act and no wholesaler or distributor shall sell any cereal malt beverage to any retailer located outside the geographic area designated in the wholesaler or distributor's application for a license pursuant to K.S.A. 41-2713, and any amendments thereto, except that if any wholesaler or distributor shall refuse to sell any cereal malt beverage or provide service in connection with that sale to any retailer located within such wholesaler or distributor's geographic territory, it shall be lawful for any other wholesaler or distributor to sell any such cereal malt beverage to such retailer.

(g) (1) Except as provided in paragraph (2) of this subsection (g); no individual brewer or group of brewers shall directly or indirectly or through a subsidiary or affiliate, or by any officer, director or firm of such brewer or group of brewers:

(A) Furnish, give or lend money for the payment of any license for any wholesaler in the state of Kansas;

(B) have or own any financial interest directly or indirectly in the ownership, conduct or operation of the business of any wholesaler in the state of Kansas;

(C) be directly or indirectly interested in or owner, part owner, lessee or lessor of any premises upon which cereal malt beverages are sold at wholesale; or

(D) engage in the wholesale distribution of cereal malt beverages or malt products in the state of Kansas.

(2) Nothing in this section shall be construed to prohibit any brewer from making sale and deliveries of cereal malt beverages or malt products to licensed wholesalers in the state of Kansas, or to a branch, subsidiary or affiliate located in the state of Kansas, from which, on or before January 14, 1947, the brewer had been dispensing at wholesale cereal malt beverage or malt products and for which the brewer holds, directly or indirectly, a license and pays a license tax as provided for in K.S.A. 41-2713, and any amendments thereto.

(h) Nothing contained in this section shall make it unlawful for any person to be a member of a club licensed as such by the director of alcoholic beverage control nor shall membership in such a club by any person constitute a disqualification of any person for any license under this act.

(i) No brewer or other supplier shall enter into an agreement for the distribution of a brand of cereal malt beverage with more than one wholesaler or distributor of cereal malt beverages for all or part of any designated geographic territory. No supplier or distributor shall terminate or modify an agreement for the distribution of a brand of cereal malt beverage or alter the geographic territory designated in an agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. Upon receipt of such notice, the director shall notify immediately all affected parties of the impending termination, modification or alteration by certified mail. Any supplier or distributor aggrieved by a termination, modification or transferal made under this section may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or transferal violates the agreement between the supplier and the distributor involved.

Sec. 102. K.S.A. 41-2706 is hereby amended to read as follows: 41-2706: No person shall sell or furnish cereal malt beverages at retail to any person on credit or; on a passbook, or; on order on a store, or; in exchange for any goods, wares or merchandise; or in payment for any services rendered; and. If any person shall extend extends credit for such purpose, the debt thereby attempted to be created shall not be recoverable at law; and, in addition, suffer such person shall be subject to the penalties provided in K.S.A. 41-2707 and amendments thereto.

Sec. 103. On and after January 1, 1988, K.S.A. 41-2707 is hereby amended to read as follows: 41-2707. No wholesaler of cereal malt beverages licensed under the laws of this state distributor shall sell or furnish cereal malt beverages to a retailer of cereal malt beverages licensed under the laws of this state, on credit or; on a passbook or; on order on a store, or; in exchange for any goods, wares or merchandise, or; in payment for any

(continued)

service rendered or to be rendered; or by any extension of credit of any kind, type or class. Any distributor, wholesaler or retailer who shall violate any of the terms of this section or K.S.A. 41-2706 and amendments thereto shall be subject to all penalties and forfeitures provided by K.S.A. 41-2705 and 41-2708, and any amendments thereto, and any debt attempted to be created in violation hereof shall not be recoverable at law.

Sec. 104. K.S.A. 41-2708 is hereby amended to read as follows: 41-2708. (a) The board of county commissioners or the governing body of any city, upon five days' notice to the persons holding a license, shall revoke or suspend the license for any one of the following reasons:

- (1) The licensee has fraudulently obtained the license by giving false information in the application therefor;
- (2) the licensee has violated any of the provisions of this act or any rules or regulations made by the board or the city, as the case may be;
- (3) the licensee has become ineligible to obtain a license under this act;
- (4) drunkenness of the licensee or permitting any intoxicated person to remain in the licensee's place of business;
- (5) the sale of cereal malt beverages to any person under the legal age for consumption of cereal malt beverage;
- (6) the nonpayment of any license fees;
- (7) permitting any gambling in or upon the licensee's place of business;
- (8) permitting any person to mix drinks with materials purchased in the place of business or brought in for that purpose;
- (9) the employment of persons under 18 years of age in dispensing or selling cereal malt beverages;
- (10) the employment of persons who have been adjudged guilty of felony or of any violation of the intoxicating liquor law; or
- (11) the sale or possession of, or permitting any person to use or consume on the licensed premises, any alcoholic liquor as defined by K.S.A. 41-102 and amendments thereto.

(b) The provisions of subsections (a)(8) and (11) shall not apply if the place of business or premises are also currently licensed as a club under a license issued by the state director of alcoholic beverage control or drinking establishment pursuant to the club and drinking establishment act.

(c) Within 20 days after the order of the board revoking or suspending any license, the licensee may appeal to the district court and the district court shall proceed to hear such appeal as though such court had original jurisdiction of the matter. Any appeal taken from an order revoking or suspending the license shall not suspend the order of revocation or suspension during the pendency of any such appeal. In case of the revocation of the license of any licensee, no new license shall be issued to the former licensee, or to any person acting for or on the former licensee's behalf, for a period of six months thereafter.

Sec. 105. K.S.A. 41-2721 is hereby amended to read as follows: 41-2721. (a) No person under the legal age for consumption of cereal malt beverage shall possess, consume, obtain or purchase, or attempt to obtain or purchase, cereal malt beverage from any person except as authorized by law.

(b) Violation of this subsection section by a person 18 or more years of age but less than the legal age for consumption of cereal malt beverage is a misdemeanor punishable by a fine of not less than \$100 and not more than \$250 or by nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service, or by both.

(b) No person under the legal age for consumption of cereal malt beverage shall possess or consume cereal malt beverage except as authorized by law.

Violation of this subsection by a person 18 or more years of age but less than the legal age for consumption of cereal malt beverage is a misdemeanor punishable:

- (1) By a fine of not less than \$100 and not more than \$250 or by 40 hours of public service, or by both, if committed on premises licensed pursuant to article 26 or article 27 of chapter 41 of the Kansas Statutes Annotated; or
- (2) by a fine of not less than \$25 and not more than \$250 or by

40 hours of public service, or by both, if committed on any other premises.

(c) Any person less than 18 years of age who violates this section is a juvenile offender under the Kansas juvenile offenders code and, Upon adjudication thereof, shall be required as a condition of disposition to pay the fine or perform the public service, or both, specified as punishment for the offense under subsection (a) or (b) and as a condition of disposition, the court shall require the offender to pay a fine of not less than \$100 nor more than \$250 and, in addition, may order the offender to perform 40 hours of public service.

(d) This section shall not apply to the possession and consumption of cereal malt beverage by a person under the legal age for consumption of cereal malt beverage when such possession and consumption is permitted and supervised, and such beverage is furnished, by the person's parent or legal guardian.

(e) This section shall be part of and supplemental to article 27 of chapter 41 of the Kansas Statutes Annotated.

Sec. 106. K.S.A. 41-2723 is hereby amended to read as follows: 41-2723. A cereal malt beverage wholesaler's or distributor's license issued pursuant to K.S.A. 41-2713 and amendments thereto shall allow:

(a) The wholesale purchase, importation and storage of wine, but any wine purchased or imported which is manufactured in the United States shall be purchased: (1) From the primary American source of supply, as defined by K.S.A. 41-102 and amendments thereto; (2) from a distributor licensed pursuant to the Kansas liquor control act; or (3) at a sheriff's sale, if the wine has been confiscated;

(b) the sale of wine to: (1) Distributors licensed pursuant to the Kansas liquor control act; (2) retailers licensed pursuant to the Kansas liquor control act, except that such wholesaler or distributor shall sell a brand of wine only to such retailers whose licensed premises are located in the geographic territory within which such distributor or wholesaler is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-2713 and amendments thereto; and (3) such persons located outside such territory or outside this state as permitted by law;

(c) the sale of wine, but only in barrels, casks and other bulk containers, to: (1) Caterers licensed pursuant to the club and drinking establishment act; and (2) clubs and drinking establishments licensed pursuant to the club and drinking establishment act, except that such wholesaler or distributor shall sell a brand of wine only to such clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor or wholesaler is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-2713 and amendments thereto;

(d) the purchase of wine in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such wine shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of wine by manufacturers and with all federal rules, regulations and laws;

(d) (e) the wholesale purchase, importation and storage of cereal malt beverage;

(e) (f) the sale of cereal malt beverage to: (1) Distributors or wholesalers licensed pursuant to K.S.A. 41-2713 and amendments thereto; (2) retailers licensed pursuant to K.S.A. 41-2702 and amendments thereto; and (3) such other persons as permitted by law; and

(f) (g) the purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

Sec. 107. K.S.A. 41-2724 is hereby amended to read as follows: 41-2724. (a) The provisions of K.S.A. 41-312, 41-501 through 41-506, 41-601, 41-602, 41-701 through 41-709, 41-714, 41-722, 41-723, 41-724, 41-901 through 41-905, 41-1001 through 41-1004, 41-1101, 41-1102, 41-1107 and 41-1112, and amendments thereto, and any rules and regulations adopted for the

administration or enforcement thereof, shall apply with respect to wholesalers and distributors licensed pursuant to K.S.A. 41-2713 and amendments thereto to the same extent as those provisions apply with respect to distributors licensed pursuant to the Kansas liquor control act, *except to the extent otherwise provided by K.S.A. 41-2723 and amendments thereto.*

(b) *No club or drinking establishment licensed pursuant to the club and drinking establishment act shall purchase any wine from any wholesaler or distributor unless the wholesaler or distributor files with the director a written statement sworn to by the wholesaler or distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of wine distributed by the wholesaler or distributor to those clubs and drinking establishments to which the wholesaler or distributor is authorized to sell such wine and to which the wholesaler or distributor desires to sell such wine, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed clubs or drinking establishments at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price in the office of the director as often as may be necessary or required by the director but at least once each three months. If any wholesaler or distributor making the agreement violates the agreement by refusing to sell to any such licensed club or drinking establishment in this state without written approval of the director or discriminates in current prices among such licensed clubs or drinking establishments making or attempting to make purchases of wine from the wholesaler or distributor, the director may revoke the license of the wholesaler or distributor. If any licensed wholesaler or distributor making any agreement hereunder does not have a sufficient supply of wine of any of the brands or kinds which the wholesaler or distributor distributes to supply the demands of all such licensed clubs or drinking establishments, the wholesaler or distributor may ration such wine and apportion the available supply among such licensed clubs or drinking establishments purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.*

For the purposes of this subsection, a delivery charge shall not be considered a part of the price of wine sold by a wholesaler or distributor.

(c) As used in this section and K.S.A. 41-2723, and amendments thereto, terms defined by K.S.A. 41-2701 and amendments thereto shall have the meanings provided therein.

Sec. 108. K.S.A. 1986 Supp. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax as follows:

(a) A tax at the rate of 4% upon the gross receipts received from the sale of tangible personal property at retail within this state. If any contractor has entered into a written binding contract prior to May 15, 1986, for the construction, reconstruction, repair, equipment or improvement of any building, airport, highway, street, road, alley, sewer, sewage system, water line, water system or any other improvement, and such contract and the contract price includes the furnishing by the contractor of tangible personal property subject to the tax imposed by this act and which is to become part of the completed improvement, such tax shall be imposed at the rate prescribed by law immediately prior to the effective date of this act, but this provision shall not apply unless the contractor shall give notice and proof of such contract to the director of taxation on or before July 10, 1986, which notice and proof shall be in such form and of such sufficiency as the director of taxation shall prescribe;

(b) a tax at the rate of 4% upon the gross receipts from intrastate telephone or telegraph services, which sale is not otherwise exempt from taxation under the provisions of this act;

(c) a tax at the rate of 4% upon the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities;

(d) a tax at the rate of 4% upon the gross receipts from the sale of meals or drinks furnished at any private club or at any, *drinking establishment, catered event, restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public;*

(e) a tax at the rate of 4% upon the gross receipts from the sale of admissions to any place providing amusement, entertainment or recreation services including admissions to state, county, district and local fairs, but such tax shall not be levied and collected upon the gross receipts received from fees and charges by political subdivisions of the state of Kansas for participation in sports, games and other recreational activities;

(f) a tax at the rate of 4% upon the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

(g) a tax at the rate of 4% upon the gross receipts from the service of renting of rooms by hotels, as defined by K.S.A. 36-501, and amendments thereto, except such tax shall not apply where a room is rented by an individual, firm, association or corporation for a period of more than 28 consecutive days;

(h) a tax at the rate of 4% upon the gross receipts from the service of renting or leasing of tangible personal property except such tax shall not apply to the renting or leasing of machinery, equipment or other personal property owned by a city and purchased from the proceeds of industrial revenue bonds issued prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 to 12-1749, inclusive, and acts amendatory through 12-1749, and amendments thereto, and any city or lessee renting or leasing such machinery, equipment or other personal property purchased with the proceeds of such bonds who shall have paid a tax under the provisions of this section upon sales made prior to July 1, 1973, shall be entitled to a refund out of from the sales tax refund fund of all taxes paid thereon;

(i) a tax at the rate of 4% upon the gross receipts from the rendering of dry cleaning, pressing, dyeing and laundry services except laundry services rendered through a coin-operated device whether automatic or manually operated;

(j) a tax at the rate of 4% upon the gross receipts from the rendering of the services of washing and washing and waxing of vehicles;

(k) a tax at the rate of 4% upon the gross receipts from cable, community antennae and other subscriber radio and television services;

(l) a tax at the rate of 4% upon the gross receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen of materials and supplies for use by them in erecting structures for others, or building on, or otherwise improving, altering, or repairing real or personal property of others;

(m) a tax at the rate of 4% upon the gross receipts received from fees and charges by public and private clubs, *drinking establishments, organizations and businesses for participation in sports, games and other recreational activities;*

(n) a tax at the rate of 4% upon the gross receipts received from dues charged by public and private clubs, *drinking establishments, organizations and businesses, payment of which entitles a member to the use of facilities for recreation or entertainment;*

(o) a tax at the rate of 4% upon the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including the transfer of motor vehicles or trailers by a person to a corporation solely in exchange for stock or securities in such corporation or the transfer of motor vehicles or trailers by one corporation to another when all of the assets of such corporation are transferred to such other corporation. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

(p) a tax at the rate of 4% upon the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible

(continued)

personal property when installed or applied remains tangible personal property or becomes a part of real estate, except that no tax shall be imposed upon the service of installing or applying tangible personal property in connection with the original construction of a building or facility or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.

For the purposes of this subsection:

(1) "Original construction" shall mean the first or initial construction of a new building or facility. The term "original construction" shall include the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building or facility damaged or destroyed by fire, flood, windstorm, hailstorm, rainstorm, snowstorm, lightning, explosion or earthquake, but such term shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

(2) "building" shall mean only those enclosures within which individuals customarily live or are employed, or which are customarily used to house machinery, equipment or other property, and including the land improvements immediately surrounding such building; and

(3) "facility" shall mean a mill, plant, refinery, oil or gas well, water well, feed lot or any conveyance, transmission or distribution line of any cooperative, nonprofit, membership corporation organized under or subject to the provisions of K.S.A. 17-4601 *et seq.*, and amendments thereto, or of any municipal or quasi-municipal corporation, including the land improvements immediately surrounding such facility;

(q) a tax at the rate of 4% upon the gross receipts received for the service of repairing, servicing, altering or maintaining tangible personal property which when such services are rendered is not being held for sale in the regular course of business, and whether or not any tangible personal property is transferred in connection therewith. The tax imposed by this subsection shall be applicable to the services of repairing, servicing, altering or maintaining an item of tangible personal property which has been and is fastened to, connected with or built into real property;

(r) a tax at the rate of 4% upon the gross receipts from fees or charges made under service or maintenance agreement contracts for services, charges for the providing of which are, taxable under the provisions of subsection (p) or (q) of this section;

(s) a tax at the rate of 4% upon the gross receipts received from the sale of computer software. As used in this subsection, "computer software" means information and directions loaded into a computer which dictate different functions to be performed by the computer, whether contained on tapes, discs, cards or other devices or materials.

Sec. 109. On and after July 1, 1987, K.S.A. 79-4101 is hereby amended to read as follows: 79-4101. (a) For the purpose of providing revenue which may be used by the state, counties and cities in the enforcement of the provisions of this act, from and after the effective date of this act, for the privilege of engaging in the business of selling alcoholic liquor ~~at retail or by retailers~~ or farm wineries to consumers in this state, ~~or selling alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments or caterers in this state~~, there is hereby levied and there shall be collected and paid a tax at the rate of 8% upon the gross receipts received from: (1) The sale of alcoholic liquor ~~at retail or by retailers~~ or farm wineries to consumers within this state; and (2) the sale of alcoholic liquor or cereal malt beverage ~~distributors to clubs, drinking establishments or caterers in this state~~.

(b) The tax imposed by this section shall be in addition to the license fee imposed on ~~distributors~~, retailers and farm wineries by K.S.A. 41-310 or 41-2713, and amendments thereto.

Sec. 110. On and after January 1, 1988, K.S.A. 79-4101, as amended by section 109 of this act, is hereby amended to read as follows: 79-4101. (a) For the purpose of providing revenue which may be used by the state, counties and cities in the enforcement of the provisions of this act, from and after the effective date of this act, for the privilege of engaging in the business of selling alcoholic liquor by retailers or farm wineries to consumers in this

state or selling alcoholic liquor or cereal malt beverage by distributors to clubs, drinking establishments or caterers in this state, there is hereby levied and there shall be collected and paid a tax at the rate of 8% upon the gross receipts received from: (1) The sale of alcoholic liquor by retailers, *microbreweries* or farm wineries to consumers within this state; and (2) the sale of alcoholic liquor or cereal malt beverage by ~~alcoholic liquor or cereal malt beverage~~ distributors to clubs, drinking establishments or caterers in this state.

(b) The tax imposed by this section shall be in addition to the license fee imposed on distributors, retailers, *microbreweries* and farm wineries by K.S.A. 41-310 ~~or 41-2713~~, and amendments thereto.

Sec. 111. On and after July 1, 1987, K.S.A. 79-4102 is hereby amended to read as follows: 79-4102. The tax levied under K.S.A. 79-4101 and amendments thereto shall be paid by the consumer or user to the retailer or farm winery ~~or by the club, drinking establishment or caterer to the distributor~~. It shall be the duty of each retailer, ~~and farm winery or distributor~~ in this state to collect from the purchaser the full amount of the tax imposed by this act, or an amount equal as nearly as possible or practicable, to the average equivalent thereof.

Sec. 112. On and after January 1, 1988, K.S.A. 79-4102, as amended by section 111 of this act, is hereby amended to read as follows: 79-4102. The tax levied under K.S.A. 79-4101 and amendments thereto shall be paid by the consumer or user to the retailer, *microbrewery* or farm winery or by the club, drinking establishment or caterer to the distributor. It shall be the duty of each retailer, *microbrewery*, farm winery or distributor in this state to collect from the purchaser the full amount of the tax imposed by this act, or an amount equal as nearly as possible or practicable, to the average equivalent thereof.

Sec. 113. On and after July 1, 1987, K.S.A. 79-4103 is hereby amended to read as follows: 79-4103. On or before the last day of each calendar month, every person engaged in the business of selling alcoholic liquor at retail, ~~and every farm winery selling wine to consumers in this state and every distributor selling alcoholic liquor or cereal malt beverage to clubs, drinking establishments or caterers in this state~~ during the preceding calendar month shall make a return to the director of taxation upon forms prescribed and furnished by the director, stating: (a) The name and address of the seller; (b) the total amount of gross sales of ~~all alcoholic liquor made to consumers by the seller subject to the tax imposed by K.S.A. 79-4101 and amendments thereto~~ during the preceding calendar month; and (c) any other pertinent information the director requires. The person making the return shall, at the time of making the return, pay to the director of taxation the amount of tax imposed by K.S.A. 79-4101 and amendments thereto. The director of taxation may extend the time for making returns and paying the tax for any period not to exceed 60 days, under rules and regulations adopted by the secretary of revenue.

Sec. 114. On and after January 1, 1988, K.S.A. 79-4103, as amended by section 113 of this act, is hereby amended to read as follows: 79-4103. On or before the last day of each calendar month, every person engaged in the business of selling alcoholic liquor at retail, *every microbrewery selling beer to consumers*, every farm winery selling wine to consumers in this state and every distributor selling alcoholic liquor or cereal malt beverage to clubs, drinking establishments or caterers in this state during the preceding calendar month shall make a return to the director of taxation upon forms prescribed and furnished by the director, stating: (a) The name and address of the seller; (b) the total amount of gross sales subject to the tax imposed by K.S.A. 79-4101 and amendments thereto during the preceding calendar month; and (c) any other pertinent information the director requires. The person making the return shall, at the time of making the return, pay to the director of taxation the amount of tax imposed by K.S.A. 79-4101 and amendments thereto. The director of taxation may extend the time for making returns and paying the tax for any period not to exceed 60 days, under rules and regulations adopted by the secretary of revenue.

Sec. 115. On and after July 1, 1987, K.S.A. 79-4104 is hereby

amended to read as follows: 79-4104. Whenever the director of alcoholic beverage control issues a retailer's license to sell alcoholic liquors or issues a distributor's or farm winery license, the director of alcoholic beverage control shall promptly notify the director of taxation of its issuance. The notice shall include the name of the licensee and the address of the licensed premises. Whenever the director of alcoholic beverage control revokes or suspends any retailer's, distributor's or farm winery license or whenever any retailer's, distributor's or farm winery license expires, the director of alcoholic beverage control shall likewise notify the director of taxation.

Sec. 116. On and after January 1, 1988, K.S.A. 79-4104, as amended by section 115 of this act, is hereby amended to read as follows: 79-4104. Whenever the director of alcoholic beverage control issues a retailer's license to sell alcoholic liquors or issues a distributor's license, distributor's, microbrewery or farm winery license, the director of alcoholic beverage control shall promptly notify the director of taxation of its issuance. The notice shall include the name of the licensee and, in the case of a retailer, microbrewery or farm winery, the address of the licensed premises. Whenever the director of alcoholic beverage control revokes or suspends any retailer's, distributor's, microbrewery or farm winery license or whenever any retailer's, distributor's, microbrewery or farm winery license expires, the director of alcoholic beverage control shall likewise notify the director of taxation.

Sec. 117. K.S.A. 1986 Supp. 79-41a01 is hereby amended to read as follows: 79-41a01. As used in K.S.A. 79-41a01 through 79-41a04, and amendments thereto:

(a) "Alcoholic liquor" shall have the meaning provided means alcoholic liquor, as defined by K.S.A. 41-102 and amendments thereto, and shall include cereal malt beverages beverage, as defined by K.S.A. 41-2701, and amendments thereto.

(b) "Club" shall have the meaning "Caterer," "club;" and "drinking establishment" have the meanings provided by K.S.A. 41-2601 and amendments thereto.

(c) "Gross receipts derived from the sale of alcoholic liquor" means the amount charged the consumer for a drink containing alcoholic liquor, including any portion of that amount attributable to the cost of any ingredient mixed with or added to the alcoholic liquor contained in such drink.

Sec. 118. K.S.A. 79-41a02 is hereby amended to read as follows: 79-41a02. (a) There is hereby imposed, for the privilege of selling alcoholic liquor, a tax at the rate of ~~ten percent (10%)~~ 10% upon the gross receipts derived from the sale of alcoholic liquor by any club, caterer or drinking establishment.

(b) The tax imposed by this section shall be paid by the consumer to the club, caterer or drinking establishment and it shall be the duty of each and every club, caterer or drinking establishment subject to this section to collect from the consumer the full amount of such tax, or an amount equal as nearly as possible or practicable to the average equivalent thereto. Each club, caterer or drinking establishment collecting the tax imposed hereunder shall be responsible for paying over the same to the state department of revenue in the manner prescribed by K.S.A. 79-41a03 and amendments thereto and the state department of revenue shall administer and enforce the collection of such tax.

Sec. 119. K.S.A. 1986 Supp. 79-41a03 is hereby amended to read as follows: 79-41a03. (a) The tax levied and collected pursuant to K.S.A. 79-41a02, and amendments thereto, shall become due and payable by the club, caterer or drinking establishment monthly, or on or before the last day of the month immediately succeeding the month in which it is collected, but any club, caterer or drinking establishment filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such conditions as the secretary of revenue may prescribe, pay the tax required by this act on the same basis and at the same time the club, caterer or drinking establishment pays such retailers' sales tax. Each club, caterer or drinking establishment shall make a true report to the department of revenue, on a form prescribed by the secretary of revenue, providing such information as may be necessary to determine the amounts to which any such tax shall

apply for all gross receipts derived from the sale of alcoholic liquor by the club, caterer or drinking establishment for the applicable month or months, which report shall be accompanied by the tax disclosed thereby. Records of gross receipts derived from the sale of alcoholic liquor shall be kept separate and apart from the records of other retail sales made by a club, caterer or drinking establishment in order to facilitate the examination of books and records as provided herein.

(b) The secretary of revenue or the secretary's authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of a club, caterer or drinking establishment as may be necessary, to determine the accuracy of such reports required hereunder.

(c) The secretary of revenue is hereby authorized to administer and collect the tax imposed hereunder and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement of the collection thereof. Whenever any club, caterer or drinking establishment liable to pay the tax imposed hereunder refuses or neglects to pay the same, the amount, including any penalty, shall be collected in the manner prescribed for the collection of the retailers' sales tax by K.S.A. 79-3617 and amendments thereto.

(d) The secretary of revenue shall remit daily to the state treasurer all revenue collected under the provisions of this act. The state treasurer shall deposit the entire amount of each remittance in the state treasury. Subject to the maintenance requirements of the local alcoholic liquor refund fund created under K.S.A. 79-41a09, and amendments thereto, 25% of the remittance shall be credited to the state general fund, 5% shall be credited to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126 and amendments thereto and the balance shall be credited to the local alcoholic liquor fund created by K.S.A. 79-41a04 and amendments thereto.

(e) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under the provisions of this act, the secretary may require any person subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations adopted by the secretary.

Sec. 120. K.S.A. 1986 Supp. 79-41a04 is hereby amended to read as follows: 79-41a04. (a) There is hereby created, in the state treasury, the local alcoholic liquor fund. Moneys credited to such fund pursuant to this act or any other law shall be expended only for the purpose and in the manner provided by this act.

(b) All moneys credited to the local alcoholic liquor fund shall be allocated to the several cities and counties of the state as follows:

(1) Each city that has a population of more than ~~10,000~~ 6,000 shall receive 70% of the amount which is collected pursuant to this act from clubs or drinking establishments located in such city, or from caterers whose principal places of business are so located, and which is paid into the state treasury during the period for which the allocation is made.

(2) Each city that has a population of ~~10,000~~ 6,000 or less shall receive ~~46²/₃%~~ of the amount which is collected pursuant to this act from clubs or drinking establishments located in such city, or from caterers whose principal places of business are so located, and which is paid into the state treasury during the period for which the allocation is made.

(3) Each county shall receive: (A) ~~Seventy percent~~ 70% of the amount which is collected pursuant to this act from clubs or drinking establishments located in such county and outside the corporate limits of any city, or from caterers whose principal places of business are so located, and which is paid into the state treasury during the period for which the allocation is made; and (B) ~~twenty-three and one-third percent~~ 23¹/₃% of the amount which is collected pursuant to this act from clubs or drinking establishments located in the county and within a city that has a population of ~~10,000~~ 6,000 or less, or from caterers whose principal places of business are so located, and which is paid into the state treasury during the period for which the allocation is made.

(continued)

(c) The state treasurer shall make distributions from the local alcoholic liquor fund in accordance with the allocation formula prescribed by subsection (b) on March 15, June 15, September 15 and December 15 of each year. The director of accounts and reports shall draw warrants on the state treasurer in favor of the several county treasurers and city treasurers on the dates and in the amounts determined under this section. Such distributions shall be paid directly by mail to the several county treasurers and city treasurers.

(d) Each city treasurer of a city that has a population of more than ~~10,000~~ 6,000, upon receipt of any moneys distributed under this section, shall deposit the full amount in the city treasury and shall credit $\frac{1}{3}$ of the deposit to the general fund of the city, $\frac{1}{3}$ to a special parks and recreation fund in the city treasury and $\frac{1}{3}$ to a special alcohol and drug programs fund in the city treasury. Each city treasurer of a city that has a population of ~~10,000~~ 6,000 or less, upon receipt of any moneys distributed under this section, shall deposit the full amount in the city treasury and shall credit $\frac{1}{2}$ of the deposit to the general fund of the city and $\frac{1}{2}$ to a special parks and recreation fund in the city treasury. Moneys in such special funds shall be under the direction and control of the governing body of the city. Moneys in the special parks and recreation fund shall be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. Moneys in the special alcohol and drug programs fund shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers.

(e) Each county treasurer, upon receipt of any moneys distributed under this section, shall deposit the full amount in the county treasury and shall credit to a special alcohol and drug programs fund in the county treasury $2\frac{1}{3}\%$ of the amount which is collected pursuant to this act from clubs or drinking establishments located in the county and within a city that has a population of ~~10,000~~ 6,000 or less, or from caterers whose principal place of business is so located, and which is paid into the state treasury during the period for which the allocation is made; of the remainder, the treasurer shall credit $\frac{1}{3}$ to the general fund of the county, $\frac{1}{3}$ to a special parks and recreation fund in the county treasury and $\frac{1}{3}$ to the special alcohol and drug programs fund. Moneys in such special funds shall be under the direction and control of the board of county commissioners. Moneys in the special parks and recreation fund shall be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities. Moneys in the special alcohol and drug programs fund shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers. In any county in which there has been organized an alcohol and drug advisory committee, the board of county commissioners shall request and obtain, prior to making any expenditures from the special alcohol and drug programs fund, the recommendations of the advisory committee concerning such expenditures. The board of county commissioners shall adopt the recommendations of the advisory committee concerning such expenditures unless the board, by unanimous vote of all commissioners, adopts a different plan for such expenditures.

(f) Each year, the county treasurer shall estimate the amount of money the county and each city in the county will receive from the local alcoholic liquor fund and from distributions pursuant to K.S.A. 79-41a05 and amendments thereto. The state treasurer shall advise each county treasurer, prior to June 1 of each year of the amount in the local alcoholic liquor fund that the state treasurer estimates, using the most recent available information, will be allocated to such county in the following year. The county treasurer shall, before June 15 of each year, notify the treasurer of each city of the estimated amount in dollars of

the distribution to be made from the local alcoholic liquor fund and pursuant to K.S.A. 79-41a05 and amendments thereto.

Sec. 121. K.S.A. 79-41a06 is hereby amended to read as follows: 79-41a06. No club, *drinking establishment or caterer* shall sell any alcoholic liquor without a registration certificate from the secretary of revenue. Application for such certificate shall be made to the secretary upon forms provided by the secretary and shall contain such information as the secretary deems necessary for the purposes of administering the provisions of this act. The registration certificate shall be conspicuously displayed in the licensed premises for which it is issued.

Upon violation of any of the provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto, or any of the terms of this act, and upon due notice and opportunity for hearing, the secretary may revoke such registration certificate.

Sec. 122. K.S.A. 79-41a07 is hereby amended to read as follows: 79-41a07. (a) The director of taxation or the director of alcoholic beverage control may enjoy any person from engaging in business as a club, *drinking establishment or caterer* when the club, *drinking establishment or caterer* is in violation of any of the provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto, or any of the terms of this act and shall be entitled in any proceeding brought for that purpose to have an order restraining the person from engaging in business as a club, *drinking establishment or caterer*. No bond shall be required for any such restraining order or for any temporary or permanent injunction issued in that proceeding.

(b) If a club, *drinking establishment or caterer* licensed by the director of alcoholic beverage control violates any of the provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto, or any of the terms of this act, the director of alcoholic beverage control may suspend or revoke the ~~club's~~ license of such club, *establishment or caterer* in accordance with K.S.A. 41-2609 and amendments thereto or may impose a civil fine on the licensee in the manner provided by K.S.A. 41-2633a and amendments thereto.

Sec. 123. K.S.A. 79-41a08 is hereby amended to read as follows: 79-41a08. The tax imposed by this act shall be a lien upon the ~~club or any property thereof~~ business and any property of the club, *drinking establishment or caterer* which may be sold. The person acquiring such ~~club~~ business or property shall withhold a sufficient amount of the purchase price thereof to cover the amount of any taxes due and unpaid by the seller, until the seller shall furnish the purchaser with a receipt from the secretary of revenue, as herein provided, showing that such taxes have been paid. The purchaser shall be personally liable for the payment of any unpaid taxes of the seller, to the extent of the value of the *business or property* received by the purchaser, and if a receipt is not furnished by such seller within 20 days from the date of sale of such ~~club~~ business or property, the purchaser shall remit the amount of such unpaid taxes to the secretary on or before the 20th day of the month succeeding that in which such purchaser acquired such ~~club~~ business or property.

New Sec. 124. (a) The director shall provide procedures whereby a beer distributor's license or cereal malt beverage distributor's or wholesaler's license, or both, issued prior to January 1, 1988, shall be converted to a beer distributor's license or wine distributors license, or both, on January 1, 1988, if all requirements of this act are met and the licensee pays that portion of the additional license fee or fees attributable to the remaining unexpired license term.

(b) The director shall provide procedures whereby an alcoholic liquor distributor's license, issued prior to January 1, 1988, shall be converted to a spirits distributor's license or wine distributor's license, or both, on January 1, 1988, if all requirements of this act are met and the licensee pays that portion of the additional license fee or fees attributable to the remaining expired license term.

(c) This section shall be part of and supplemental to the Kansas liquor control act.

New Sec. 125. (a) On and after January 1, 1988, every supplier desiring to sell alcoholic liquor or cereal malt beverage to distributors in this state shall be required to obtain a permit from

the director, unless such supplier is licensed in this state as a manufacturer or distributor. Application for such permit shall be on a form prescribed by rules and regulations of the secretary of revenue and shall be accompanied by a permit fee of \$25. As a condition of the issuance of such permit, the supplier shall be deemed to have appointed the secretary of state as the resident agent and representative of the supplier to accept service of process from the director, the board and the courts of this state and to accept service of any notice or order provided for in this act, and all such acts by the secretary of state shall be fully binding upon the supplier.

(b) The director, in accordance with the Kansas administrative procedure act, may revoke, suspend or refuse to issue a permit to any supplier found to have violated any provision of the Kansas liquor control act or K.S.A. 41-2701 *et seq.* and amendments thereto, or any rules and regulations adopted thereunder.

New Sec. 126. The director may issue to a supplier a temporary permit allowing such supplier to import into this state to a distributor licensed under the Kansas liquor control act or under K.S.A. 41-2713 and amendments thereto alcoholic liquor or cereal malt beverage for which such distributor does not have a franchise to sell. The permit shall specifically identify the brand and type of alcoholic liquor or cereal malt beverage for which the permit is issued and the quantity permitted to be imported into the state. Such alcoholic liquor or cereal malt beverage shall not be resold by the distributor and shall not be subject to the tax imposed by K.S.A. 41-501 or 79-3818, and amendments thereto.

New Sec. 127. Any natural person may act as a salesperson for the sale of, or the taking or soliciting of orders for the sale of, alcoholic liquor or cereal malt beverage in the state of Kansas only after such person has first applied for and received a permit therefor from the director, except that no such permit shall be required of a licensed retailer or an employee of such retailer.

New Sec. 128. (a) Any natural person over the age of 21 may apply to the director for a salesperson's permit. The application shall be in such form and shall include such terms as the director may prescribe, and shall include a provision that the holder will comply with the Kansas liquor control act and the cereal malt beverage laws of this state, and any rules and regulations adopted under such act or laws. The application and any permit issued pursuant thereto shall set forth the name and address of the person, firm or corporation whom the applicant represents and also the name, address and a description of the applicant. A salesperson shall not represent any person, firm or corporation whose name does not appear on the salespersons' employer. No person shall act as salesperson for more than one person, firm or corporation under one permit. Additional permits may be granted the same applicant for additional principals.

(b) Upon approval of any application by the director, the director shall issue a permit to the applicant for one year upon the payment of an annual fee of \$10, which fee shall accompany the application.

(c) No person shall be issued a salesperson's permit if such person does not meet the qualifications of subsections (a)(4) and (5) of K.S.A. 41-311 and amendments thereto or if such person has a beneficial interest in any licensed retailer of alcoholic liquor or cereal malt beverage or any licensed club, drinking establishment or caterer. The director may deny a permit to any person who has been convicted of a felony or of a violation of the Kansas liquor control act or cereal malt beverage laws of this state.

New Sec. 129. All salespersons shall exhibit their permits at any time while engaged in soliciting, taking orders for, or promoting the sale of alcoholic liquor or cereal malt beverage, upon demand of any agent or employee of the director or upon request of any licensee.

New Sec. 130. No licensee shall purchase alcoholic liquor or cereal malt beverage from, or give an order to, any person who is not the holder of a permit duly issued hereunder, except that an employee of a licensed distributor may solicit sales while on the licensed premises of such distributor without such a permit.

New Sec. 131. If a salesperson leaves the employ of the employer specified on the salesperson's permit, the salesperson

shall immediately notify the director and surrender the permit to the director within five days. Failure to surrender the permit within five days shall make the salesperson ineligible for any other permit for a period prescribed by the director. It shall also be the duty of the employer whose name is specified on the salesperson's permit to notify the director within five days of the termination of a salesperson's employment.

New Sec. 132. If the holder of a salesperson's permit changes address from that noted on the application for the permit, the salesperson shall notify the director of such change of address within five days. Failure to so notify the director of a change of address shall make the salesperson's permit subject to revocation in accordance with the Kansas administrative procedure act.

New Sec. 133. (a) If the holder of salesperson's permit is convicted of a felony or violates the provisions of the Kansas liquor control act or the cereal malt beverage laws of this state, or any rules and regulations adopted thereunder, the director may suspend or revoke any and all permits issued to such salesperson. The director shall suspend or revoke a salesperson's permit if the salesperson is not qualified to receive a permit pursuant to section 128.

(b) In addition to suspending or revoking a salesperson's permit, the director may suspend or revoke the authority of the salesperson's employer to sell alcoholic liquor or cereal malt beverage to licensed distributors within the state of Kansas or, if the salesperson is an employee of a licensed distributor, suspend or revoke such distributor's license.

(c) Any suspension or revocation of a license or permit pursuant to this section shall be in accordance with the Kansas administrative procedure act.

New Sec. 134. No salesperson's permit shall be issued except to a person who, in good faith, devotes a major part of the person's time to selling, or taking or soliciting orders for the sale of, alcoholic liquor or cereal malt beverage and whose principal occupation is that of a salesperson of the person, firm or corporation on whose behalf the application is filed. Nothing in this section shall prohibit the issuance of a permit to a person who is regularly employed on a full-time basis by a manufacturer or licensed distributor of alcoholic liquor or cereal malt beverage and who, incident to the person's regular employment for such manufacturer or distributor, may sell, take or solicit orders for the sale of alcoholic liquor or cereal malt beverage.

New Sec. 135. No salesperson shall directly or indirectly: (a) Sell, supply, furnish, give, pay for, loan or lease any furnishing, fixture or equipment on the premises of a place of business of a licensee authorized under this law to sell alcoholic liquor or cereal malt beverage at retail; (b) pay for any such license, or advance, furnish, lend or give money for payment of such license; (c) purchase or become the owner of any note, mortgage or other evidence of indebtedness of such licensee or any form of security therefor; (d) be interested in the ownership, conduct or operation of the business of any licensee authorized to sell alcoholic liquor at retail; or (e) be interested, directly or indirectly, or as owner, part owner, lessee or lessor thereof, in any premises upon which alcoholic liquor or cereal malt beverage is sold at retail, and any person having any such interest as described above shall not be eligible to receive or to hold a salesperson's permit.

New Sec. 136. (a) No distributor shall, directly or indirectly, sell on credit any alcoholic liquor or cereal malt beverage to a club, drinking establishment or caterer, and no club, drinking establishment or caterer shall, directly or indirectly, buy on credit any alcoholic liquor or cereal malt beverage from a distributor.

(b) Any sales of alcoholic liquor or cereal malt beverage by a distributor to a club, drinking establishment, caterer or retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto shall be separate transactions from sales by such distributor to any other such club, drinking establishment, caterer or retailer even if the licensee is the same person or entity as the holder of the license for such other club, drinking establishment, caterer or retailer.

(continued)

(c) Except as otherwise provided by this section or K.S.A. 41-702, 41-703 and 41-2707, and amendments thereto, any financial instrument, other than a second-party check, may be used by a club, drinking establishment, caterer or retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto to purchase alcoholic liquor or cereal malt beverage from a distributor and a distributor may accept any such financial instrument as payment. In addition, a prepayment plan may be used for the purpose of making such purchases if the amount prepaid does not exceed the usual purchases made for the period of time for which prepayment is made.

(d) Sales of alcoholic liquor by a distributor to clubs, drinking establishments, caterers or retailers licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto shall be final except that a distributor may:

(1) Buy back any item of alcoholic liquor or cereal malt beverage which such club, drinking establishment, caterer or retailer has obtained the approval of the director to close out;

(2) buy back any item of alcoholic liquor or cereal malt beverage when required by the supplier; and

(3) buy back or exchange, within 24 hours after delivery, any item of alcoholic liquor or cereal malt beverage which is damaged or deteriorated in quality.

New Sec. 137. (a) No retailer shall sell, directly or indirectly, any alcoholic liquor at less than the acquisition cost of such liquor without first having obtained from the director a permit to do so.

(b) The director may issue to a licensed retailer a permit authorizing the retailer to sell alcoholic liquor at less than the acquisition act of such liquor if:

(1) The retailer is actually closing out the retailer's stock for the purpose of completely discontinuing sale of the item of alcoholic liquor for a period of not less than 12 months;

(2) the item of alcoholic liquor is damaged or deteriorated in quality and notice is given to the public thereof; or

(3) the sale of the item of alcoholic liquor is by an officer acting under the order of a court.

New Sec. 138. (a) On and after January 1, 1988, a microbrewery license shall allow:

(1) The manufacture of not less than 100 nor more than 5,000 barrels of domestic beer during the license year and the storage thereof;

(2) the sale to beer distributors of beer manufactured by the licensee;

(3) the sale, on the licensed premises in the original unopened container to consumers for consumption off the licensed premises, of beer manufactured by the licensee;

(4) the serving on the premises of samples of beer manufactured by the licensee, if the premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments; and

(5) if the licensee is also licensed as a club or drinking establishment, the sale of domestic beer and other alcoholic liquor for consumption on the licensed premises as authorized by the club and drinking establishment act.

(b) Not less than 50% of the products utilized in the manufacture of domestic beer by a microbrewery shall be grown in Kansas except when a greater proportion of products grown outside this state is authorized by the director based upon findings that such products are not available in this state. The label of each container of domestic beer shall clearly set forth the proportion of the products utilized in the manufacture of the beer which was from agricultural products grown in Kansas.

(c) A microbrewery may sell domestic beer in the original unopened container to consumers for consumption off the licensed premises at any time when a retailer is authorized to sell alcoholic liquor at retail. If authorized by subsection (a), a microbrewery may serve samples of domestic beer and serve and sell domestic beer and other alcoholic liquor for consumption on the licensed premises at any time when a club or drinking establishment is authorized to serve and sell alcoholic liquor.

(d) A microbrewery license shall apply only to the premises described in the application and in the license issued and only one location shall be described in the license.

(e) No microbrewery shall:

(1) Employ any person under the age of 18 years in connection with the manufacture, sale or serving of any alcoholic liquor;

(2) permit any employee of the licensee who is under the age of 21 years to work on the licensed premises at any time when not under the on-premise supervision of either the licensee or an employee of the licensee who is 21 years of age or over;

(3) employ any person under 21 years of age in connection with mixing or dispensing alcoholic liquor; or

(4) employ any person in connection with the manufacture or sale of alcoholic liquor if the person has been convicted of a felony.

(f) Whenever a microbrewery licensee is convicted of a violation of the Kansas liquor control act, the director may revoke the licensee's license and all fees paid for the license in accordance with the Kansas administrative procedure act.

New Sec. 139. Sections 124 through 138 shall be part of and supplemental to the Kansas liquor control act.

Sec. 140. On and after January 1, 1988, K.S.A. 79-3833 is hereby amended to read as follows: 79-3833. It shall be unlawful:

(a) For any person to prevent the director or any officer or agent authorized by law from making a full inspection for the purposes of this act of any place of business where cereal malt beverages or malt products are sold or offered for sale.

(b) For any wholesaler or distributor, or his or her agents or employees thereof, to fail to produce on demand of said the director or any officer or agent authorized by law, all invoices herein required of all cereal malt beverages and malt products bought and sold by him or her or received in his or her such wholesaler or distributor or received at the wholesaler's or distributor's place of business, or any other record herein required to be kept.

(c) For any person knowingly to make, use or present or exhibit to said director or any officer or agent authorized by law any invoices of cereal malt beverages or malt products which bear an untrue date or falsely state the nature or quantity of the goods therein invoiced.

(d) For any wholesaler, distributor or retailer to fail or refuse to keep and preserve for the time and in the manner required by this act all records required by this act to be kept and preserved.

(e) For any person to fail or refuse to make any reports required by this act to be made to the director.

(f) For any retailer to have in his or her the retailer's possession, more than ~~twenty-four~~ 24 hours after the receipt thereof, any of the articles herein taxed which do not have affixed thereto the crown or stamps required by this act or for any wholesaler, distributor, or retailer to sell, deliver, or otherwise dispose of in this state any cereal malt beverage or malt product on the container of which the crown or stamp evidencing the payment of the tax herein imposed has not been affixed in conformity with the provisions of this act.

(g) For any person to make a false or fraudulent return or to evade or attempt to evade the payment of tax imposed pursuant to K.S.A. 79-3418 and amendments thereto.

(h) For any brewer or group of brewers to sell, deliver or distribute malt products in this state except to a beer distributor licensed under the liquor control act.

Sec. 141. On and after January 1, 1988, K.S.A. 41-308a is hereby amended to read as follows: 41-308a. (a) A farm winery license shall allow the manufacture, storage and sale of domestic table wine. The license shall allow sales: (1) On the licensed premises of the winery, in the original unopened container, to consumers for consumption off the licensed premises; (2) to licensed distributors; (3) to licensed retailers; and (4) to licensed nonbeverage users:

(1) The manufacture of domestic table wine and the storage thereof;

(2) the sale to wine distributors of wine manufactured by the licensee;

(3) the sale, on the licensed premises in the original unopened container to consumers for consumption off the licensed premises, of wine manufactured by the licensee;

(4) the serving on the premises of samples of wine manufactured by the licensee, if the premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments; and

(5) if the licensee is also licensed as a club or drinking establishment, the sale of domestic wine and other alcoholic liquor for consumption on the licensed premises as authorized by the club and drinking establishment act.

(b) Not less than 60% of the products utilized in the manufacture of domestic table wine by a farm winery shall be grown in Kansas except when a greater proportion is authorized by the director based upon findings that such products are not available in this state. A winery shall affix to each container of domestic table wine to be offered for sale a separate label clearly setting forth the proportion of the products utilized in the manufacture of the wine which was from agricultural products grown in Kansas.

(c) A farm winery having a capacity of 50,000 gallons per year or more, which sells wine to any distributor shall be required to comply with all provisions of article 4 of chapter 41 of the Kansas Statutes Annotated and of K.S.A. 41-701 through 41-705 and 41-709, and amendments thereto, in the same manner and subject to the same penalties as a manufacturer.

(d) A farm winery may sell wine to consumers on Monday through Saturday between 6:00 a.m. and midnight and on Sunday between noon and 6:00 p.m. domestic wine in the original unopened container to consumers for consumption off the licensed premises at any time when a retailer is authorized to sell alcoholic liquor at retail. If authorized by subsection (a), a farm winery may serve samples of domestic wine and serve and sell domestic wine and other alcoholic liquor for consumption on the licensed premises at any time when a club or drinking establishment is authorized to serve and sell alcoholic liquor.

(e) A farm winery license shall apply only to the premises described in the application and in the license issued and only one location shall be described in the license.

(f) No farm winery shall employ any person in connection with the manufacture or sale of wine if the person: (1) is less than 21 years of age; or (2) has been convicted of a felony:

(1) Employ any person under the age of 18 years in connection with the manufacture, sale or serving of any alcoholic liquor;

(2) permit any employee of the licensee who is under the age of 21 years to work on the licensed premises at any time when not under the on-premise supervision of either the licensee or an employee of the licensee who is 21 years of age or over;

(3) employ any person under 21 years of age in connection with mixing or dispensing alcoholic liquor; or

(4) employ any person in connection with the manufacture or sale of alcoholic liquor if the person has been convicted of a felony.

(g) Whenever a farm winery licensee is convicted of a violation of the Kansas liquor control act, the director may revoke the licensee's license and all fees paid for the license, after a hearing before the director for that purpose.

(h) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 142. On and after January 1, 1988, K.S.A. 79-3819 is hereby amended to read as follows: 79-3819. Any wholesaler or distributor who imports any cereal malt beverages or malt products shall pay the tax imposed by this act and affix the stamps as provided herein upon such beverages or malt products before the same shall be sold or offered for sale or distribution by gift or sale within the state of Kansas, and in no event shall such tax be paid by the manufacturer unless the cereal malt beverages or malt products are manufactured in this state.

New Sec. 143. If any provisions of this act or the application thereof to any person or circumstances is held invalid the invalidity does not affect other provisions or applications of this act which can be given effect without the invalid provisions or application and to this end the provisions of this act are severable.

Sec. 144. K.S.A. 41-102, 41-103, 41-104, 41-311, 41-403, 41-408, 41-506, 41-719, 41-727, 41-803, 41-2601, 41-2602, 41-2603,

41-2605, 41-2606, 41-2608 through 41-2615, 41-2619 through 41-2630, 41-2632, 41-2633, 41-2633a, 41-2637, 41-2640, 41-2702, 41-2703, 41-2704, 41-2706, 41-2708, 41-2721, 41-2723, 41-2724, 41-2801 through 41-2804, 79-41a02, 79-41a06, 79-41a07 and 79-41a08 and K.S.A. 1986 Supp. 79-3603, 79-41a01, 79-41a03 and 79-41a04 are hereby repealed.

Sec. 145. On and after July 1, 1987, K.S.A. 41-203 through 41-207, 41-210, 41-306, 41-307, 41-308, 41-310, 41-321, 41-322, 41-323, 41-328, 41-409, 41-410, 41-701, 41-702, 41-703, 41-1101, 41-2634 and 79-4101 through 79-4104 are hereby repealed.

Sec. 146. On and after January 1, 1988, K.S.A. 41-304, 41-305, 41-308a, 41-312, 41-313, 41-316, 41-317, 41-319, 41-320, 41-401, 41-402, 41-501, 41-601, 41-602, 41-709, 41-710, 41-714, 41-717, 41-718, 41-901, 41-2701, 41-2705, 41-2707, 41-2713, 41-2718, 79-3819 and 79-3833 and K.S.A. 41-102, as amended by section 1 of this act, 41-306, as amended by section 13 of this act, 41-307, as amended by section 16 of this act, 41-310, as amended by section 19 of this act, 41-311, as amended by section 21 of this act, 41-409, as amended by section 37 of this act, 41-410, as amended by section 39 of this act, 41-701, as amended by section 45 of this act, 41-1101, as amended by section 58 of this act, 41-2723, as amended by section 106 of this act, 41-2724, as amended by section 107 of this act, 79-4101, as amended by section 109 of this act, 79-4102, as amended by section 111 of this act, 79-4103, as amended by section 113 of this act, and 79-4104, as amended by section 115 of this act, are hereby repealed.

Sec. 147. 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 18, 1987.

SENATE adopted Conference Committee report April 8, 1987.
ROBERT V. TALKINGTON
President of the Senate.
LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended March 20, 1987.

HOUSE adopted Conference Committee report April 7, 1987.
JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

APPROVED April 15, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

I, BILL GRAVES, 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 15th day of April, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, April 30, 1987.)

HOUSE BILL No. 2582

AN ACT relating to certain public corporations; concerning certain personnel and financial matters of Kansas, Inc. and Kansas technology enterprise corporation; amending K.S.A. 1986 Supp. 74-8005 and 74-8105 and repealing the existing sections.

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

New Section 1. K.S.A. 1986 Supp. 74-8001 through 74-8011 and sections 1, 2 and 3 and any amendments thereto shall be known and may be cited as the Kansas, Inc. act.

New Sec. 2. (a) The president and all other employees of Kansas, Inc. shall be considered to be state employees and Kansas, Inc. shall be considered to be a state agency for purposes of the laws and procedures governing the payroll accounting system for state agencies under K.S.A. 75-5501 *et seq.*, the deferred compensation plan developed and approved for state employees under K.S.A. 75-5521 through 75-5529 and amendments thereto, the Kansas public employees retirement system, the employment security law, the workmen's compensation act, including the state workmen's compensation self-insurance fund as provided in K.S.A. 44-575 through 44-580 and amendments thereto, the state health care benefits program and remittances pursuant to the federal social security act, federal insurance compensation act and the federal internal revenue code. The president and all other employees of Kansas, Inc. shall be considered to be state employees and Kansas, Inc. shall be considered to be a state agency only for the purposes specified in this subsection.

(b) Except as provided in subsection (b) of K.S.A. 1986 Supp. 74-8003 and amendments thereto for members of Kansas, Inc., the provisions of article 32 of chapter 75 of the Kansas Statutes Annotated, any acts amendatory thereof or supplemental thereto, and any rules and regulations adopted thereunder, shall not apply to officers or employees of Kansas, Inc. Subject to policies established by Kansas, Inc., the president of Kansas, Inc. or the president's designee shall be authorized to approve all travel and travel expenses of such officers and employees.

(c) Nothing in this act or the act of which it is amendatory shall be construed as placing any officer or employee of Kansas, Inc. in the classified service or unclassified service under the Kansas civil service act.

New Sec. 3. (a) All state appropriations to or grants of state appropriations to Kansas, Inc. shall remain in the state treasury until expended or transferred to other state agencies pursuant to the Kansas, Inc. act.

(b) Except as provided in subsection (a), all moneys received by Kansas, Inc. from gifts, donations, grants or any other source outside the state treasury may be placed in the state treasury or may be maintained in interest-bearing accounts in Kansas banks or Kansas savings and loan associations until expended or otherwise disposed of pursuant to the Kansas, Inc. act.

New Sec. 4. K.S.A. 1986 Supp. 74-5050, 74-8101 through 74-8112 and sections 4, 5 and 6 and amendments thereto shall be known and may be cited as the Kansas technology enterprise corporation act.

New Sec. 5. (a) The president and all other employees of the Kansas technology enterprise corporation shall be considered to be state employees and the Kansas technology enterprise corporation shall be considered to be a state agency for purposes of the laws and procedures governing the payroll accounting system for state agencies under K.S.A. 75-5501 *et seq.*, the deferred compensation plan developed and approved for state employees under K.S.A. 75-5521 through 75-5529 and amendments thereto, the Kansas public employees retirement system, the employment security law, the workmen's compensation act, including the state workmen's compensation self-insurance fund as provided in K.S.A. 44-575 through 44-580 and amendments thereto, the state health care benefits program and remittances pursuant to the federal social security act, federal insurance compensation act and the federal internal revenue code. The president and all other employees of the Kansas technology enterprise corporation

shall be considered to be state employees and the corporation shall be considered to be a state agency only for the purposes specified in this subsection.

(b) Except as provided in subsection (h) of K.S.A. 1986 Supp. 74-8101 and amendments thereto for members of the board of directors of the Kansas technology enterprise corporation, the provisions of article 32 of chapter 75 of the Kansas Statutes Annotated, any acts amendatory thereof or supplemental thereto, and any rules and regulations adopted thereunder, shall not apply to officers or employees of Kansas technology enterprise corporation. Subject to policies established by the board of directors, the president of the corporation or the president's designee shall be authorized to approve all travel and travel expenses of such officers and employees.

(c) Nothing in this act or the act of which it is amendatory shall be construed as placing any officer or employee of the Kansas technology enterprise corporation in the classified service or the unclassified service under the Kansas civil service act.

New Sec. 6. (a) All state appropriations to or grants of state appropriations to the Kansas technology enterprise corporation shall remain in the state treasury until expended, loaned, transferred to other state agencies or invested pursuant to the Kansas technology enterprise corporation act.

(b) Except as provided in subsection (a), any matching funds or other moneys received by the corporation from any source outside the state treasury may be placed in the state treasury or may be maintained in interest-bearing accounts in Kansas banks or Kansas savings and loan associations, or invested pursuant to subsection (b)(3) of K.S.A. 1986 Supp. 74-8109 and amendments thereto. Any accounts so maintained shall bear a designation of one of the fund titles established in the Kansas technology enterprise corporation act.

Sec. 7. K.S.A. 1986 Supp. 74-8005 is hereby amended to read as follows: 74-8005. (a) Kansas, Inc. shall hire a person to serve as its chief executive officer and president. Kansas, Inc. shall conduct a national search and select a corporation president who meets a national standard of experience, ability and initiative for similar positions. *Kansas, Inc. may negotiate and enter into an employment agreement with the individual selected as corporation president which may provide for such compensation and such provisions for allowances, benefits and expenses as may be included in such agreement. Kansas, Inc. is authorized to make all payments and payroll deductions as may be required under such agreement.*

(b) The president shall direct and supervise the general management of the corporation and a small core staff of analysts.

(b) The president:

(1) May employ and terminate such other employees as designated by the members of Kansas, Inc.;

(2) shall attend board meetings;

(3) shall keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with Kansas, Inc.; and

(4) as a first priority, shall prepare a business plan which shall be approved by the members of Kansas, Inc. and be submitted for review and comment to the ~~legislative economic development commission~~ *legislative standing committees on economic development or the joint committee on economic development.*

(c) Kansas, Inc. is hereby authorized to negotiate and enter into contracts for professional consulting and research services and in collaboration with the department of commerce.

(d) Kansas, Inc. is authorized to accept gifts, donations and grants.

(e) *Kansas, Inc. is not subject to state purchasing laws.*

Sec. 8. K.S.A. 1986 Supp. 74-8105 is hereby amended to read as follows: 74-8105. (a) The president shall be the chief executive officer of the corporation and shall serve at the pleasure of the board. The president's salary shall be set by the board of directors. *The board of directors may negotiate and enter into an employment agreement with the individual selected as pres-*

ident of the corporation which may provide for such compensation and such provisions for allowances, benefits and expenses as may be included in such agreement. The board of directors is authorized to make all payments and payroll deductions as may be required under such agreement. The president shall direct and supervise administrative affairs and the general management of the corporation.

(b) The president:

(1) May employ and terminate such other officers and employees as designated by the board of directors;

(2) shall attend board meetings;

(3) shall appoint a secretary to keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with the corporation and of the minute book of the corporation; and

(4) before accepting any applications as provided for under this act, shall prepare a business plan which shall include the corporate analysis of funding levels of programs in other states that are shown in the report required in subsection (b) of K.S.A. 1986 Supp. 74-8111; and amendments thereto and the threshold funding levels specified in subsection (c) of K.S.A. 1986 Supp. 74-8111 and amendments thereto. Upon approval of the business plan by the corporation board, the plan shall be presented to the standing or joint legislative committees on economic development for review and evaluation.

Sec. 9. K.S.A. 1986 Supp. 74-8005 and 74-8105 are hereby repealed.

Sec. 10. 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 8, 1987.

JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE April 10, 1987.

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

APPROVED April 23, 1987.

MIKE HAYDEN
Governor.

STATE OF KANSAS
Office of Secretary of State

I, BILL GRAVES, 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 23rd day of April, 1987.

BILL GRAVES
Secretary of State.

(SEAL)

Kansas Register binders. . . \$14.00 each includes shipping and handling.

CLIP AND MAIL

Dear Secretary Brier: Please send _____ Kansas Register binders.
(Quantity)

Price: \$14.00 each, includes shipping and handling.

AMOUNT ENCLOSED \$ _____

SHIP TO:

Shipping is by
U.P.S. Delivery Service;
STREET ADDRESS
IS NECESSARY.

Mail order, WITH PAYMENT, to: Kansas Register; Secretary of State; State Capitol; Topeka, KS 66612.

KANSAS REGISTER
Secretary of State
State Capitol
Topeka, Kansas 66612-1594

Second Class
postage paid
at
Topeka, Kansas

**Use this form (or a copy of it) to enter a
SUBSCRIPTION**

_____ One-year subscriptions @ \$47.50 ea.

TOTAL ENCLOSED _____
(Make checks payable to Kansas Register)

SEND TO: _____
(Please, no
more than
4 address
lines.) _____

Zip code must be included

THIS SPACE FOR REGISTER OFFICE
USE ONLY, PLEASE

CODE _____ REC. NO. _____

EXPIRES _____ ENTERED BY _____

Mail order, WITH PAYMENT, to: Kansas Register; Secretary of State; State Capitol; Topeka, KS 66612-1594.

**Use this form (or a copy of it) for
CHANGE OF ADDRESS**

Remove your mailing label (above) and affix it here:

Indicate change or correction of name or address
here:

MAIL TO: Kansas Register, Secretary of State, State Capitol, Topeka, KS 66612-1594