

KANSAS REGISTER

State of Kansas

BILL GRAVES
Secretary of State

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Phone: (913) 296-3489

State of Kansas

**DEPARTMENT OF ADMINISTRATION
EMPLOYEE AWARD BOARD****NOTICE OF MEETING**

The Employee Award Board will meet at 1:30 p.m. Friday, May 29, in the Division of Personnel Services, Room 951-S, Landon State Office Building, 900 S.W. Jackson, Topeka.

DEBRA L. MILLER
Chairperson

Doc. No. 005450

State of Kansas

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

Two new federal grants will make monies available to Kansas for use in setting up programs to serve handicapped infants and toddlers and handicapped children ages 3-5.

A public meeting to seek input on the grant proposals will be conducted from 7-9 p.m. Thursday, June 4, in the City Hall board room, 455 N. Main, Wichita.

The grant proposals, written on behalf of the Coordinating Council on Early Childhood Developmental Services, are the outgrowth of several years' work by local and state officials from Social and Rehabilitation Services, the Department of Education, the Department of Health and Environment, the Department of Administration and the State Board of Regents, a public and parent member.

The Coordinating Council on Early Childhood Developmental Services was established by statute in 1985 and was 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 second of three scheduled across the state before the grants are due in December. The first meeting was held May 5 in Hays. The third meeting will be held from 7-9 p.m. Tuesday, June 9, at the Topeka Association for Retarded Citizens, 17th and Randolph, Topeka.

Copies of the proposals will be available at the public hearings. Written comments will be accepted by those unable to attend. Requests for copies of the grant proposals 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.

MARLA J. MACK
Chair

Doc. No. 005458

State of Kansas

BOARD OF ACCOUNTANCY**NOTICE OF MEETING
AND HEARING**

The Board of Accountancy will conduct a regularly scheduled meeting at 9 a.m. Tuesday, June 9, in Suite 907 of the Landon State Office Building, 900 S.W. Jackson, Topeka.

Additionally, the board will conduct an administrative hearing beginning at 9:30 a.m. at the same location for Grant M. Furnas, Jr., relative to marketing of CPA services.

Persons interested in agenda items or in making any presentations at either the meeting or the administrative hearing should contact the board secretary at the address above.

GLEENDA SHERMAN
Board Secretary

Doc. No. 005455

State of Kansas

DEPARTMENT OF REVENUE**REQUEST FOR BIDS
FOR AN OIL AND GAS LEASE**

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

That portion of the Arkansas River as it meanders thru Section 20, Township 21 South, Range 9 West, Rice County, Kansas; containing 45.10 acres, more or less.

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

Bids should be submitted upon forms obtained from the Director of Taxation, 3rd Floor, Docking State Office Building, Sand and Oil Lease Section, Topeka 66612-1588.

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

Bids will be opened at the office of the Director of Taxation at 2 p.m. June 29. The Director of Taxation reserves the right to reject any and all bids and to readvertise.

CAROL B. BONEBRAKE
Director of Taxation

Doc. No. 005452

State of Kansas

DEPARTMENT OF HUMAN RESOURCES**NOTICE OF MAXIMUM AND
MINIMUM WEEKLY UNEMPLOYMENT
BENEFITS AMOUNTS**

The maximum and minimum weekly unemployment benefits payable with respect to claims filed on or after July 1, 1987 and before July 1, 1988 are respectively \$204 and \$51.

I certify that these maximum and minimum weekly benefit amounts have been computed in accordance with K.S.A. 44-704, pursuant to which section this announcement is published.

DENNIS R. TAYLOR
Secretary of Human Resources

Doc. No. 005457

State of Kansas

**DEPARTMENT OF ADMINISTRATION
DIVISION OF ARCHITECTURAL SERVICES****NOTICE OF COMMENCEMENT
OF NEGOTIATIONS
FOR TECHNICAL SERVICES**

Notice is hereby given of the commencement of negotiations for a contract for an infrared scan and a grounding system test for the installation of emergency generators at the Kansas State Industrial Reformatory, Hutchinson.

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

The grounding system work must be performed by a company regularly engaged in this type of electrical system testing and will require a report of the test results along with a course of action to correct any problems found.

Questions or expressions of interest should be directed to Myron Reed, Division of Architectural Services, 625 Polk, Topeka 66603, (913) 233-9367, by June 12, 1987.

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

Doc. No. 005421

State of Kansas

**STATE BANK COMMISSIONER
STATE BANKING BOARD****NOTICE OF MEETING**

The State Banking Board will meet at 10 a.m. Monday, June 22, 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. 005426

State of Kansas

**SOCIAL AND REHABILITATION SERVICES
HOME AND COMMUNITY BASED SERVICES
ADVISORY COMMITTEE****NOTICE OF MEETING**

The Home and Community Based Services Advisory Committee will meet at 10 a.m. Wednesday, June 10, at the SRS Staff Development Training Center, Feldman Building, State Complex West, 2700 W. 6th, Topeka.

JANET SCHALANSKY
Acting Commissioner of
Adult Services

Doc. No. 005420

State of Kansas

**SOCIAL AND REHABILITATION SERVICES
KANSAS COMMISSION FOR THE
DEAF AND HEARING IMPAIRED****NOTICE OF MEETING**

The Kansas Commission for the Deaf and Hearing Impaired will meet at 10 a.m. Saturday, June 6, at the Kansas Vocational Rehabilitation Center in the main building's south classroom at 3140 Centennial Road, Salina. The public is invited to attend. Sign language and voice interpreting will be provided.

For additional information, contact the Kansas Commission for the Deaf and Hearing Impaired, 2700 W. 6th, Biddle Bldg., 1st Floor, Topeka 66606, (913) 296-2874 (Voice or TDD).

ROBERT C. HARDER
Secretary of Social and
Rehabilitation Services

Doc. No. 005447

State of Kansas

**DEPARTMENT OF ADMINISTRATION
STATE EMPLOYEES
HEALTH CARE COMMISSION**

NOTICE OF MEETING

The Kansas State Employees Health Care Commission will meet at 4 p.m. Thursday, June 4, in Room 220-S, State Capitol, Topeka.

H. EDWARD FLENTJE
Chairman

Doc. No. 005451

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, JUNE 8, 1987

#27645

Kansas State University—LABORATORY
EQUIPMENT MAINTENANCE SERVICE
#68539-B

Department of Transportation—PLANT MIX, Linn
County

#69295

Department of Social and Rehabilitation
Services—VIDEO EQUIPMENT

#69297

University of Kansas—LOUNGE FURNITURE

#69304

University of Kansas—CHINA

#69306

Department of Social and Rehabilitation
Services—FURNISH AND INSTALL WALL PANELS

#69409

University of Kansas Medical Center—FURNISH
AND INSTALL TELEPHONE KEY SYSTEMS

TUESDAY, JUNE 9, 1987

#A-0000 PR 748

University of Kansas—PROVIDE ASPHALT
PAVING OPERATIONS, Jayhawk Blvd.

#26214

Kansas Fish and Game Commission—NOXIOUS
WEED CONTROL, Glen Elder Wildlife Area

#27165

University of Kansas Medical Center—HUMAN
SERUM ALBUMIN

#69305

University of Kansas—GYM EQUIPMENT

#69319

Norton State Hospital—HOME FURNITURE

WEDNESDAY, JUNE 10, 1987

#A-5603(c)

University of Kansas—REROOF CHILD
RESEARCH LAB FACILITY, Residential
Construction Building

#A-5743

Kansas State University—RECONSTRUCTION OF
PARKING LOT B-7

#A-5743(a)

Kansas State University—PARKING LOT R-110
IMPROVEMENTS

#69324

Kansas State University—SOYBEAN MEAL

#69325

Larned State Hospital—CHEMISTRY ANALYZER

#69338

Larned State Hospital—MAILING EQUIPMENT

#69347

University of Kansas, Kansas State University,
Larned State Hospital and University of Kansas
Medical Center—LASER PRINTERS

#69348

Kansas State University—PRINTER
SWITCH/PLOTTER/PRINTER

#69349

Board of Agriculture—DISK DRIVE

#69354

Kansas State University—MICROCOMPUTER,
Colby

THURSDAY, JUNE 11, 1987

#27646

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

#69323

Department of Social and Rehabilitation
Services—MOVING SERVICES

#69356

Youth Center at Atchison—DORM FURNITURE

#69357

Kansas Technical Institute and Kansas State
University—OZONE GENERATOR AND AIR
DRYER/CO₂ SCRUBBER

#69360

University of Kansas—MICROCOMPUTER—
APPLE COMPATIBLE

#69361

Kansas State University—PROMOTIONAL
BALLOONS AND MAGNETS

#69362

University of Kansas Medical Center—PRINTER,
MICROCOMPUTER

#69363

Kansas State University—
PLOTTER/SOFTWARE/PRINTER/MICROCOMPUTER

#69379

Kansas State University—WATER REELS

#69380

Department of Health and Environment; University
of Kansas Medical Center, Youth Center at Topeka;
Larned State Hospital; and Kansas State
University—MICROCOMPUTER PRINTERS AND
PLOTTERS

#69381

Adjutant General's Department—CONCRETE
ACCESS APRON, Dodge City

#69383

Larned State Hospital—JANITORIAL SUPPLIES

#69384

Norton State Hospital—KITCHEN EQUIPMENT

#69393

Pittsburg State University—INSTALLATION OF
COMMERCIAL CABLE

(continued)

#69394

University of Kansas Medical Center—
CALORIMETER

WEDNESDAY, JUNE 17, 1987

#69392

State Corporation Commission—RECLAMATION
ON FUEL DYNAMICS INC., Cherokee County

THURSDAY, JUNE 18, 1987

#A-5587

Larned State Hospital—TUNNEL REPLACEMENT,
Cafeteria to Capper, Gheel Building to Cafeteria

FRIDAY, JUNE 26, 1987

#27167

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

MONDAY, JUNE 29, 1987

#68744-A

Kansas State University—WHEAT

NICHOLAS B. ROACH
Director of Purchases

Doc. No. 005448

State of Kansas

SOCIAL AND REHABILITATION SERVICES STATE ECONOMIC OPPORTUNITY OFFICE

REQUEST FOR APPLICATIONS FOR WEATHERIZATION ASSISTANCE PROGRAM SUBGRANTEE

In accordance with the Department of Energy regulations dated January 27, 1984, Part VI, Section 440.15, the State Economic Opportunity Office, a section of Adult Services within the Department of Social and Rehabilitation Services, is accepting applications from public or private nonprofit organizations until June 12 for the purpose of identifying a Weatherization Assistance Program subgrantee to operate the program encompassing a 12-county area including: Rush, Barton, Pawnee, Stafford, Edwards, Kiowa, Pratt, Comanche, Barber, Kingman, Harper and Sumner. The Weatherization Assistance Program provides weatherization services at no cost to eligible low income, elderly, and handicapped persons.

Written requests for applications should be sent no later than June 1 to the State Economic Opportunity Office, 100 N.E., Biddle Building, 2700 S.W. 6th, Topeka 66606.

LOIS A. MARTIN
Administrator

Doc. No. 005378

State of Kansas

LEGISLATURE

INTERIM AGENDA

The Legislative Post Audit Committee will meet at 10 a.m. Tuesday, June 2, in Room 123-S, State Capitol, Topeka. Legislative matters will be discussed.

WILLIAM R. BACHMAN
Director of Legislative
Administrative Services

Doc. No. 005456

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. June 18, 1987, and then publicly opened:

DISTRICT ONE—Northeast

Douglas—23 C-2281-01—County road, 3.0 miles east of Lawrence at old K-10, then south, 4.0 miles, surfacing. (Federal Funds)

Jefferson—4-44 K-3025-02—K-4, Delaware River bridge 20 at Valley Falls, bridge repair. (Federal Funds)

Jefferson—4-44 X-1299-02—Atchison, Topeka and Santa Fe Railway crossing of K-4 southwest of Valley Falls, grading and surfacing. (Federal Funds)

Jefferson—44 C-2276-01—County road, Lecompton Road east of Perry, then north to U.S. 24, 0.5 mile, grading and surfacing. (Federal Funds)

Johnson—46 U-0987-01—Intersection at U.S. 56, 55th and Buena Vista Avenue in Overland Park, 0.1 mile, grading and surfacing. (Federal Funds)

Johnson—46 U-1031-01—71st and Quivira Road in Shawnee, intersection improvement. (Federal Funds)

Marshall—77-58 K-2087-01—U.S. 77, Big Blue River bridge 13, 6.2 miles east of the west junction of K-9, bridge painting. (State Funds)

Marshall—77-58 M-1414-01—U.S. 77, Big Blue River bridge 13, 6.2 miles east to the west junction of K-9, bridge repair. (State Funds)

Osage—35-70 M-1480-01—I-35, Coffey-Osage county line to Osage-Franklin county line, 11.5 miles, patching. (State Funds)

DISTRICT TWO—Northcentral

Dickinson—15-21 M-1490-01—K-15, Chapman Creek drainage bridge 61, 2.4 miles north of K-18, 0.1 mile, bridge overlay. (State Funds)

Ellsworth—141-27 M-1491-01—K-141, 2.2 miles across the Kanapolis dam, shoulders. (State Funds)

Jewell—28-45 K-2893-01—K-28, Columbus to Custer/Lincoln to east city limits of Jewell, 0.4 mile, curb and gutter repair. (State Funds)

McPherson—56-59 K-0574-01—U.S. 56, 0.5 mile east of I-135 east to McPherson-Marion county line,

13.1 miles, grading, surfacing and bridge. (Federal Funds)

McPherson—86-59 K-0577-01—K-86, junction of U.S. 56 and K-86 north to the south city limits of Canton, 0.3 mile, overlay and widening. (Federal Funds)

Republic—79 C-2307-01—County road, 3.0 miles north and 1.7 miles east of Agenda, then east, 0.1 mile, grading. (Federal Funds)

Republic—79 C-2308-01—County road, 3.0 miles north and 1.2 miles east of Agenda, then east, 0.1 mile, grading. (Federal Funds)

Saline—4-85 M-1489-01—K-4, concrete pavement in Gypsum, 0.4 mile, patching. (State Funds)

Washington—15E-101 M-1459-01—K-15E, 3.4 miles north of the junction of K-15E and K-243, 0.1 mile, culvert. (State Funds)

DISTRICT THREE—Northwest

Ellis—26 C-2018-01—County road, Washington Street in Ellis, 0.1 mile, bridge replacement. (Federal Funds)

Norton—283-69 K-2896-01—U.S. 283 from Burlington Northern Railroad north to old Rock Island Railroad at Norton, 0.3 mile, grading and surfacing. (State Funds)

Norton—69 U-1055-01—West Washington Street at Robinson Creek in Norton, 0.1 mile, grading, surfacing and bridge. (Federal Funds)

Trego—98 C-2088-01—County Road, 7.0 miles west and 14.5 miles south of WaKeeney, then south, 0.2 mile, bridge replacement. (Federal Funds)

DISTRICT FOUR—Southeast

Anderson—2 C-2451-01—County road, 1.0 mile east of Harris, then north, 0.1 mile, bridge replacement. (Federal Funds)

Chautauqua—166-10 K-0171-02—U.S. 166, Middle Caney Creek 10, 0.4 mile south of the south city limits of Sedan, 0.2 mile, bridge replacement. (Federal Funds)

Cherokee—11 U-1069-01—8th Street and Grant Avenue in Baxter Springs, 0.1 mile, bridge replacement. (Federal Funds)

Coffey—75-16 M-1479-01—U.S. 75, 2.6 miles north of New Strawn north to the junction of I-35, 8.7 miles, shoulder. (State Funds)

Franklin—35-30 M-1481-01—I-35, Osage-Franklin county line northeast to U.S. 59, 15.1 miles, patching. (State Funds)

Montgomery—75-63 X-1300-02—Atchison, Topeka and Santa Fe Railway crossing of U.S. 75 southwest of Independence, grading and surfacing. (Federal Funds)

Montgomery—169-63 K-1797-01—U.S. 169, state line to the south city limits of Coffeyville, 0.6 mile, grading, surfacing and bridge. (Federal Funds)

Woodson—104 C-1828-01—County road, 2.2 miles north and 4.8 miles east of Yates Center, then east, 0.2 mile, bridge replacement. (Federal Funds)

DISTRICT FIVE—Southcentral

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

Kiowa—183-49 X-1306-02—St. Louis Southwestern Railway crossing of U.S. 183 west of Greensburg, grading and surfacing. (Federal Funds)

Sedgwick—87 U-1045-01—Oliver at East Fork Chisholm Creek in Wichita, 0.2 mile, bridge replacement. (Federal Funds)

Sumner—96 C-2510-01—County road, 4.5 miles west and 1.0 mile south of South Haven, then south, 0.1 mile, bridge replacement. (Federal Funds)

DISTRICT SIX—Southwest

Finney—50B-28 K-2901-01—North intersection of U.S. 50B and U.S. 83B in Garden City, 0.1 mile, pavement reconstruction. (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 projects may be examined at the offices 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. 005401

State of Kansas

**DEPARTMENT OF REVENUE
DIVISION OF ALCOHOLIC
BEVERAGE CONTROL**

**NOTICE OF HEARING
ON PROPOSED
ADMINISTRATIVE REGULATIONS**

A public hearing will be at 9 a.m. Wednesday, June 17, at the Alcoholic Beverage Control office, Jayhawk Tower, 700 Jackson, Topeka, to consider the adoption of proposed changes in existing rules and regulations and proposed new rules and regulations of the Alcoholic Beverage Control Division implementing House Substitute for Substitute for Senate Bill No. 141 and other changes.

All interested parties may submit written comments prior to the hearing to John A. Lamb, Director, Alcoholic Beverage Control Division, Kansas Department of Revenue, Topeka 66625-1284. All interested parties will be given a reasonable opportunity at the hearing to present their views, orally, in regard to the adoption of the proposed regulations.

Following the hearing, all written and oral comments submitted by interested parties will be considered by the director of the Alcoholic Beverage Control Division and the Alcoholic Beverage Control Board of Review as a basis for making changes to these proposed regulations.

Copies of the proposed regulations and fiscal impact statement may be obtained by contacting the Alcoholic Beverage Control Division, (913) 296-3946.

A summary of the regulations follows:

Article 1.—Definitions

14-1-1. Definitions. Defines the following terms: church, public bonded liquor warehouse, premises, drinking establishment, hotel, club caterer.

Article 2.—Licensees and Vendors

14-2-1. Living quarters connected with licensed premises prohibited. Prohibits licensees from having living quarters opening into their licensed premises; exception for drinking establishments and hotels.

14-2-3. Licensees, eligibility; interest of individual or corporation stockholder in cereal malt beverage license as disqualification. Establishes eligibility criteria for licensing of individuals and corporations based on beneficial interests relating to cereal malt beverages and malt products; amendments change certain restrictions.

14-2-8. Gambling and gaming devices and certain other devices on licensed premises prohibited. Prohibits gambling of any kind or character on the licensed premises; lottery exception.

14-2-19. Licenses not issued to persons beneficially interested in illegal businesses. Prohibits licensing to persons who have a beneficial interest in any illegal business; lottery exception.

14-2-20. Applications of former licensees, or concerning former premises, with outstanding citations;

director may refuse issuance of license. Authorizes the director to refuse issue of a license to any applicant based on violations of other sections of the rules and regulations.

14-2-22. Defective liquor containers. Describes defective liquor containers that may not be knowingly sold by distributors and procedure for repurchasing of same by distributors.

Article 3.—Retailers

14-3-7. Sales and deliveries must be made within licensed premises. Restricts the sale and delivery of alcoholic liquor within the licensed premises of retailer.

14-3-8. Transactions, agreements and deliveries by retailer for sale or resale off licensed premises prohibited. Prohibits the retailer from engaging in the sale or resale of alcoholic liquor away from or off the licensed premises except for deliveries to clubs, drinking establishments and caterers.

14-3-11. Liquor must be stored in licensed premises; exception. Requires storage of alcoholic liquor in the licensed premises unless the director provides written authority for an exception.

14-3-15. Inducements with sale of alcoholic liquor prohibited. Restricts retailer from offering any inducements with the sale of any alcoholic liquor.

14-3-19. Intoxicated persons on licensed premises. Prohibits licensee from allowing an intoxicated person to be upon the licensed premises.

14-3-20. Use of licensed premises for conduct of business of others prohibited; lottery exception.

14-3-22. Certain rebates, agreements and transactions prohibited between retailers and distributors.

14-3-35. Sales to licensed clubs, drinking establishments and caterers; requirements for; reports of sale. Establishes requirements for sales to licensed private clubs; allowing deliveries.

14-3-38. Retailer shall not be employed by a licensed club.

14-3-23, 14-3-24, 14-3-41. Revoked.

**Article 4.—Manufacturers; Distributors;
Nonbeverage Users**

14-4-7. Unlawful discrimination by manufacturers among distributors; sales in bulk; price listings; schedules of minimum prices to retailers; penalties. Establishes criteria for business operations conducted by manufacturers.

14-4-16. Inducements from manufacturers and distributors to retailers prohibited.

14-4-22. Distributors; daily report and state copy of invoices; when to be sent. Specifies requirements for such reports.

Article 5.—Transportation; Carriers; Storage

14-5-1. Alcoholic liquor (except beer) transported into state or federal area only by bonded carriers.

14-5-2. Bonded carriers' permits; application; bond; vehicle certificates; fees. Provides specific requirements.

14-5-3. Bonded carriers' reports of liquor transported; suspension or revocation of permit for failure to make.

14-5-4. Storage of alcoholic liquor in transit in public bonded liquor warehouses; reports of warehouseman.

14-5-6. Required delivery of alcoholic liquor to distributor by bonded common carrier.

Article 7.—Tax; Tax Stamps; Crowns; Lids

14-7-2. Beer, crowns, lids, and labels; stamping of master carton, keg shipments. Establishes identification markings.

14-7-3. Beer, payment of tax, penalty, refund.

14-7-4. Alcoholic liquor other than beer; payment of tax; penalty; bond required; credit.

14-7-8. Beer; manufacturer's contract and bond; reports.

Article 18.—Class A and Class B Clubs

14-18-2, 14-18-3, 14-18-4, 14-18-5, 14-18-6, 14-18-7, 14-18-8, 14-18-9, 14-18-10, 14-18-11, 14-18-12, 14-18-13, 14-18-14, 14-18-15, 14-18-16, 14-18-17, 14-18-18, 14-18-19, 14-18-20, 14-18-21, 14-18-22, 14-18-23, 14-18-25, 14-18-26, 14-18-28, 14-18-29, 14-18-30. Revoked.

Article 19.—Class A Clubs

14-19-14. Definitions. Defines the following terms: nonprofit social club, nonprofit fraternal club, nonprofit war veterans club, member, club manager, licensed premises, alcoholic liquor, cereal malt beverages, director, distribution, beer, spirits, wine, person, retailer, restaurant, beneficial interest, bulk wine, and morals charge.

14-19-15. Applications and renewals; documents required. Describes the procedure and appropriate documents deemed necessary by the director to meet the requirements of law for application for a class A club license.

14-19-16. Requirements for Class A Club License. Describes restrictions pertaining to officers, managers, directors, stockholders, spouses, partners, or owners associated with corporations, partnerships, business trusts or associations operating a class A club.

14-19-17. Issuance of license. Provides the criteria for the director to issue or refuse to issue a license to an applicant.

14-19-18. Licenses, loss or destruction of; application and issuance of duplicate. States procedures for obtaining duplicate license.

14-19-19. Change of club status. Provides requirements for changing status of club license.

14-19-20. Refund upon voluntary cancellation. Establishes eligibility for refund of portion of the annual license fee.

14-19-21. Guests of members; guests of management; reciprocal members; registration. Defines requirements and privileges of guests and reciprocal members of licensed private clubs.

14-19-22. Roster of stockholders, partners, beneficiaries or associates. Requires licensee to maintain such a roster upon the licensed premises.

14-19-23. Agreement for reciprocal membership. Permits two or more class A clubs to establish reciprocity of club membership.

14-19-24. Employees; registration of same; those prohibited. Defines criteria for officers and employees of a club who are involved in the mixing, selling, serving or dispensing of alcoholic liquor.

14-19-25. Purchase of alcoholic liquor and cereal malt beverages; requirements and restrictions thereon. Permits purchase and delivery of alcoholic liquor from a retailer and purchase and delivery of bulk wine, beer and cereal malt beverages from a distributor.

14-19-26. Licensee's responsibility for conduct of business and employees. Makes licensee responsible for any violation of rules and regulations by employees or other persons under contract related to the operation of any club.

14-19-27. Storage of liquor. States requirements of the location of the liquor storage area.

14-19-28. Removal of liquor from club premises prohibited. Prohibits removal of alcoholic liquor purchased on the club premises.

14-19-29. Nontaxed liquor and refilling of containers prohibited. Prohibits refilling original alcoholic liquor containers and states requirements for bottles brought onto the club premises by members or guests.

14-19-30. Cereal malt beverages sale allowed. Establishes requirements for sale of cereal malt beverages.

14-19-31. Minimum prices for drinks; how determined. Prohibits any private club from selling a drink to any person for less than the acquisition cost of that drink and defines acquisition cost.

14-19-32. Clubs charge the same price for the same drink all day; day defined. Prohibits variable prices for the same drink between the opening and closing hours for a single business day.

14-19-33. Licensee must pay city or township license tax before making sales. Requires licensee to pay such taxes before operating club for business.

14-19-34. Federal retail stamp. Requires licensees to purchase federal retail stamp and to display stamp on premises.

14-19-35. Excise tax must be current. Makes class A club subject to suspension, revocation, or fine for delinquent payment of excise taxes or failure to register with director of taxation.

14-19-36. Suspension and revocation; grounds for;

(continued)

procedure. States reasons for suspending or revoking club license.

14-19-37. Public functions upon licensed premises; when allowed; approval of director. Requires written approval of the director for public functions on licensed premises and states specific requirements and restrictions for such functions.

14-19-8, 14-19-9, 14-19-10, 14-19-11, 14-19-12, 14-19-13. Revoked.

Article 20.—Class B Clubs

14-20-14. Definitions. Defines the following terms: member, club manager, licensed premises, alcoholic liquor, cereal malt beverages, director, distribution, beer, spirits, wine, person, retailer, restaurant, beneficial interest, bulk wine, and morals charge.

14-20-15. Applications and renewals; documents required. Describes the procedure and appropriate documents deemed necessary by the director to meet the requirements of law for application for a class B club license.

14-20-16. Requirements for Class B Club License. Describes restrictions pertaining to officers, managers, directors, stockholders, spouses, partners, or owners associated with corporations, partnerships, or other entities operating a class B club.

14-20-17. Issuance of license. Provides the criteria for the director to issue or refuse to issue a license to an applicant.

14-20-18. Licenses, loss or destruction of; application and issuance of duplicate. States procedures for obtaining duplicate license.

14-20-19. Change of club status. Provides requirements for changing status of club license.

14-20-20. Refund upon voluntary cancellation. Establishes eligibility for refund of portion of the annual license fee.

14-20-21. Guests of members; guests of management; reciprocal members; registration. Defines requirements and privileges of guests and reciprocal members of licensed private clubs.

14-20-22. Roster of members. Requires licensee to maintain a roster of members upon the licensed premises.

14-20-23. Agreement for reciprocal membership. Permits two or more class B clubs to establish reciprocity of club membership.

14-20-24. Restaurant clubs; criteria for determination; gross receipts affidavit; estimates. Provides procedure for determining restaurant status based on proportion of food sales to total gross sales.

14-20-25. Temporary memberships; granting, records, and billing. Requires records of temporary memberships granted by clubs to air travelers and registered, nonresident guests of hotels.

14-20-26. Employees; registration of same; those prohibited. Defines criteria for officers and employ-

ees of a club who are involved in the mixing, selling, serving or dispensing of alcoholic liquor.

14-20-27. Purchase of alcoholic liquor and cereal malt beverages; requirements and restrictions thereon. Permits purchase and delivery of alcoholic liquor from a retailer and purchase and delivery of bulk wine, beer and cereal malt beverages from a distributor.

14-20-28. Licensee's responsibility for conduct of business and employees. Makes licensee responsible for any violation of rules and regulations by employees or other persons under contract related to the operation of any club.

14-20-29. Storage of liquor. States requirements of the location of the liquor storage area.

14-20-30. Removal of liquor from club premises prohibited. Prohibits removal of alcoholic liquor purchased on the club premises.

14-20-31. Nontaxed liquor and refilling of containers prohibited. Prohibits refilling original alcoholic liquor containers and states requirements for bottles brought onto the club premises by members or guests.

14-20-32. Cereal malt beverages sale allowed. Establishes requirements for sale of cereal malt beverages.

14-20-33. Minimum prices for drinks; how determined. Prohibits any private club from selling a drink to any person for less than the acquisition cost of that drink and defines acquisition cost.

14-20-34. Clubs charge the same price for the same drink all day; day defined. Prohibits variable prices for the same drink between the opening and closing hours for a single business day.

14-20-35. Licensee must pay city or township license tax before making sales. Requires licensee to pay such taxes before operating club for business.

14-20-36. Federal retail stamp. Requires licensees to purchase federal retail stamp and to display stamp on premises.

14-20-37. Excise tax must be current. Makes class B club subject to suspension, revocation, or fine for delinquent payment of excise taxes or failure to register with director of taxation.

14-20-38. Suspension and revocation; grounds for; procedure. States reasons for suspending or revoking club license.

14-20-39. Public functions upon licensed premises; when allowed; approval of director. Requires written approval of the director for public functions on licensed premises and states specific requirements and restrictions for such functions.

14-20-1, 14-20-2, 14-20-4, 14-20-7, 14-20-8, 14-20-9. Revoked.

Article 21.—Drinking Establishments (new)

14-21-1. Definitions. Defines the following terms: drinking establishment manager, licensed premises, alcoholic liquor, cereal malt beverages, director, dis-

tribution, beer, spirits, wine, person, retailer, beneficial interest, bulk wine, and morals charge.

14-21-2. Applications and renewals; documents required. Describes the procedure and appropriate documents deemed necessary by the director to meet the requirements of law for application for a drinking establishment license.

14-21-3. Requirements for drinking establishment license. Describes restrictions pertaining to officers, managers, directors, stockholders, spouses, partners, trustees, beneficiaries, or owners associated with corporations, partnerships, trusts or other entities operating as a drinking establishment.

14-21-4. Issuance of License. Provides the criteria for the director to issue or refuse to issue a license to an applicant.

14-21-5. Licenses, loss or destruction of; application and issuance of duplicate. States procedures for obtaining duplicate license.

14-21-6. Change of drinking establishment status. Provides requirements for changing status of license.

14-21-7. Refund upon voluntary cancellation. Establishes eligibility for refund of portion of the annual license fee.

14-21-8. Restaurant drinking establishments; criteria for determination; gross receipts affidavit; estimates. Provides procedure for determining restaurant status based on proportion of food sales to total gross sales.

14-21-9. Employees; registration of same; those prohibited. Defines criteria for officers and employees of a club who are involved in the mixing, selling, serving or dispensing of alcoholic liquor.

14-21-10. Purchase of alcoholic liquor and cereal malt beverages; requirements and restrictions thereon. Permits purchase and delivery of alcoholic liquor from a retailer and purchase and delivery of bulk wine, beer and cereal malt beverages from a distributor.

14-21-11. Licensee's responsibility for conduct of business and employees. Makes licensee responsible for any violation of rules and regulations by employees or other persons under contract related to the operation of any drinking establishment.

14-21-12. Storage of liquor. States requirements of the location of the liquor storage area.

14-21-13. Removal of liquor from drinking establishment premises prohibited. Prohibits removal of alcoholic liquor purchased on the drinking establishment premises.

14-21-14. Nontaxed liquor and refilling of containers prohibited. Prohibits refilling original alcoholic liquor containers and states requirements for bottles brought onto the drinking establishment premises by individuals.

14-21-15. Cereal malt beverages sale allowed. Es-

tablishes requirements for sale of cereal malt beverages.

14-21-16. Minimum prices for drinks; how determined. Prohibits any drinking establishment from selling a drink to any person for less than the acquisition cost of that drink and defines acquisition cost.

14-21-17. Drinking establishments charge the same price for the same drink all day; day defined. Prohibits variable prices for the same drink between the opening and closing hours for a single business day.

14-21-18. License must pay city or township license tax before making sales. Requires licensee to pay such taxes before operating drinking establishment for business.

14-21-19. Federal retail stamp. Requires licensees to purchase federal retail stamp and to display stamp on premises.

14-21-20. Excise tax must be current. Makes drinking establishment subject to suspension, revocation, or fine for delinquent payment of excise taxes or failure to register with director of taxation.

14-21-21. Suspension and revocation; grounds for; procedure. States reasons for suspending or revoking drinking establishment license.

14-21-22. Public functions upon licensed premises; when allowed; approval of director. Requires written approval of the director for public functions on licensed premises and states specific requirements and restrictions for such functions.

Article 22.—Caterers (new)

14-22-1. Definitions. Defines the following terms: manager, licensed premises, alcoholic liquor, cereal malt beverages, director, distribution, beer, spirits, wine, person, retailer, beneficial interest, bulk wine, morals charge, event, and sponsor.

14-22-2. Applications and renewals; documents required. Describes the procedure and appropriate documents deemed necessary by the director to meet the requirements of law for application for a caterer's license.

14-22-3. Requirements for caterer's license. Describes restrictions pertaining to officers, managers, directors, stockholders, spouses, partners, or owners associated with corporations, partnerships, or other entities operating as a caterer.

14-22-4. Issuance of license. Provides the criteria for the director to issue or refuse to issue a license to an applicant.

14-22-5. Licenses, loss or destruction of; application and issuance of duplicate. States procedures for obtaining duplicate license.

14-22-6. Events; filings; notice; food sales required. Establishes requirements and advance notification for alcoholic liquor and food catering at locations that are not licensed premises.

14-22-7. Refund upon voluntary cancellation. Es-

(continued)

establishes eligibility for refund of portion of the annual license fee.

14-22-8. Drinking establishment/caterer; criteria for determination; gross receipts affidavit; estimates. Permits a drinking establishment to obtain a license as a caterer and requires separate records of sales and gross receipts pursuant to each license.

14-22-9. Employees; registration of same; those prohibited. Defines criteria for officers and employees of a caterer who are involved in the mixing, selling, serving or dispensing of alcoholic liquor.

14-22-10. Purchase of alcoholic liquor and cereal malt beverages; requirements and restrictions thereon. Permits purchase and delivery of alcoholic liquor from a retailer and purchase and delivery of bulk wine, beer and cereal malt beverages from a distributor.

14-22-11. Licensee's responsibility for conduct of business and employees. Makes licensee responsible for any violation of rules and regulations by employees or other persons under contract related to the operation of any caterer.

14-22-12. Storage of liquor. States requirements of the location of the liquor storage area.

14-22-13. Removal of liquor from caterer's premises prohibited. Prohibits removal of alcoholic liquor purchased for consumption from the premises of a catered event.

14-22-14. Nontaxed liquor and refilling of containers prohibited. Prohibits refilling original alcoholic liquor containers by licensed caterers and states requirements for bottles brought onto the catered premises by individuals.

14-22-15. Cereal malt beverages sale allowed. Establishes requirements for sale of cereal malt beverages.

14-22-16. Minimum prices for drinks; how determined. Prohibits any caterer from selling a drink to any person for less than the acquisition cost of that drink and defines acquisition cost.

14-22-17. Caterers charge the same price for the same drink all day; day defined. Prohibits variable prices for the same drink between the opening and closing hours for a single business day.

14-22-18. Licensee must pay city or township license tax before making sales. Requires licensee to pay such taxes before operating as a catering business.

14-22-19. Federal retail stamp. Requires licensees to purchase federal retail stamp and to display stamp at principal place of business.

14-22-20. Excise tax must be current. Makes catering operation subject to suspension, revocation, or fine for delinquent payment of excise taxes or failure to register with director of taxation.

14-22-21. Suspension and revocation; grounds for; procedure. States reasons for suspending or revoking caterer's license.

Article 23.—Temporary Permits (new)

14-23-1. Definitions. Defines the following terms: licensed premises, alcoholic liquor, cereal malt beverages, director, distribution, beer, spirits, wine, person, retailer, beneficial interest, bulk wine, morals charge, event, sponsor, and organization.

14-23-2. Applications; documents required. Describes the procedure and appropriate documents deemed necessary by the director to meet the requirements of law for application for a caterer's license.

14-23-3. Requirements for temporary permit. Describes restrictions for the issue of a temporary permit pertaining to individuals and corporate officers, managers, directors, or stockholders.

14-23-4. Issuance of permit. Provides the criteria for the director to issue or refuse to issue a permit to an applicant.

14-23-5. Events; filings; notice; prohibitions. Establishes requirements for permit holder to sell and serve alcoholic liquor at locations that are not licensed premises.

14-23-6. Refund upon voluntary cancellation. Provides no refund for cancellation of a permit or event.

14-23-7. Employees; registration of same; those prohibited. Defines criteria for individuals employed by the temporary permit holder who will be involved in the mixing, selling, serving or dispensing of alcoholic liquor.

14-23-8. Purchase of alcoholic liquor and cereal malt beverages; requirements and restrictions thereon. Permits purchase of alcoholic liquor only from a retailer and restricts delivery of alcoholic liquor from a retailer.

14-23-9. Permit holder's responsibility for conduct of event. Makes permit holder responsible for any violation of rules and regulations by employees or other persons under contract with the permit holder in connection with an event.

14-23-10. Storage of liquor. States requirements of the location of the liquor storage area.

14-23-11. Removal of liquor from event premises prohibited. Prohibits removal of alcoholic liquor purchased for consumption from the premises of an event.

14-23-12. Nontaxed liquor and refilling of containers prohibited. Prohibits refilling original alcoholic liquor containers by permit holders and states requirements for bottles brought onto the event premises by individuals.

14-23-13. Cereal malt beverages sale allowed. Establishes requirements for sale of cereal malt beverages.

JOHN A. LAMB
Director, Division of
Alcoholic Beverage Control

Doc. No. 005459

(Published in the KANSAS REGISTER, May 28, 1987.)

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

Notice is hereby given that pursuant to Section 3.01 of the Trust Indenture dated as of January 1, 1980, \$500,000 principal amount of the bonds are called for redemption July 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 bearer bonds to be redeemed are as follows:

- Due January 1, 1988: 348
Cusip 505395-AH
- Due January 1, 1989: 431
Cusip 505395-AJ
- Due January 1, 1990: 532
Cusip 505395-AK
- Due January 1, 1991: 562, 607
Cusip 505395-AL
- Due January 1, 1992: 684, 736
Cusip 505395-AM
- Due January 1, 1993: 753, 810
Cusip 505395-AN
- Due January 1, 1994: 881, 943
Cusip 505395-AP
- Due January 1, 1995: 1029, 1100
Cusip 505395-AQ
- Due January 1, 1996: 1128, 1176, 1229
Cusip 505395-AR
- Due January 1, 1997: 1318, 1372, 1424
Cusip 505395-AS
- Due January 1, 1998: 1446, 1503, 1562
Cusip 505395-AT
- Due January 1, 1999: 1667, 1732, 1801
Cusip 505395-AU
- Due January 1, 2000: 1840, 1895, 1961, 2016
Cusip 505395-AV

Due January 1, 2011 (Cusip 505395-AW)

2052	2923	3770	4605	5446
2110	2989	3834	4677	5516
2172	3044	3898	4732	5577
2244	3104	3949	4789	5633
2304	3186	4008	4851	5690
2357	3246	4067	4915	5747
2419	3311	4124	4972	5805
2477	3367	4182	5034	5859
2545	3426	4249	5091	5914
2632	3482	4310	5152	5972
2694	3535	4369	5209	6030
2755	3593	4430	5271	6088
2813	3656	4487	5334	6152
2867	3713	4549	5389	6210

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

Due January 1, 2011:
Cusip 505395-AW

Registered Bond Number	Amount Called
R159	5,000

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

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

Notice is hereby given that on and after July 1, 1987, interest on the bonds hereby called for redemption shall cease to accrue.

Security Bank of Kansas City, Kansas
Trustee

Doc. No. 005454

(Published in the KANSAS REGISTER, May 28, 1987.)

NOTICE OF BOND SALE
\$1,800,000
Unified School District 244
Coffey County, Kansas (Burlington)
General Obligation Bonds
Series 1987

Sealed Bids

Sealed bids for the purchase of \$1,800,000 principal amount of general obligation bonds, Series 1987, of Unified School District 244, Coffey County, Kansas, hereinafter described, will be received by the undersigned, clerk of Unified School District 244, on behalf of the district at the office of the Board of Education, 200 S. 6th, Burlington, Kansas, until 7:30 p.m. C.D.T. on Monday, June 8, 1987. All bids will be publicly opened and read at said time and place and will be acted upon by the district immediately thereafter. No oral or auction bids will be considered.

Bond Details

The bonds will consist of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The bonds will be dated June 1, 1987, and will become due serially on November 1 in the years as follows:

Principal Amount	Maturity Date
\$875,000	1989
925,000	1990

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on May 1 and November 1 in each year, beginning on May 1, 1988.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the persons in whose names the bonds are registered on the registration books maintained by the bond registrar at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment dates.

The district will pay for the fees of the bond registrar for registration and transfer of the bonds and will

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

Redemption of Bonds Prior to Maturity

The Series 1987 bonds shall mature without option of redemption prior to maturity.

Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate shall exceed a rate equal to the 20 bond index of tax-exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified shall not exceed 1.5 percent. No bid of less than the principal amount of the bonds and accrued interest will be considered. Each bid shall specify the total interest cost to the district during the life of the bond issue on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the district on the basis of such bid. Each bid shall also specify the average annual net interest rate to the district on the basis of such bid. Bidders shall specify in the bid form the prices (exclusive of accrued interest), expressed as a dollar price, at which the bidder intends that each maturity amount of the bonds shall be initially offered to the public (the initial reoffering prices).

Basis of Award

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

Authorization, Purpose and Security for the Bonds

The bonds are being authorized and issued to permanently finance the acquisition, construction, furnishing and equipping of a recreational and sports facility together with all things necessary and incidental thereto. The bonds will be general obligations of the district payable from ad valorem taxes which may be levied without limitation upon all the taxable tangible property, real and personal, within the territorial limits of the district.

Internal Revenue Code of 1986

The Internal Revenue Code of 1986 was signed into

law by the President of the United States on October 22, 1986. The provisions of the code regarding obligations of state and local units of government are generally effective for obligations such as the bonds issued after August 31, 1986. Certain of these provisions impose requirements on the district which must be met subsequent to the issuance of the bonds by the district and, as a result, the district will and does hereby covenant that it will diligently undertake those steps necessary to maintain the tax-exempt status of the bonds. The district's failure to comply with such requirements could adversely affect the tax-exempt status of the bonds. Purchasers of the bonds should be aware that should the bonds lose their status as tax-exempt obligations as a result of the district's failure to comply with such requirements, the bonds are neither callable nor will the rate of interest on the bonds be adjusted to reflect such circumstances.

The code includes interest on tax-exempt obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years beginning after December 31, 1986, and includes, through 1989, in the calculation of alternative minimum taxable income one-half of the excess of a corporation's adjusted net book income over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). After 1989, the use of "book income" will be replaced by "adjusted current earnings," with certain other adjustments. Furthermore, Section 59A of the code, as added by the Superfund Amendments and Reauthorization Act of 1986, provides for a new environmental tax generally based on corporate alternative minimum taxable income. The amount of the tax is equal to 0.12 percent of the excess of alternative minimum taxable income, without regard to net operating losses and the deduction for this tax, over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax. The environmental tax, which is effective for taxable years beginning after December 31, 1986, may subject certain bondowners to additional taxation for interest earned on the bonds.

The code also requires property and casualty insurance companies, for taxable years beginning on or after January 1, 1987, to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986.

With the exception of certain "qualified tax-exempt obligations," the code provides that banks and thrift institutions may not deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations such as the bonds if such interest cost is incurred in taxable years ending after December 31, 1986, with respect to obligations acquired after August 7, 1986. In accordance with such requirements, the district intends to designate the bonds as "qualified tax-exempt obligations" of Section 265 of the code.

Delivery and Payment

The district will pay for printing the bonds and will deliver the bonds, without cost to the successful bid-

der, properly prepared, executed and registered, on or about July 15, 1987, at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. Delivery elsewhere will be made at the expense of the successful bidder. Said bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity and a certificate regarding the completeness and accuracy of the official statement. Payment for the bonds shall be made in immediately available funds, immediately subject to use by the district. The denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the bond registrar and the district not later than 4 p.m. C.D.T. on July 1, 1987. In the absence of such information, the district will deliver bonds in the denomination of each maturity registered in the name of the successful bidder.

The successful bidder shall furnish the district by 4 p.m. C.D.T. on July 1, 1987, a certificate acceptable to the district's bond counsel to the effect that (i) the successful bidder has made a bona fide public offering of the bonds at the initial reoffering prices, and (ii) a substantial amount of the bonds was sold to the public (excluding brokers and other intermediaries) at such initial reoffering prices. Such certificate shall state that (1) it is made on the best knowledge, information and belief of the successful bidder and (2) 10 percent or more in par amount of the bonds of each maturity was sold to the public or at below the initial reoffering prices (such amount being sufficient to establish the sale of a "substantial amount" of the bonds).

Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of 2 percent of the bid (\$36,000) payable to the order of the district to secure the district from any loss resulting from the failure of the bidder to comply with the terms of his bid. No interest will be paid upon the deposit made by the successful bidder. Said check shall be returned to the bidder if his bid is not accepted. If a bid is accepted, said check shall be held by the district until the bidder shall have complied with all of the terms and conditions of this notice, at which time said check shall be returned to the successful bidder or deducted from the purchase price at the option of the district. If a bid is accepted but the district shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check shall be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the district as and for liquidated damages.

CUSIP Numbers

CUSIP identification numbers will be printed on the 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 this notice. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the district.

Bid Forms

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

Submission of Bids

Bids must be submitted in sealed envelopes addressed to the undersigned district clerk and marked "Proposal for the Purchase of General Obligation Bonds." Bids may be submitted by mail or delivered in person to the undersigned at Unified School District 244, Administrative Office, 200 S. 6th, Burlington, KS 66839, and must be received by the undersigned prior to 7:30 p.m. C.D.T. on Monday, June 8, 1987.

Official Statement

Upon the sale of the bonds, the district will adopt an official statement in substantially the form as the preliminary official statement, subject to minor amendments and supplementation. Copies of the district's preliminary official statement relating to the bonds may be obtained from the district clerk or the district's financial adviser, Ranson & Company, Inc., Suite 610, 120 S. Market, Wichita, KS 67202. Upon request, a reasonable number of copies of the official statement will be made available to the successful bidder without charge. Additional copies may be obtained at the expense of such bidder.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the district (including motor vehicle valuation) for the year 1986 is \$453,817,977. The total general obligation bonded indebtedness of the district, at the date hereof, including this proposed issue of bonds, is \$3,780,000.

Additional copies of this notice of bond sale or further information may be received from the district.

Dated May 11, 1987.

UNIFIED SCHOOL DISTRICT 244
COFFEY COUNTY, KANSAS (BURLINGTON)

Carol Lewis, District Clerk

200 S. 6th

P.O. Box D

Burlington, KS 66839

(316) 364-8478

Doc. No. 005422

(Published in the KANSAS REGISTER, May 28, 1987.)

NOTICE OF BOND SALE

City of Sabetha

Nemaha County, Kansas

**General Obligation Internal Improvement Bonds
Series A, 1987**

Pursuant to K.S.A. 1986 Supp. 10-106, the city of Sabetha, Nemaha County, Kansas, will receive sealed bids in the city commission's office, City Hall, 805 Main, P.O. Box 187, Sabetha, KS 66534, until 6 p.m. C.D.T. on Monday, June 15, 1987, for \$317,867.06 par value general obligation internal improvement bonds, Series A, 1987, of the city, 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, with the exception of one bond in the amount of \$7,867.06, not exceeding the principal amount of bonds maturing in each year. Interest will be payable semiannually, 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 Kansas State Treasurer (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 city.

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

Principal Maturing	Maturity Date
\$ 7,867.06	October 1, 1988
\$15,000.00	October 1, 1989
\$20,000.00	October 1, 1990
\$20,000.00	October 1, 1991
\$20,000.00	October 1, 1992
\$20,000.00	October 1, 1993
\$20,000.00	October 1, 1994
\$20,000.00	October 1, 1995
\$25,000.00	October 1, 1996
\$25,000.00	October 1, 1997
\$25,000.00	October 1, 1998
\$25,000.00	October 1, 1999
\$25,000.00	October 1, 2000
\$25,000.00	October 1, 2001
\$25,000.00	October 1, 2002

Redemption of Bonds Prior to Maturity

Bonds maturing in the years 1988 to 1997, inclusive, shall become due without option of prior payment. At the option of the city, bonds maturing in the years 1998 and thereafter may be called for redemption and payment prior to maturity in whole or in part in in-

verse order of maturity (selection of bonds within the same maturity to be by lot by the city in such equitable manner as it may determine) on October 1, 1997, or on any interest payment date thereafter at the redemption prices set forth below (expressed as a percentage of the principal amount), plus accrued interest to redemption date:

Redemption Dates	Redemption Price
1997-2001	102%

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

If the city shall elect to call any bonds for redemption and payment prior to maturity thereof, the city shall give written notice of its intention to call and pay said bonds on a specified date, said notice to be mailed by United States registered or certified mail addressed to the registered owner of said bonds, the Kansas State Treasurer, Topeka, Kansas, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any bond be called for redemption and payment as aforesaid, all interest on such bonds shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

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 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 \$6,357.34 made payable to the order of the city. 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 city 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 city 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 city, 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 city, 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 city. 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 July 3, 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 July 31, 1987, at any bank in the state of Kansas or Kansas City, Missouri, at the expense of the city. Delivery elsewhere will be made at the expense of the purchaser.

Authority and Security for the Bonds

The bonds are being used pursuant to the provisions of K.S.A. 12-6a01 *et seq.* The bonds will be general obligations of the city, payable as to both principal and interest from special assessments levied against property especially benefited by the construction of certain street, water and sidewalk improvements, and from ad valorem taxes which may be levied without limitation as to rate or amount on all the taxable tangible property within the city.

Purpose of Issue

The bonds are being issued for the purpose of constructing certain street, water and sidewalk improvements in said city.

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 city.

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 city, 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 act 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 city will covenant in the bond ordinance 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 city. 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 city with the terms of the bond ordinance, 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 to be based generally on a percentage

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(Published in the KANSAS REGISTER, May 28, 1987.)

NOTICE OF BOND SALE**\$196,644.08****City of Pittsburg, Kansas****General Obligation Bonds****Series 1987****(Street and Sewer Improvements)**

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 city will covenant to take such actions as are necessary to designate the Series A, 1987 bonds as "qualified tax-exempt obligations" described above. The city does not intend to issue bonds in excess of \$10,000,000 in calendar year 1987.

Assessed Valuation

Assessed valuation for the city of Sabetha, Nemaha County, Kansas, for the year 1987, is as follows:

Equalized assessed valuation of taxable tangible property	\$6,916,745.00
Tangible valuation of motor vehicles	\$1,707,583.86
Equalized assessed tangible valuation for computation of bonded debt limitations	\$8,624,328.86

Bonded Indebtedness

The total bonded indebtedness of the city, at the date hereof, including this \$317,867.06 issue, is \$2,270,367.06.

Bond Rating

The city 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 the Sabetha City Clerk, P.O. Box 187, Sabetha, KS 66534, or from Fred W. Rausch, Jr., Bond Counsel, Suite 201, 220 S.W. 33rd, Topeka, KS 66611.

Dated May 18, 1987.

THE CITY OF SABETHA, KANSAS

By Maurine Reid
City Clerk

Doc. No. 005449

Sealed Bids

Sealed bids for the purchase of \$196,644.08 principal amount of general obligation bonds, Series 1987 (street and sewer improvements), of the city herein-after described will be received by the undersigned, city clerk of the city of Pittsburg, Kansas, on behalf of the governing body of the city at City Hall, 201 W. 4th, Pittsburg, until 5 p.m. C.D.T. on Tuesday, June 9, 1987. All bids will be publicly opened and read at 7 p.m. C.D.T. at the City Hall and will be acted upon by the city immediately thereafter. No oral or auction bids will be considered.

Bond Details

The bonds will consist of fully registered bonds without coupons in the denominations of \$5,000 (except one bond in the amount of \$6,644.08) or any integral multiple thereof. The bonds will be dated July 1, 1987, and will become due serially on September 1 in the years as follows:

Year	Principal Amount
1988	\$16,644.08
1989	20,000.00
1990	20,000.00
1991	20,000.00
1992	20,000.00
1993	20,000.00
1994	20,000.00
1995	20,000.00
1996	20,000.00
1997	20,000.00

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1988.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the persons in whose names the bonds are registered on the registration books maintained by the bond registrar at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment dates.

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

the bond registrar, will be the responsibility of the bondholders.

Redemption of Bonds Prior to Maturity

The bonds are not subject to redemption prior to their stated maturities.

Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate shall exceed a rate equal to the 20 bond index of tax-exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified shall not exceed 1.5 percent. No supplemental interest payments will be authorized. No bid of less than the principal amount of the bonds and accrued interest will be considered. Each bid shall specify the total interest cost to the city during the life of the bond issue on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid. Each bid shall also specify the average annual net interest rate to the city on the basis of such bid. Bidders shall specify in the bid form the prices (exclusive of accrued interest), expressed as a dollar price, at which the bidder intends that each maturity amount of the bonds shall be initially offered to the public (the initial reoffering prices).

Basis of Award

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

Authorization, Purpose and Security for the Bonds

The bonds are being authorized and issued to permanently finance various street and sewer improvements in the city. The bonds will be general obligations of the city payable as to both principal and interest in part from special assessments levied upon specially benefited property and, if not so paid, from ad valorem taxes which may be levied without limitation upon all the taxable tangible property, real and personal, within the territorial limits of the city. The balance of the principal of and interest on the bonds is payable from ad valorem taxes which may be levied, without limitation as to rate or amount on all the taxable tangible property, real and personal, within the territorial limits of the city.

Internal Revenue Code of 1986

The Internal Revenue Code of 1986 was signed into law by the President of the United States on October 22, 1986. The provisions of the code regarding obligations of state and local units of government are generally effective for obligations such as the bonds issued after August 31, 1986. Certain of these provisions impose requirements on the city which must be met subsequent to the issuance of the bonds by the city and, as a result, the city will and does hereby covenant that it will diligently undertake those steps necessary to maintain the tax-exempt status of the bonds. The city's failure to comply with such requirements could adversely affect the tax-exempt status of the bonds. Purchasers of the bonds should be aware that should the bonds lose their status as tax-exempt obligations as a result of the city's failure to comply with such requirements, the bonds are neither callable nor will the rate of interest on the bonds be adjusted to reflect such circumstances.

The code includes interest on tax-exempt obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years beginning after December 31, 1986, and includes, through 1989, in the calculation of alternative minimum taxable income one-half of the excess of a corporation's adjusted net book income over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). After 1989, the use of "book income" will be replaced by "adjusted current earnings," with certain other adjustments. Furthermore, Section 59A of the code, as added by the Superfund Amendments and Reauthorization Act of 1986, provides for a new environmental tax generally based on corporate alternative minimum taxable income. The amount of the tax is equal to 0.12 percent of the excess of alternative minimum taxable income, without regard to net operating losses and the deduction for this tax, over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax. The environmental tax, which is effective for taxable years beginning after December 31, 1986, may subject certain bondowners to additional taxation for interest earned on the bonds.

The code also requires property and casualty insurance companies, for taxable years beginning on or after January 1, 1987, to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986.

With the exception of certain "qualified tax-exempt obligations," the code provides that banks and thrift institutions may not deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations such as the bonds if such interest cost is incurred in taxable years ending after December 31, 1986, with respect to obligations acquired after August 7, 1986. The city does intend to designate the bonds as "qualified tax-exempt obligations" under Section 265 of the code.

(continued)

Legal Opinion

The bonds will be sold subject to the legal opinion of Nichols and Wolfe Chartered, Topeka, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the city, printed on the bonds and delivered to the successful bidder when the bonds are delivered. Said opinion will also state that in the opinion of bond counsel, assuming continued compliance by the city with the provisions of the ordinance authorizing the issuance of the bonds and the code, under existing law, the interest on the bonds is exempt from federal income taxation.

Delivery and Payment

The city will pay for printing the bonds and will deliver the bonds, without cost to the successful bidder, properly prepared, executed and registered, on or prior to July 9, 1987, at such bank or trust company in the contiguous United States of America as may be specified by the successful bidder. Said bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity and a certificate regarding the completeness and accuracy of the official statement. Payment for the bonds shall be made in federal reserve funds, immediately subject to use by the city. The denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar not later than 4 p.m. C.D.T. on July 1, 1987. In the absence of such information, the city will deliver bonds in the denomination of each maturity registered in the name of the successful bidder.

The successful bidder shall furnish the city by 4 p.m. C.D.T. on July 1, 1987, a certificate acceptable to the city's bond counsel to the effect that (i) the successful bidder has made a bona fide public offering of the bonds at the initial reoffering prices, and (ii) a substantial amount of the bonds was sold to the public (excluding brokers and other intermediaries) at such initial reoffering prices. Such certificate shall state that (1) it is made on the best knowledge, information and belief of the successful bidder and (2) 10 percent or more in par amount of the bonds of each maturity was sold to the public at or below the initial reoffering prices (such amount being sufficient to establish the sale of a "substantial amount" of the bonds).

Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$3,932.88 payable to the order of the city to secure the city from any loss resulting from the failure of the bidder to comply with the terms of his bid. No interest will be paid upon the deposit made by the successful bidder. Said check shall be returned to the bidder if his bid is not accepted. If a bid is accepted, said check shall be held by the city until the bidder shall have complied with

all of the terms and conditions of this notice, at which time said check shall be returned to the successful bidder or deducted from the purchase price at the option of the city. If a bid is accepted but the city shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check shall be returned to the bidder. If a bid is accepted but the bidder shall default in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the city as and for liquidated damages.

CUSIP Numbers

CUSIP identification numbers will be printed on the 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 this notice. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the city.

Bid Forms

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

Submission of Bids

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Proposal for the Purchase of General Obligation Bonds." Bids may be submitted by mail or delivered in person to the undersigned at City Hall and must be received prior to 5 p.m. C.D.T. on Tuesday, June 9, 1987.

Official Statement

Upon the sale of the bonds, the city will adopt an official statement in substantially the form as the preliminary official statement, subject to minor amendments and supplementation. Copies of the city's preliminary official statement relating to the bonds may be obtained from the city clerk or the city's financial adviser, George K. Baum & Company, 1004 Baltimore Ave., Kansas City, MO 64105, (816) 474-1100. Upon request, a reasonable number of copies of the official statement will be made available to the successful bidder without charge. Additional copies may be obtained at the expense of such bidder.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the city for the year 1986 is \$44,797,934. The total general obligation bonded indebtedness of the city as of the date of the bonds, including the bonds, is \$3,968,344 including, as of the date of the bonds, temporary notes outstanding in the principal amount of \$773,000, of which \$153,000 will be retired out of the proceeds of the bonds herein offered for sale.

Dated May 22, 1987.

CITY OF PITTSBURG, KANSAS

Karen K. Garman
 City Clerk
 City Hall
 201 W. 4th
 Pittsburg, KS 66762
 (316) 231-4100

Doc. No. 005423

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2617

AN ACT concerning the department of corrections; relating to correctional facilities, work release centers, work facilities and prerelease programs and centers; creating certain imprest funds; amending K.S.A. 1986 Supp. 75-3058, as amended by section 5 of 1987 Senate Bill No. 367, and K.S.A. 1986 Supp. 75-52,117 and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 75-52,117 is hereby amended to read as follows: 75-52,117. (a) The secretary of corrections is hereby authorized to establish a prerelease program under which inmates receive training and other services to better prepare themselves for release upon parole, conditional release or discharge from their maximum sentence.

(b) Within the limitations of appropriations available therefor, the secretary of corrections may establish and operate prerelease centers. Each prerelease center shall be used only for:

(1) The housing and confinement of minimum custody inmates during the period preceding their anticipated release upon parole, conditional release or discharge from their maximum sentence;

(2) the housing and confinement of those minimum custody inmates which the secretary determines are necessary to provide maintenance and other support services for the operation of the prerelease center; and

(3) the housing of paroled inmates who would benefit from the prerelease program, as determined by the secretary of corrections.

(c) At a prerelease center located at a state institution or facility, the secretary of corrections may house and confine temporarily not more than 15 minimum custody inmates to provide maintenance, support and other services to that state institution or facility upon request of the chief administrative officer of the state institution or facility and approval by the secretary of corrections.

(d) (c) No minimum custody inmate sentenced for committing a felony of a higher classification than a class D or E felony may be housed and confined at any prerelease center until the inmate has been in minimum custody status for 90 days or more, except that for good cause the secretary of corrections may make an exception and may house and confine any such inmate at a prerelease center for the purpose of participating in the prerelease program under subsection (b)(1).

(e) (d) The prerelease center established at the Winfield state hospital and training center shall not be used as a work release center or honor camp.

(f) (e) The secretary of corrections shall designate a local advisory committee for each prerelease center composed of persons who are residents of the community or area where the prerelease center is located.

(g) At the prerelease center located at Topeka, (f) The secretary of corrections may house and confine minimum custody inmates at prerelease centers, in addition to those specified under subsections (b)(2) and (c) subsection (b)(2), to provide maintenance, support and other services to governmental agencies or nonprofit organizations, upon approval of the secretary of corrections.

(g) The secretary of corrections may extend the limits of confinement of inmates of prerelease centers to work for any state agency, federal agency, city, county, school district or nonprofit organization organized for charitable purposes if

such work is in furtherance of public service and public welfare or charitable objectives within the community. The inmates shall remain under the legal custody of the secretary of corrections with the actual limits of confinement extended and may be without actual supervision of correctional officials. Those persons observing, supervising, managing, controlling and reporting back to correctional officials regarding such inmates in their work shall be agents of the state and of the secretary of corrections for that purpose only but shall not, solely by reason of the agency, have law enforcement powers. Compensation of inmates working pursuant to this subsection shall be normal inmate incentive pay rendered to other inmates working within correctional institutions pursuant to K.S.A. 75-5211 and amendments thereto.

Sec. 2. K.S.A. 1986 Supp. 75-3058, as amended by section 5 of 1987 Senate Bill No. 367, is hereby amended to read as follows: 75-3058. The following imprest funds are hereby established for institutions, other units or functions of the department of corrections:

Kansas state penitentiary	\$30,000
State industrial reformatory	25,000
State reception and diagnostic center	2,000
State correctional-vocational training center	10,000
Kansas correctional institution at Lansing	5,000
Toronto honor camp	3,000
El Dorado honor camp	4,000
Wichita work release center	4,000
Winfield prerelease center	10,000
Topeka prerelease center	5,000
Ellsworth correctional work facility	10,000
Norton correctional facility	10,000
Osawatomie correctional facility	3,000
Topeka work release center at Forbes	3,000
Topeka state hospital work facility	3,000

New Sec. 3. On the effective date of this act, the director of accounts and reports shall transfer from the state general fund to the imprest funds created by section 2 an amount equal to the specific balance for each of such imprest funds in section 2.

Sec. 4. K.S.A. 1986 Supp. 75-3058, as amended by section 5 of 1987 Senate Bill No. 367, and K.S.A. 1986 Supp. 75-52,117 are hereby repealed.

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

I hereby certify that the above BILL originated in the HOUSE, and passed that body May 1, 1987.

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

Passed the SENATE May 2, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2607

AN ACT authorizing the state board of regents to sell certain real property in Lyon county, Kansas; imposing conditions thereon; authorizing disposition of proceeds.

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

Section 1. (a) The state board of regents is hereby authorized and empowered, in its discretion and upon determining that the following sale or exchange and conveyance of real estate would significantly benefit the economic development of Kansas, Lyon county and the city of Emporia, Kansas, for and on behalf of the Emporia state university, to sell and convey all of the rights, title and interest on all of the following described real estate located in Lyon county, Kansas, or any part or parts thereof: A tract of land lying in the northeast $\frac{1}{4}$ of section 10, township 19 south, range 11 east of the 6th P.M., city of Emporia, Lyon county, Kansas; more particularly described as follows: From the northwest corner of the northeast $\frac{1}{4}$ of said section 10, thence easterly on the north line of the northeast $\frac{1}{4}$ of said section 10 on an assumed bearing of N 90°00'00" E for a distance of 973.00 feet to the point of beginning; thence S 00°00'59" W on the east right of way of Highland Place street for a distance of 1071.56 feet, thence N 89°57'45" E for a distance of 131.19 feet, thence S 00°12'35" W for a distance of 399.61 feet, thence S 89°48'57" E for a distance of 346.39 feet, thence N 00°10'25" W for a distance of 683.80 feet, thence N 89°49'35" E for a distance of 197.84 feet, thence N 36°30'03" W on the southwesterly right of way line of I-35 highway for a distance of 980.04 feet, thence S 90°00'00" W on the north line of the northeast $\frac{1}{4}$ of said section 10 for a distance of 88.60 feet to the point of beginning; such tract containing 13.14 acres, more or less; subject to easements of records.

(b) Conveyance of such rights, title and interest in such real estate shall be executed in the name of the state board of regents by its chairperson and executive officer. Any proceeds from sale of such real estate shall be deposited in the state treasury to the credit of an appropriate account of the restricted fees fund of Emporia state university. Such proceeds shall be applied to or utilized for the replacement or relocation of institutional facilities located on such real estate, including the construction or reconstruction of facilities therefor.

(c) In the case of any exchange and conveyance of real estate under subsection (a), the title of the real estate conveyed to the state board of regents shall be in the name of Emporia state university by a deed. No exchange and conveyance of real estate authorized by this section shall be made or accepted by the state board of regents until the deeds, titles and conveyances have been reviewed and approved by the attorney general.

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 30, 1987.

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

Passed the SENATE May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2602

AN ACT authorizing the state board of regents to sell certain real property in Saline county, Kansas; imposing conditions thereon; authorizing disposition of proceeds.

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

Section 1. (a) The state board of regents is hereby authorized and empowered, in its discretion, for and on behalf of the Kansas technical institute, to sell and convey all of the rights, title and interest in the following described real estate located in Saline county, Kansas: A tract of land located in section 34, township 14 south, range 3 west of the sixth principal meridian in Saline county, Kansas, more particularly described as follows: Beginning at the northeast corner of block 9 of the Schilling subdivision of Saline county, Kansas; thence south 0 degrees 06 minutes 24 seconds east, a distance of 310.00 feet; thence south 89 degrees 53 minutes 36 seconds west, a distance of 360.00 feet; thence north 0 degrees 06 minutes 24 seconds west, a distance of 310.00 feet; thence north 89 degrees 53 minutes 36 seconds east, a distance of 360.00 feet to the point of beginning said tract containing 2.56 acres, more or less.

(b) Conveyance of such rights, title and interest in such real estate shall be executed in the name of the state board of regents by its chairperson and executive officer. Any proceeds from sale of such real estate shall be deposited in the state treasury to the credit of an appropriate account of the restricted fees fund of Kansas technical institute. Such proceeds shall be applied to or utilized for the construction of institutional facilities on the campus of the Kansas technical institute.

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 29, 1987.

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

Passed the SENATE May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2601

AN ACT authorizing the secretary of state to grant an easement to the city of Topeka, Kansas, along the Kansas river for diversion of water; prescribing certain conditions; amending section 1 of 1987 House Bill No. 2115 and repealing the existing section.

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

Section 1. Section 1 of 1987 House Bill No. 2115 is hereby amended to read as follows: (a) The secretary of state is hereby authorized and directed to grant an easement to the city of Topeka, Kansas, on a tract of land owned by the state of Kansas along the south and north banks of the Kansas river described as follows: Commencing at the southwest corner of the northwest quarter of section 26, township 11 south, range 15 east of the 6th p.m.; thence on a line 89° 59' 28" along the south line of the southwest northwest quarter, a distance of 1305.42 feet to the southeast corner of government survey lot 4; thence on a line 31° 25' 19", a distance of 2,475.90 feet to the point of beginning; thence on a line 254° 45' 25" a distance of 861.04 feet; thence on a line 311° 43' 22", a distance of 1,277.83 feet; thence on a line 78° 43' 22", a distance of 1,809.23 feet; thence on a line 169° 23' 29", a distance of 963.02 feet; thence on a line 259° 23' 29", a distance of 170.00 feet to the point of beginning. Less that part of the above described tract lying northerly of the northerly high bank of the Kansas river and less that part of such tract lying southerly of the southerly high bank of the Kansas river.

(b) Such easement shall be conditioned on the city of Topeka assuming full responsibility for the use of such easement and holding the state of Kansas harmless therefor. Such easement shall terminate if the land is no longer used for the purpose for which the easement was granted.

(c) The city of Topeka, Kansas, is hereby authorized to acquire the easement described in subsection (a) and to use such easement for the purpose of locating, constructing, maintaining and operating diversion works for the appropriation of water and to assume full responsibility for such use and hold the state of Kansas harmless therefor.

Sec. 2. Section 1 of 1987 House Bill No. 2115 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 April 29, 1987.

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

Passed the SENATE May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

HOUSE BILL No. 2574

AN ACT concerning state officers and employees; relating to salaries and compensation; authorizing and providing for certain increases and certain revisions of the classification of and compensation for positions in certain job classes; making appropriations for the fiscal year ending June 30, 1988, and authorizing certain transfers and adjustments in expenditure limitations therefor.

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

Section 1. (a) The governor is hereby authorized and directed to modify the pay plan adopted pursuant to section 1 of chapter 26 of the 1986 Session Laws of Kansas in accordance with this section and to adopt such pay plan as so modified. The existing pay plan shall be modified to provide for an increase of 2% adjusted to the nearest dollar in each monthly step of the schedule of salary and wage ranges and steps of such pay plan or the equivalent increase for payroll periods other than monthly. The pay plan adopted by the governor under this subsection shall be the pay plan for the classified service under the Kansas civil service act and shall be effective on the first day of the first payroll period which is chargeable to the fiscal year ending on June 30, 1988, and which ends after December 31, 1987. Such pay plan shall be subject to modification and approval as provided under K.S.A. 75-2938 and amendments thereto and to any enactments of the legislature applicable thereto.

(b) (1) The governor, in the governor's discretion, is hereby authorized to modify or authorize the modification of the salaries of state officers and employees who are in the unclassified service under the Kansas civil service act and whose salaries are subject to approval by the governor under K.S.A. 75-2935b or 75-2935c and amendments thereto to provide for an average increase of 2% adjusted to the nearest dollar for each monthly payroll period or the equivalent increase for payroll periods other than monthly, effective on the first day of the first payroll period which is chargeable to the fiscal year ending on June 30, 1988, and which ends after December 31, 1987.

(2) Except as otherwise provided by this subsection (b)(2), each elected state official of the executive branch of state government, including the state board of education and the board of trustees of the Kansas public employees retirement system, in such official or board's discretion, is hereby authorized to modify or to authorize the modification of the salaries of the state officers and employees of such official or board who are in the unclassified service under the Kansas civil service act and whose salaries are not subject to approval by the governor under K.S.A. 75-2935b and amendments thereto, to provide for an average increase of 2% adjusted to the nearest dollar for each monthly payroll period or the equivalent increase for payroll periods other than monthly, effective on the first day of the first payroll period which is chargeable to the fiscal year ending on June 30, 1988, and which ends after December 31, 1987. The provisions of this subsection (b)(2) shall not apply to any state officers or employees under the jurisdiction of the state board of regents who are in the unclassified service under the Kansas civil service act.

Sec. 2. (a) Upon recommendation of the director of the budget, the state finance council, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except paragraph (3) of such subsection (c), is hereby authorized to increase expenditure limitations on special revenue funds and accounts established for the fiscal year ending on June 30, 1988, for the purpose of paying from such funds or accounts the proportionate share of the cost to such funds or accounts, including associated employer contributions, of: (1) The salary increases provided for by adoption of the pay plan under subsection (a) of section 1; (2) the salary increases for unclassified state officers and employees provided for under subsection (b) of section 1; and (3) the revision of the classification of and compensation for positions in the mechanics, repairers and operators job classes, which compensation is chargeable to payroll periods ending after December 31, 1987.

(b) There is hereby appropriated from the state general fund
(continued)

for the state finance council, for the fiscal year ending on June 30, 1988, the sum of \$4,219,202 to be used for the purpose of paying the proportionate share of the cost to the state general fund, including associated employer contributions, of: (1) The salary increases resulting from adoption of the pay plan under subsection (a) of section 1; (2) the salary increases for unclassified state officers and employees provided for under subsection (b) of section 1; and (3) the revision of the classification of and compensation for positions in the mechanics, repairers and operators job classes, which compensation is chargeable to payroll periods ending after December 31, 1987. To pay the proportionate share of the cost to the state general fund of each state agency of the executive branch of state government for such salary increases and such revision, upon recommendation of the director of the budget, the state finance council, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except paragraph (3) of such subsection (c), is hereby authorized and directed to transfer moneys from the appropriation made by this subsection to proper accounts created by state general fund appropriations for the fiscal year ending on June 30, 1988.

(c) Each state agency of the executive branch of state government, which employs officers and employees who are (1) receiving salary increases provided for by adoption of the pay plan under subsection (a) of section 1 or by adoption of the salary increases for unclassified state officers and employees provided for under subsection (b) of section 1 or (2) in positions subject to the revision of the classification of and compensation for positions in the mechanics, repairers or operators job classes, shall prepare and submit a budget estimate for such salary increases and such revisions, and all amendments and revisions of such estimates, to the director of the budget. At the same time as each state agency submits such estimate, and all amendments and revisions thereof, each such state agency shall submit a copy of such estimate, and all amendments and revisions thereof, directly to the legislative research department.

Sec. 3.

LEGISLATIVE COORDINATING COUNCIL

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Legislative coordinating council—operations	\$2,267
Legislative research department—operations	13,248
Office of revisor of statutes—operations	10,139
Total	\$25,654

Sec. 4.

LEGISLATURE

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Operations (including official hospitality)	\$34,111
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Sec. 5.

DIVISION OF POST AUDIT

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Operations (including legislative post audit committee)	\$7,424
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Sec. 6.

JUDICIAL COUNCIL

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Judicial research	\$1,107
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Sec. 7.

JUDICIAL BRANCH

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Administration of justice—appellate operations	\$35,931
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Administration of justice—district courts	364,248
Administration of justice—salary plan	750,000

Provided, That all expenditures from this account shall be made to convert the judicial branch pay plan to correspond to the pay plan for the classified service under the Kansas civil service act and to provide salary upgrades to clerical related job classes of nonjudicial personnel.

Total	\$1,150,179
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(b) On July 1, 1987, the expenditure limitation established by section 4(b) of 1987 House Bill No. 2181 on the bar admission fee fund is hereby increased from \$49,356 to \$49,561.

Sec. 8.

STATE BOARD OF INDIGENTS' DEFENSE SERVICES

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1988, the following:

Indigents' defense services	\$12,323
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Sec. 9. *Appeals to exceed limitations.* Upon written application to the governor and approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, expenditures from special revenue funds may exceed the amounts specified for such funds by the state finance council under this act.

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 30, 1987.

HOUSE adopted Conference Committee report April 29, 1987.
JAMES D. BRADEN
Speaker of the House.
GENEVA SEWARD
Chief Clerk of the House.

Passed the SENATE as amended April 7, 1987.

SENATE adopted Conference Committee report April 29, 1987.
ROBERT V. TALKINGTON
President of the Senate.
LU KENNEY
Secretary of the Senate.

APPROVED May 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 May, 1987.

(SEAL) **BILL GRAVES**
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2546

AN ACT relating to the secretary of corrections; amending K.S.A. 75-5203 and repealing the existing section.

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

Section 1. K.S.A. 75-5203 is hereby amended to read as follows: 75-5203. (a) There is hereby established the department of corrections, the chief executive officer of which shall be the secretary of corrections. The secretary shall be appointed by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto, and shall serve at the pleasure of the governor. In case of a vacancy in the office of secretary, the governor shall appoint a successor in the manner that the original appointment was made. The secretary shall receive an annual salary fixed by the governor, which shall be payable in equal monthly installments. In addition, the secretary shall be entitled to receive actual and necessary traveling and subsistence expenses incurred in the performance of the secretary's official duties. ~~No person shall be eligible for appointment to, or hold the position of, secretary of corrections unless such person has had at least five years experience as an executive officer in the administration of federal or state penal or correctional institutions or five years experience in the field of corrections; except that: (1) Three years of such experience may be waived for an appointee having a degree from an accredited college or university, which degree is based on penology or a related field as a major field of study; or (2) if the governor is unable to appoint a person as secretary who possesses such qualifications, the governor may appoint a person without such qualifications as acting secretary, who shall serve at the pleasure of the governor.~~

(b) *Except as provided by subsection (c), no person shall be eligible for appointment to, or hold the position of, secretary of corrections unless such person:*

(1) *Has had at least five years' experience in the field of corrections or as an executive officer in the administration of federal or state penal or correctional institutions; or*

(2) *(A) has had at least three years' experience in the field of corrections or as an executive officer in the administration of federal or state penal or correctional institutions; and (B) has a degree from an accredited college or university, which degree is based on penology or a related field as a major of study; or*

(3) *(A) has had at least five years' experience as a federal, appellate or district judge or federal, district or county prosecutor, five years' experience in military administration or administration of a criminal justice agency or five years' administrative experience treating criminal offenders through programs involving penal custody, parole, probation and sentencing; (B) has a degree from an accredited college or university, which degree is in a social or behavioral science, penology, corrections, criminal justice, police science, criminology, public administration, local corrections programs or a related field; and (C) has demonstrated administrative ability and leadership.*

(c) *If the governor is unable to appoint a person as secretary who possesses the qualifications required by subsection (b), the governor may appoint a person without such qualifications as acting secretary, who shall be subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto and shall serve at the pleasure of the governor.*

(d) *Before entering upon the duties of the office, the secretary shall take and subscribe an oath to faithfully and honestly discharge the duties of the office to the best of the secretary's knowledge and ability.*

(e) *The provisions of the Kansas sunset law apply to the office of secretary of corrections and the department of corrections established by this section, and the office and department are subject to abolition under that law.*

Sec. 2. K.S.A. 75-5203 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 23, 1987.

HOUSE concurred in SENATE amendments May 1, 1987.

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

Passed the SENATE as amended April 30, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2205

AN ACT concerning the Kansas soldiers' home; relating to admission thereto; amending K.S.A. 76-1908 and repealing the existing section.

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

Section 1. K.S.A. 76-1908 is hereby amended to read as follows: 76-1908. (a) The following, subject to the rules and regulations that may be adopted by the Kansas veterans' commission on veterans affairs for the management and government of the Kansas soldiers' home shall be eligible to admission to the Kansas soldiers' home:

(1) Any person who served in the active military or naval service of the United States during any period of the war with Spain, Philippine insurrection, Boxer uprising, world war I, world war II, Korean emergency or Viet Nam emergency war, or who served in the active military service of the United States during peacetime and is entitled to veterans administration hospitalization or domiciliary care under title 38, United States code and veterans administration rules and regulations, and who shall have been discharged or relieved therefrom under conditions other than dishonorable, who may be disabled by disease, wounds, old age, or otherwise disabled, and who has no adequate means of support, and who, by reason of such disability, is incapacitated from earning a living, and who would otherwise be dependent upon public or private assistance, together with such members of the family as are dependent upon him or her for support.

(2) The widow, mother, widower, father or minor child of any person who served in the active military or naval service of the United States during any period in time of any war of the United States, including the Korean emergency and Viet Nam emergency, and who shall have been discharged or relieved therefrom under conditions other than dishonorable qualified under paragraph (1) of subsection (a), if such widow, mother, widower, father or minor child is incapable of self-support because of physical disability and is without adequate means of support.

(b) No person shall be admitted to the soldiers' home except upon application to the commission and approval of the application by the commission. No applicant shall be admitted to the soldiers' home who has not been an actual resident of the state of Kansas for at least two (2) years next preceding the date of application, except that any applicant who at the time of entering service in a Kansas unit was a resident of Kansas and served in a Kansas unit during the war with Spain, Philippine insurrection, Boxer uprising, world war I or world war II or Korean emergency

(continued)

or Viet Nam emergency, and who shall have been discharged or relieved from such services under conditions other than dishonorable, shall be admitted regardless of place of residence.

(c) No person shall be admitted to or retained in the soldiers' home who is a mentally ill person or who has been convicted of a felony, unless the commission finds that such person has been adequately rehabilitated and is not dangerous to oneself or to the person or property of others or who is an habitual drunkard shall be admitted or retained as a member of the soldiers' home.

(d) No child shall be admitted to or retained in the soldiers' home who is ~~sixteen (16)~~ 16 years of age or over, unless such child is incapable of earning his or her own support by his or her own labor supporting oneself.

(e) No child properly a member of the home shall be discharged under ~~sixteen (16)~~ 16 years of age.

(f) The Kansas veterans' commission on veterans affairs shall have authority by resolution to discharge any member from the soldiers' home on a showing that the member has gained admittance into ~~said the~~ soldiers' home by misrepresentation of his or her the member's financial or physical condition, or a showing that the financial or physical condition of such member has been so altered since admittance as not to justify so that the further maintenance of the member in the soldiers' home is not justified. No such member shall be discharged without notice and opportunity to be heard by the commission.

(g) The rules and regulations for admission of members to the Kansas soldiers' home: (1) Shall require that a veteran who has no adequate means of support, and such members of the family as are dependent upon such person for support, shall be given priority over other applicants for admission; and (2) shall require that an applicant for admission shall be given priority over patients transferred from state institutions under the provisions of K.S.A. 76-1936 and 76-1937 and amendments thereto.

Sec. 2. K.S.A. 76-1908 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 February 24, 1987.

HOUSE adopted Conference Committee report April 30, 1987.

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

Passed the SENATE as amended April 3, 1987.

SENATE adopted Conference Committee report April 30, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

BILL GRAVES
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2609

AN ACT concerning the Kansas civil service act; relating to certain officers and employees in the unclassified service thereunder; amending K.S.A. 75-5007, 75-5008, 75-5009, 75-5310, 75-5611 and 75-5910 and K.S.A. 1986 Supp. 74-5002a, 75-2935 and 75-5702 and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 75-2935 is hereby amended to read as follows: 75-2935. The civil service of the state of Kansas is hereby divided into the unclassified and the classified services.

(1) The unclassified service comprises positions held by state officers or employees who are:

(a) Chosen by election or appointment to fill an elective office;

(b) members of boards and commissions, heads of departments required by law to be appointed by the governor or by other elective officers, and the executive or administrative heads of offices, departments, divisions and institutions specifically established by law;

(c) except as otherwise provided under this section, one personal secretary to each elective officer of this state, and in addition thereto, 10 deputies, clerks or employees designated by such elective officer;

(d) all employees in the office of the governor;

(e) officers and employees of the senate and house of representatives of the legislature and of the legislative coordinating council and all officers and employees of the office of revisor of statutes, of the legislative research department, of the division of legislative administrative services, of the division of post audit and the legislative counsel;

(f) chancellor, president, deans, administrative officers, student health service physicians, teaching and research personnel, and student employees in the institutions under the state board of regents, the executive officer of the board of regents and the executive officer's employees other than clerical employees, and, at the discretion of the state board of regents, directors or administrative officers of departments and divisions of the institution, except that this subsection (1)(f) shall not be construed to include the custodial, clerical or maintenance employees, or any employees performing duties in connection with the business operations of any such institution, except administrative officers and directors;

(g) operations, maintenance and security personnel employed to implement agreements entered into by the adjutant general and the federal national guard bureau, and officers and enlisted persons in the national guard and the naval militia;

(h) persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(i) persons temporarily employed or designated by the legislature or by a legislative committee or commission or other competent authority to make or conduct a special inquiry, investigation, examination or installation;

(j) officers and employees in the office of the attorney general and special counsel to state departments appointed by the attorney general, except that officers and employees of the division of the Kansas bureau of investigation shall be in the classified or unclassified service as provided in K.S.A. 75-711 and amendments thereto;

(k) all employees of courts;

(l) patient and inmate help in state charitable, penal and correctional institutions;

(m) all attorneys for boards, commissions and departments;

(n) the secretary of the Kansas state historical society;

(o) physician specialists employed by the commissioner of mental health and retardation services and assigned by the commissioner to a position in mental health and retardation services or any institution under the supervision of the state department of social and rehabilitation services;

(p) physician specialists employed at any institution under the supervision of the secretary of corrections; shall serve at the pleasure of the governor. The department of commerce shall be administered under the direction and super-

vision of the secretary of commerce. The secretary of commerce shall receive an annual salary fixed by the governor.

(b) The secretary shall employ a ~~deputy secretary~~, division directors and such other professional staff and ~~other~~ employees as may be deemed necessary to effectively administer this act. *The secretary may appoint one public information officer, one chief attorney, one personal secretary and one special assistant who shall be in the unclassified service under the Kansas civil service act and shall receive compensation fixed by the secretary and approved by the governor.*

(c) The offices of the department of commerce shall be located in Topeka.

Sec. 3. K.S.A. 75-5007 is hereby amended to read as follows: 75-5007. There is hereby established within and as a part of the department of transportation a division of transportation operations, which shall be administered, under the supervision of the office of the secretary of transportation, by the director of transportation operations, who shall be the chief administrative officer of the division. The director of transportation operations shall be appointed by the secretary of transportation and shall be ~~in the classified service under the Kansas civil service act~~ *serve at the pleasure of the secretary. The director of transportation operations shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of transportation and approved by the governor.*

Sec. 4. K.S.A. 75-5008 is hereby amended to read as follows: 75-5008. There is hereby established within and as a part of the department of transportation a division of engineering and design, which shall be administered, under the supervision of the office of the secretary of transportation, by the director of engineering and design, who shall be the chief administrative officer of the division. The director of engineering and design shall be appointed by the secretary of transportation and shall be ~~in the classified service under the Kansas civil service act~~ *serve at the pleasure of the secretary. The director of engineering and design shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of transportation and approved by the governor.*

Sec. 5. K.S.A. 75-5009 is hereby amended to read as follows: 75-5009. There is hereby established within and as a part of the department of transportation a division of planning and development, which shall be administered, under the supervision of the office of the secretary of transportation, by the director of planning and development, who shall be the chief administrative officer of the division. The director of planning and development shall be appointed by the secretary of transportation and shall be ~~in the classified service under the Kansas civil service act~~ *serve at the pleasure of the secretary. The director of planning and development shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of transportation and approved by the governor.*

Sec. 6. K.S.A. 75-5310 is hereby amended to read as follows: 75-5310. The secretary of social and rehabilitation services may appoint a chief attorney and other attorneys for the department of social and rehabilitation services. *The chief attorney shall serve at the pleasure of the secretary, shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of social and rehabilitation services and approved by the governor.* The secretary of social and rehabilitation services may also appoint staff assistants. Such ~~attorneys and~~ staff assistants ~~and attorneys other than the chief attorney~~ shall be in the classified service under the Kansas civil service act. The secretary of social and rehabilitation services may appoint *one public information officer, one personal secretary and one special assistant who shall be in the unclassified service under the Kansas civil service act and shall receive*

(q) student employees enrolled in public institutions of higher learning;

(r) administrative officers, directors and teaching personnel of the state board of education and the state department of education and of any institution under the supervision and control of the state board of education, except that this subsection (1)(r) shall not be construed to include the custodial, clerical

or maintenance employees, or any employees performing duties in connection with the business operations of any such institution, except administrative officers and directors;

(s) all officers and employees in the office of the secretary of state;

(t) one personal secretary and one special assistant to the following: The secretary of administration, the secretary of aging, *the secretary of commerce*, the secretary of corrections, the secretary of health and environment, *the superintendent of the Kansas highway patrol*, the secretary of human resources, the secretary of revenue, the secretary of social and rehabilitation services ~~and~~, the secretary of transportation *and the secretary of wildlife and parks*;

(u) one personal secretary and one special assistant to the chancellor and presidents of institutions under the state board of regents;

(v) one personal secretary and one special assistant to the executive vice chancellor of the university of Kansas medical center;

(w) *one public information officer and one chief attorney for the following: The department of administration, the department on aging, the department of commerce, the department of corrections, the department of health and environment, the department of human resources, the department of revenue, the department of social and rehabilitation services, the department of transportation and the Kansas department of wildlife and parks*;

~~(w)~~ (x) civil service examination monitors;

~~(x)~~ (y) the secretary of the state corporation commission;

~~(y)~~ *one personal secretary and one deputy secretary to the secretary of economic development*;

(z) specifically designated by law as being in the unclassified service.

(2) The classified service comprises all positions now existing or hereafter created which are not included in the unclassified service. Appointments in the classified service shall be made according to merit and fitness from eligible lists prepared upon the basis of examination which so far as practicable shall be competitive. No person shall be appointed, promoted, reduced or discharged as an officer, clerk, employee or laborer in the classified service in any manner or by any means other than those prescribed in the Kansas civil service act and the rules adopted in accordance therewith.

(3) For positions involving unskilled, or semiskilled labor, the secretary of administration, as provided by law, shall establish rules *and regulations* concerning certifications, appointments, layoffs and reemployment which may be different from the rules *and regulations* established concerning these processes for other positions in the classified service.

(4) Officers authorized by law to make appointments to positions in the unclassified service, and appointing officers of departments or institutions whose employees are exempt from the provisions of the Kansas civil service act because of the constitutional status of such departments or institutions shall be permitted to make appointments from appropriate registers of eligibles maintained by the division of personnel services.

Sec. 2. K.S.A. 1986 Supp. 74-5002a is hereby amended to read as follows: 74-5002a. (a) There is hereby created a department of commerce, the head of which shall be the secretary of commerce. The governor shall appoint the secretary of commerce, subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto, and the secretary annual salaries fixed by the secretary of social and rehabilitation services and approved by the governor. *The secretary of social and rehabilitation services may appoint a commissioner of administrative services who shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of social and rehabilitation services and approved by the governor.*

Sec. 7. K.S.A. 75-5611 is hereby amended to read as follows: 75-5611. The secretary of health and environment may appoint a chief attorney and other attorneys for the department of health and environment. *The chief attorney shall serve at the pleasure*

(continued)

of the secretary, shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of health and environment and approved by the governor. The secretary of health and environment may also appoint staff assistants. Such ~~attorneys and~~ staff assistants and ~~attorneys other than the chief attorney~~ shall be in the classified service under the Kansas civil service act. The secretary of health and environment may appoint one public information officer, one personal secretary and one special assistant who shall be in the unclassified service under the Kansas civil service act and shall receive compensation fixed by the secretary of health and environment and approved by the governor.

Sec. 8. K.S.A. 1986 Supp. 75-5702 is hereby amended to read as follows: 75-5702. The secretary of human resources may appoint, with the consent of the governor, one public information officer, one or more ~~assistant secretaries of human resources~~ division directors, one personal secretary and one special assistant, all of whom shall serve at the pleasure of the secretary of human resources, shall be in the unclassified service under the Kansas civil service act, and shall receive an annual salary fixed by the secretary of human resources with the approval of the governor. The secretary of human resources also may appoint such other officers and employees as are necessary to enable the secretary to carry out the duties of the office of the secretary and the department of human resources. Except as otherwise specifically provided by law, such officers and employees shall be within the classified service under the Kansas civil service act. All personnel of the department of human resources shall perform the duties and functions assigned to them by the secretary or prescribed for them by law and shall act for and exercise the powers of the secretary of human resources to the extent authority to do so is delegated by the secretary.

Sec. 9. K.S.A. 75-5910 is hereby amended to read as follows: 75-5910. Except as otherwise specifically provided in this act by law, and subject to the Kansas civil service act, the secretary shall appoint all subordinate officers and employees of the department and all such subordinate officers and employees shall be within the classified service under the Kansas civil service act. The secretary may appoint one public information officer, one chief attorney, one personal secretary and one special assistant who shall be in the unclassified service under the Kansas civil service act and shall receive compensation fixed by the secretary and approved by the governor. Personnel of the department shall perform such duties and exercise such powers as the secretary may prescribe such duties and powers as are designated by law.

Sec. 10. K.S.A. 75-5007, 75-5008, 75-5009, 75-5310, 75-5611 and 75-5910 and K.S.A. 1986 Supp. 74-5002a, 75-2935 and 75-5702 are hereby repealed.

Sec. 11. 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 30, 1987.

HOUSE concurred in SENATE amendments May 1, 1987.

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

Passed the SENATE as amended May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2610

AN ACT relating to prints of paintings selected for the Kansas wildlife art series; amending K.S.A. 1986 Supp. 74-7904 and repealing the existing section.

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

Section 1. K.S.A. 1986 Supp. 74-7904 is hereby amended to read as follows: 74-7904. Each original painting shall hang in the office of the governor until placed in the custody of the Kansas historical society. The division of travel, tourism and film services shall provide for the printing of 1,000 prints and 2,500 stamps from each painting. Such prints shall be numbered consecutively. Print number one shall be placed in the office of the governor, print number two shall be placed in the office of the speaker of the house of representatives, print number three shall be placed in the office of the president of the senate and the balance of such prints shall be sold, unframed. Prints sold at retail shall be sold for the sum of \$100 each. Such stamps shall be sold for the sum of \$10 each.

Sec. 2. K.S.A. 1986 Supp. 74-7904 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 April 30, 1987.

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

Passed the SENATE May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2106

AN ACT concerning school district finance; affecting the definition of district wealth; relating to the determination of budgets per pupil for districts in the fourth enrollment category; imposing limitations on budgets per pupil; special budget limitation provisions for the 1987-88 school year; relating to the levy of taxes for the funding of budgets of operating expenses; authorizing the deposit of miscellaneous revenues in the general fund subject to certain conditions; amending K.S.A. 72-7042, 72-7045, 72-7046a and 72-7056 and K.S.A. 1986 Supp. 72-7055 and 72-7062, and repealing the existing sections.

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

Section 1. K.S.A. 72-7042 is hereby amended to read as follows: 72-7042. (a) "Local effort rate" means the rate of a district as determined under K.S.A. 72-7045, ~~or~~ and amendments thereto.

(b) "District wealth" means, for the 1986-87 school year and for school years after the 1987-88 school year, the sum of the taxable income within the district for the most recent year for which such income figures are available and the adjusted valuation of the district for the same period; and for the 1987-88 school year, the quotient obtained by dividing by 1.75 the sum of the taxable income within the district for the most recent year for which such income figures are available and the adjusted valuation of the district for such year plus 75% of the taxable income within the district for the year preceding the most recent year for which such income figures are available and 75% of the adjusted valuation of the district for such preceding year.

(c) "Local effort" means the sum of (1) the product of a district's local effort rate and the district wealth; and (2) an amount equal to 85% of the amount the district receives in the current school year from the school district income tax fund; and (3) an amount equal to the amount credited to the general fund in the preceding school year from amounts distributed in that year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated and under the provisions of articles 10 and 51 of chapter 79 of Kansas Statutes Annotated; and (4) an amount equal to the federally qualified percentage of the amount of moneys the district received in the preceding school year, or was entitled to receive if no application was made for such moneys, under the provisions of title I of public law 874 and congressional appropriations therefor (but excluding amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program), except that, when the state board determines that a district will receive significantly less such moneys in the current school year than in the preceding school year and that inclusion in local effort of an amount equal to the federally qualified percentage of the amount of moneys such district received in the preceding school year will result in a significant increase in the district's tax levy for operating expenses, the amount to be included in local effort shall be an amount equal to the federally qualified percentage of the amount the state board estimates the district will receive in the current school year, which amount shall subsequently be adjusted to reflect an amount equal to the federally qualified percentage of the amount actually received in that year, such adjustment to be made in the current or next following school year as determined by the state board. The amount to be included in local effort under this provision, and referred to herein as an amount equal to the federally qualified percentage of the amount of moneys provided for the district under title I of public law 874, shall be determined by the state board in accordance with terms and conditions imposed under the provisions of the public law and rules and regulations thereunder.

Sec. 2. K.S.A. 72-7045 is hereby amended to read as follows: 72-7045. (a) Each school year, the state board shall determine the local effort rate required to distribute to districts the amount of the appropriation from the state general fund for general state aid for the school year if each district's budget per pupil for the current school year is the amount prescribed by the schedule prepared by the state board as provided in by or determined under K.S.A. 72-7046a, ~~or~~ and amendments thereto.

(b) The local effort rate of a district shall be the rate determined by the state board under subsection (a) if the district's budget per pupil for the current school year is the amount which

is prescribed by the schedule prepared by the state board as provided in by or determined under K.S.A. 72-7046a, ~~or~~ and amendments thereto. If a district's budget per pupil is more or less than the budget per pupil prescribed by the schedule by or determined under K.S.A. 72-7046a, and amendments thereto, the district's local effort rate shall bear the same proportion to the rate determined by the state board under subsection (a) that its budget per pupil bears to the amount per pupil prescribed by the schedule by or determined under K.S.A. 72-7046a, and amendments thereto.

Sec. 3. K.S.A. 72-7046a is hereby amended to read as follows: 72-7046a. (a) Annually, the state board shall prepare a schedule comparable to that prescribed in K.S.A. 72-7044. The schedule shall be derived from a graph prepared by the state board as follows. The graph shall show the medians of budgets per pupil of districts with enrollments of 200 or more in the current school year.

The horizontal base line of the graph shall be divided into equal intervals each of which represents enrollment of 100, ranging from districts with 200-299 enrollment on the left to districts with 2,000 and over enrollment on the right, unless there is a different ending enrollment category on the right which has a lesser statistically significant variation from the median budget per pupil of districts with the largest enrollments, in which case such different ending enrollment category shall be used. The vertical base line of the graph shall begin at zero dollars at the horizontal base line and shall ascend by equal intervals of budget per pupil.

(b) The schedule derived from the graph shall contain five enrollment categories. The first enrollment category shall be for districts with under 200 enrollment. The second enrollment category shall be for districts with 200-399 enrollment. In order to adequately describe the relationship between enrollment of districts and budgets per pupil, the schedule shall contain two enrollment categories for districts with 400 enrollment to districts with under 10,000 enrollment. The fifth enrollment category shall be for districts with 10,000 or more enrollment.

(c) For the purpose of determining local effort rate:

(1) The schedule shall include adjustment factors, based on an accepted mathematical formula, applicable to the intervals in the second enrollment category and in the third enrollment category in order to provide a linear transition in the budget per pupil in the enrollment categories specified in this provision.

(2) The budget per pupil prescribed in the schedule for all districts in the first enrollment category shall be the median budget per pupil of all districts in the second enrollment category. The budget per pupil prescribed in the schedule for all districts in the third enrollment category shall begin with the median budget per pupil of all districts in the 400-499 enrollment interval.

(3) The budget per pupil for districts in the fourth enrollment category shall be determined by the state board as follows:

(A) Determine the median budget per pupil of the districts in the fourth enrollment category;

(B) compute 1.5% of the amount of the median budget per pupil determined under (A);

(C) add the amount computed under (B) to the amount of the median budget per pupil determined under (A). The sum is the amount of the budget per pupil of the districts in the fourth enrollment category.

(4) The budget per pupil for districts in the fifth enrollment category shall be the median budget per pupil of the districts in such enrollment category.

(d) For the purpose of determining the limitation on operating expenses per pupil:

(1) For districts in the first and second enrollment categories, the limitation on operating expenses median budget per pupil shall be the median budget per pupil of all the districts in the second enrollment category. For districts in the fourth enrollment category, the median budget per pupil shall be the budget per pupil determined for such districts under subsection (c). For districts in the fourth and fifth enrollment categories category, the limitation on operating expenses median budget per pupil

(continued)

shall be the median budget per pupil of all the districts within the same in such enrollment category as such districts.

(2) In order to provide a linear transition in the limitation on operating expenses median budget per pupil for districts in the third enrollment category, the schedule shall include adjustment factors, based on an accepted mathematical formula, applicable to budgets per pupil between the median budget per pupil in the second enrollment category and the median budget per pupil in the fourth enrollment category. For districts in the third enrollment category, the limitation on operating expenses median budget per pupil shall be the budget per pupil prescribed by the schedule under this provision.

Sec. 4. K.S.A. 1986 Supp. 72-7055 is hereby amended to read as follows: 72-7055. (a) Subject to the other provisions of this section, in any school year commencing after June 30, 1987 1988, no district shall budget or expend for operating expenses per pupil more than (1) the determinable percentage of the amount of its budget per pupil in the preceding school year or (2) one hundred five three percent of the median budget per pupil, as determined by the state board in the preceding school year of districts within the same enrollment category as such district during such year, whichever of (1) or (2) is the lower amount per pupil. Notwithstanding the foregoing provisions of this subsection, any district may budget and expend for operating expenses per pupil not more than 105% 103% of its budget per pupil in the preceding school year.

For the purposes of this subsection, the determinable percentage shall be the percentage equal to the percentage specified in provision (2) plus 10 six percentage points.

(b) Subject to the other provisions of this section, in the school year commencing after June 30, 1986 1987, no district shall budget or expend for operating expenses per pupil more than (1) the determinable percentage of the amount of its budget per pupil in the preceding school year or (2) one hundred two percent of the median budget per pupil, as determined by the state board, in the preceding school year of districts within the same enrollment category as such district during such year, whichever of (1) or (2) is the lower amount per pupil. Notwithstanding the foregoing provisions of this subsection, any district may budget and expend for operating expenses per pupil not more than 102% of its budget per pupil in the preceding school year.

For the purposes of this subsection, the determinable percentage shall be the percentage equal to the percentage specified in provision (2) plus 14 1.5 percentage points.

(c) In the school year commencing after June 30, 1987, any district may increase the percentage increase in its budget per pupil authorized under subsection (b) by not more than one percentage point if the board determines that the amount the district is permitted to budget for operating expenses per pupil under the limitations prescribed in this section is insufficient for such purposes and that an increase in its budget per pupil under this subsection is necessary. No district shall increase its budget per pupil under this subsection until a resolution authorizing such an increase is passed by the board and published once a week for three consecutive weeks in a newspaper having general circulation in the district. The resolution shall specify the amount and percentage of the proposed increase in the budget per pupil. After adoption of the resolution, the budget per pupil may be increased by the specified amount unless, within 30 days following the last publication of the resolution, a petition in opposition to the proposed increase, signed by not less than 5% of the qualified electors of the district, is filed with the county election officer of the home county of the district. In the event such a petition is filed, the budget per pupil shall not be increased without the question thereof having been submitted to and been approved by a majority of the qualified electors of the district voting at an election which shall be called for that purpose.

(e) (d) In addition to the amounts authorized to be budgeted and expended under the provisions of this section, any district may budget and expend for operating expenses per pupil in any school year an amount which shall be determined by the state board by computing the amount of increase in expenditures paid from the general fund of the district in the preceding school year

for the employer contribution required under K.S.A. 40-2305, and amendments thereto. Such amount of increase, less an amount equivalent to the percentage increase in the budget per pupil authorized in the preceding school year times the expenditure for the contribution in the second preceding school year, is the additional amount which may be included within the legally adopted budget of operating expenses in the current school year.

(d) (e) In addition to the amounts authorized to be budgeted and expended under the provisions of this section, any district may budget and expend for operating expenses per pupil in any school year an amount which shall be determined by the state board by computing the amount of increase in expenditures paid from the general fund of the district in the preceding school year for the costs incurred for the supplying of water, heat and electricity to the district. Such amount of increase, less an amount equivalent to the percentage increase in the budget per pupil authorized in the preceding school year times the expenditure for the costs in the second preceding school year, is the additional amount which may be included within the legally adopted budget of operating expenses in the current school year.

(e) (f) In addition to the amounts authorized to be budgeted and expended under the provisions of this section, any district may budget and expend for operating expenses per pupil in any school year an amount which shall be determined by the state board by computing the amount of increase in expenditures paid from the general fund of the district in the preceding school year for the purchase of insurance. Such amount of increase, less an amount equivalent to the percentage increase in the budget per pupil authorized in the preceding school year times the expenditure for the purchase of insurance in the second preceding school year, is the additional amount which may be included within the legally adopted budget of operating expenses in the current school year.

(f) (g) Whenever a district's legally adopted budget of operating expenses in any school year was less than authorized under the provisions of article 70 of chapter 72 of Kansas Statutes Annotated, the district may add the amount that the budget was less than so authorized to its legally adopted budget of operating expenses of a later school year. Notwithstanding the other provisions of this subsection, no district shall budget or expend for operating expenses per pupil in any school year more than the determinable percentage of the amount of its budget per pupil in the preceding school year without an election as provided for in this section.

For the purposes of this subsection, the determinable percentage shall be the determinable percentage authorized for the current school year under the provisions of this section.

(g) (h) If the enrollment in a district in the current school year has decreased less than the percentage applicable to the district under this subsection from the enrollment in the preceding school year, the amount which the district may budget and expend under this section may be computed on the basis of the enrollment in the preceding school year. If the enrollment in a district in the current school year has decreased more than the percentage applicable to the district under this subsection from the enrollment in the preceding school year, the amount which the district may budget and expend under this section may be computed on the basis of the enrollment in the preceding school year less the number of pupils by which the enrollment decrease in the current school year exceeds the number of pupils equal to the percentage of enrollment applicable to the district under this subsection. The percentage applicable to a district for the purpose of this subsection is 10% for districts in the first and second enrollment categories and 4% for districts in the two largest fourth and fifth enrollment categories. The percentage applicable to districts in the third enrollment category shall be determined in accord with a schedule prepared annually by the state board. Such schedule shall be based upon an accepted mathematical formula and shall provide a linear transition between the percentage applicable to districts in the first and second enrollment categories and the percentage applicable to districts in the two largest enrollment categories.

(h) (i) Notwithstanding any of the foregoing provisions of this section, any district may budget and expend for operating expenses per pupil any amount which is not in excess of an amount

which has been submitted to and approved by the electors of the district at a general or primary election of the district or at a special election called for the purpose. The election shall be held in the manner provided by article 20 of chapter 25 of Kansas Statutes Annotated for elections on questions submitted in the district.

(j) The provisions of this section apply to the school district created by K.S.A. 72-5333a, and amendments thereto.

Sec. 5. K.S.A. 72-7056 is hereby amended to read as follows: 72-7056. (a) *The board of any board district may levy an ad valorem tax on the taxable tangible property of the district in each school year for the purpose of financing that portion of the district's legally adopted budget of operating expenses which is not financed from any other source provided by law and for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district.*

(b) *The proceeds from the tax levied by a district under authority of this section shall be deposited in the general fund of the district.*

(c) No district shall be authorized to proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments thereto to such sections.

Sec. 6. K.S.A. 1986 Supp. 72-7062 is hereby amended to read as follows: 72-7062. (a) Subject to the provisions of subsection (b) and (c), any revenues of a district, not required by law to be deposited in or credited to a specific fund, shall be deposited in or credited to any fund of the district specified in K.S.A. 72-7057 through 72-7061, and amendments to such sections, or to the capital outlay fund, the adult education fund, the adult supplementary education fund, the bilingual education fund, or the inservice education fund.

(b) At the discretion of the board of any district, revenues earned from the investment of an activity fund of the district in accordance with the provisions of K.S.A. 12-1675, and amendments thereto, may be deposited in or credited to such activity fund.

(c) (1) *At the discretion of the board of any district and subject to provision (2), any revenues specified in subsections (a) and (b) may be deposited in or credited to the general fund of the district in any school year for which the allotment system authorized under K.S.A. 75-3722, and amendments thereto, has been inaugurated and applied to appropriations made for school district equalization aid or in any school year for which any portion of the appropriations made for school district equalization aid are lapsed by act of the legislature.*

(2) *In no event may the amount of revenues deposited in or credited to the general fund of the district under authority of provision (1) exceed an amount equal to the amount of the reduction in school district equalization aid entitlement of the district determined by the state board to be the result of application of the allotment system to the appropriations made for school district equalization aid or of the lapse of any portion thereof by act of the legislature.*

(d) To the extent that K.S.A. 72-1623, 72-8804 and 79-2958, and amendments to such sections, conflict with this section, this section shall control.

Sec. 7. K.S.A. 72-7042, 72-7045, 72-7046a and 72-7056 and K.S.A. 1986 Supp. 72-7055 and 72-7062 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 February 25, 1987.

HOUSE adopted Conference Committee report April 30, 1987.

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

Passed the SENATE as amended March 17, 1987.

SENATE adopted Conference Committee report April 30, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2611

AN ACT concerning crimes and punishments; relating to mistreatment of detained or confined mentally retarded persons; amending K.S.A. 21-3425 and repealing the existing section.

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

Section 1. K.S.A. 21-3425 is hereby amended to read as follows: 21-3425. Mistreatment of a confined person is the intentional abuse, neglect or ill-treatment of any person, who is detained or confined and who is physically disabled or, mentally ill or mentally retarded or whose detention or confinement is involuntary, by any law enforcement officer or by any person in charge of or employed by the owner or operator of any correctional institution or any public or private hospital or nursing home.

Mistreatment of a confined person is a class A misdemeanor.

Sec. 2. K.S.A. 21-3425 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 April 30, 1987.

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

Passed the SENATE May 1, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2044

AN ACT relating to horse and greyhound racing and permitting parimutuel wagering thereon; providing for regulation and taxation thereof; prohibiting certain acts and providing penalties therefor; amending K.S.A. 38-1502 and 38-1602, K.S.A. 21-4302, as amended by 1987 House Bill No. 2043, K.S.A. 74-2424, as amended by 1987 House Bill No. 2043, K.S.A. 74-5602, as amended by 1987 House Bill No. 2426, and K.S.A. 79-3234, as amended by 1987 House Bill No. 2043, and repealing the existing sections.

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

New Section 1. Sections 1 through 34 shall be known and may be cited as the Kansas parimutuel racing act and shall apply to all horse race meetings, whether or not parimutuel wagering is used or intended to be used at such meetings, and to all greyhound race meetings at which parimutuel wagering is used or intended to be used.

New Sec. 2. As used in this act unless the context otherwise requires:

(a) "Breakage" means the odd cents by which the amount payable on each dollar wagered in a parimutuel pool exceeds a multiple of \$.10.

(b) "Commission" means the Kansas racing commission created by this act.

(c) "Concessionaire licensee" means a person, partnership, corporation or association licensed by the commission to utilize a space or privilege within a racetrack facility to sell goods.

(d) "Dual racetrack facility" means a racetrack facility for the racing of both horses and greyhounds or two immediately adjacent racetrack facilities, owned by the same licensee, one for racing horses and one for racing greyhounds.

(e) "Executive director" means the executive director of the commission.

(f) "Facility manager licensee" means a person, partnership, corporation or association licensed by the commission and having a contract with an organization licensee to manage a racetrack facility.

(g) "Facility owner licensee" means a person, partnership, corporation or association, or the state of Kansas or any political subdivision thereof, licensed by the commission to construct or own a racetrack facility but does not mean an organization licensee which owns the racetrack facility in which it conducts horse or greyhound racing.

(h) "Financial interest" means an interest that could result directly or indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a result of ownership or interest in a business entity or activity or as a result of a salary, gratuity or other compensation or remuneration from any person.

(i) "Greyhound" means any greyhound breed of dog properly registered with the national greyhound association of Abilene, Kansas.

(j) "Kansas-bred horse" means any horse dropped by a mare in Kansas and domiciled in Kansas for the first six months of its life.

(k) "Kansas-whelped greyhound" means a greyhound whelped and raised in Kansas for the first six months of its life.

(l) "Minus pool" means a parimutuel pool in which, after deducting the takeout, not enough money remains in the pool to pay the legally prescribed minimum return to those placing winning wagers, and in which the organization licensee would be required to pay the remaining amount due.

(m) "Nonprofit organization" means:

(1) A corporation which is incorporated in Kansas as a not-for-profit corporation pursuant to the Kansas general corporation code and the net earnings of which do not inure to the benefit of any shareholder, individual member or person; or

(2) a county fair association organized pursuant to K.S.A. 2-125 *et seq.*, and amendments thereto.

(n) "Occupation licensee" means a person licensed by the commission to perform an occupation or provide services which the commission has identified as requiring a license pursuant to this act.

(o) "Organization licensee" means a nonprofit organization licensed by the commission to conduct races pursuant to this act and, if the license so provides, to construct or own a racetrack facility.

(p) "Parimutuel pool" means the total money wagered by individuals on one or more horses or greyhounds in a particular horse or greyhound race to win, place or show, or combinations thereof, as established by the commission, and held by the organization licensee pursuant to the parimutuel system of wagering. There is a separate parimutuel pool for win, for place, for show and for each of the other forms of betting provided for by the rules and regulations of the commission.

(q) "Parimutuel wagering" means a form of wagering on the outcome of horse and greyhound races in which those who wager purchase tickets of various denominations on one or more horses or greyhounds and all wagers for each race are pooled and the winning ticket holders are paid prizes from such pool in amounts proportional to the total receipts in the pool.

(r) "Race meeting" means the entire period of time for which an organization licensee has been approved by the commission to hold horse or greyhound races at which parimutuel wagering is conducted or to hold horse races at which parimutuel wagering is not conducted.

(s) "Racetrack facility" means a racetrack within Kansas used for the racing of horses or greyhounds, or both, including the track surface, grandstands, clubhouse, all animal housing and handling areas, other areas in which a person may enter only upon payment of an admission fee or upon presentation of authorized credentials and such additional areas as designated by the commission.

(t) "Takeout" means the total amount of money withheld from each parimutuel pool for the payment of purses, taxes and the share to be kept by the organization licensee. Takeout does not include the breakage. The balance of each pool less the breakage is distributed to the holders of winning parimutuel tickets.

New Sec. 3. (a) There is hereby created the Kansas racing commission, consisting of five members who shall be appointed by the governor, subject to confirmation by the senate as provided by K.S.A. 75-4315b and amendments thereto.

(b) The members of the commission shall meet the following qualifications:

(1) Each member shall be a citizen of the United States and an actual resident of Kansas at the time of appointment and during such member's term of office with the commission;

(2) each member shall have been a resident of Kansas for a continuous period of not less than five years immediately preceding appointment to the commission; and

(3) no member shall have been convicted of a felony under the laws of any state or of the United States at any time prior to appointment or during such member's term of office with the commission.

(c) The governor shall make appointments to the commission in such a manner that:

(1) Not more than three members belong to the same political party at the time of appointment and during their terms of office with the commission; and

(2) each congressional district has at least one member residing in such district at the time of appointment.

(d) Of the members first appointed to the commission, the governor shall designate one whose term shall expire June 30, 1988; two whose terms shall expire June 30, 1989; and two whose terms shall expire June 30, 1990. After the expiration of such initial terms, each member shall be appointed for a term of three years and until a successor is appointed and qualified.

(e) A vacancy on the commission shall be filled for the unexpired term by appointment by the governor.

(f) The commission shall meet at such times and places within this state as the chairperson or a majority of the commission members determines. A majority of the members shall constitute a quorum for the conduct of commission business.

(g) The members of the commission shall annually elect a chairperson, vice-chairperson and secretary from the membership of the commission. No member of the commission shall serve more than two consecutive terms as the chairperson.

(h) Members of the commission shall receive such compensation as determined by the governor, subject to the limitations of appropriations therefor, and, when attending meetings of the commission, or a subcommittee meeting thereof approved by the

commission, shall be paid subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

New Sec. 4. (a) The commission and its designated employees may observe and inspect all racetrack facilities operated by licensees, including but not limited to all machines, equipment and facilities used for parimutuel wagering, whether or not race meetings are being conducted at the time.

(b) Commission members and hearing officers designated by the commission may administer oaths and take depositions to the same extent and subject to the same limitations as would apply if the deposition was in aid of a civil action in the district court.

(c) The commission may examine, or cause to be examined by any agent or representative designated by the commission, any books, papers, records or memoranda of any licensee for the purpose of ascertaining compliance with any provision of this act or any rule and regulation adopted hereunder.

(d) The commission may issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any licensee or officer, member, employee or agent of any licensee, or to compel the appearance of any licensee or officer, member, employee or agent of any licensee, for the purpose of ascertaining compliance with any of the provisions of this act or any rule and regulation adopted hereunder. Subpoenas issued pursuant to this subsection may be served upon individuals and corporations in the same manner provided in K.S.A. 60-304 and amendments thereto for the service of process by any officer authorized to serve subpoenas in civil actions or by the commission or an agent or representative designated by the commission. In the case of the refusal of any person to comply with any such subpoena, the executive director may make application to the district court of any county where such books, papers, records, memoranda or person is located for an order to comply.

(e) The commission shall allocate equitably race meeting dates, racing days and hours to all organization licensees and assign such dates and hours so as to minimize conflicting dates and hours within the same geographic market area.

(f) The commission shall have the authority, after notice and an opportunity for hearing in accordance with rules and regulations adopted by the commission, to exclude, or cause to be expelled, from any race meeting or racetrack facility, any person:

(1) Who has violated the provisions of this act or any rule and regulation or order of the commission;

(2) who has been convicted of violating the racing or gambling laws of this or any other state or of the United States; or

(3) whose presence, in the opinion of the commission, reflects adversely on the honesty and integrity of horse or greyhound racing or interferes with the orderly conduct of a race meeting.

(g) The commission shall review and approve all proposed construction and major renovations to racetrack facilities owned or leased by licensees.

(h) The commission may suspend a horse or greyhound from participation in races if such horse or greyhound has been involved in any violation of the provisions of this act or any rule and regulation or order of the commission.

(i) The commission, within 72 hours after any action taken by a steward or racing judge and upon appeal by any interested party or upon its own initiative, may overrule any decision of a steward or racing judge, other than a decision regarding disqualifications for interference during the running of a race, if the preponderance of evidence indicates that:

(1) The steward or racing judge mistakenly interpreted the law;

(2) new evidence of a convincing nature is produced; or

(3) the best interests of racing and the state may be better served.

A decision of the commission to overrule any decision of a steward or racing judge shall not change the distribution of parimutuel pools to the holders of winning tickets. A decision of the commission which would affect the distribution of purses in any race shall not result in a change in that distribution unless a written claim is submitted to the commission within 48 hours after completion of the contested race by one of the owners or

trainers of a horse or greyhound which participated in such race and a preponderance of evidence clearly indicates to the commission that one or more of the grounds for protest, as provided for in rules and regulations of the commission, has been substantiated.

(j) The commission, after notice and a hearing in accordance with rules and regulations adopted by the commission, may impose a civil fine not exceeding \$250 for each violation of any provision of this act, or any rule and regulation of the commission, for which no other penalty is provided.

(k) The commission shall adopt rules and regulations specifying and regulating:

(1) Those drugs and medications which may be administered, and possessed for administration, to a horse or greyhound within the confines of a racetrack facility; and

(2) that equipment for administering drugs or medications to horses or greyhounds which may be possessed within the confines of a racetrack facility.

(l) The commission may adopt rules and regulations providing for the testing of any licensees of the commission, and any officers, directors and employees thereof, to determine whether they are users of any controlled substances.

(m) The commission may require fingerprinting of all persons necessary to verify qualification for any license issued pursuant to this act. The commission shall submit such fingerprints to the Kansas bureau of investigation and to the federal bureau of investigation for the purposes of verifying the identity of such persons and obtaining records of criminal arrests and convictions.

(n) The commission shall adopt such rules and regulations as necessary to implement and enforce the provisions of this act.

New Sec. 5. (a) (1) The governor shall appoint, subject to confirmation by the senate as provided by K.S.A. 75-4315b and amendments thereto, an executive director of the commission, to serve at the pleasure of the governor.

(2) The executive director shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the executive director's assigned duties; (C) receive such compensation as determined by the commission, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment by the commission; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission.

(3) The executive director shall: (A) Recommend to the commission the number and qualifications of employees necessary to implement and enforce the provisions of this act; (B) employ persons for those positions approved by the commission, subject to the limitations of appropriations therefor; and (C) perform such other duties as directed by the commission.

(b) (1) The commission shall appoint an inspector of parimutuels to serve at the pleasure of the commission.

(2) The inspector of parimutuels shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the inspector's assigned duties; (C) receive such compensation as determined by the commission, subject to the limitations of appropriations therefor; (D) be a citizen of the United States and an actual resident of Kansas during employment by the commission; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission.

(3) The inspector of parimutuels shall: (A) Inspect and audit the conduct of parimutuel wagering by organization licensees, including the equipment and facilities used and procedures followed; (B) train and supervise such personnel as employed by the executive director to assist with such duties; and (C) perform such other duties as directed by the commission.

(c) (1) The commission shall appoint a director of security to serve at the pleasure of the commission.

(2) The director of security shall: (A) Be in the unclassified service under the Kansas civil service act; (B) devote full time to the security director's assigned duties; (C) receive such compensation as determined by the commission, subject to the limitations of appropriations therefor; (D) be a citizen of the

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United States and an actual resident of Kansas during employment by the commission; and (E) not have been convicted of a felony under the laws of any state or of the United States prior to or during employment by the commission; and (F) be a professional law enforcement officer with a minimum of five years' experience in the field of law enforcement and at least a bachelor's degree in law enforcement administration, law, criminology or a related science or, in lieu thereof, a minimum of 10 years' experience in the field of law enforcement.

(3) The director of security shall: (A) Conduct investigations relating to compliance with the provisions of this act and rules and regulations of the commission; (B) recommend proper security measures to organization licensees; (C) train and supervise such personnel as employed by the executive director to assist with such duties; and (D) perform such other duties as directed by the commission.

(d) The commission may appoint an advisory committee of persons knowledgeable in the horse and greyhound breeding and racing industries to provide information and recommendations to the commission regarding the administration of this act. Members of such advisory committee shall serve without compensation or reimbursement of expenses.

(e) Except as otherwise provided by this act, all employees of the commission shall be in the classified service under the Kansas civil service act.

New Sec. 6. (a) The commission shall employ an animal health officer and such assistant animal health officers as needed to serve at the pleasure of the commission. Such officers shall:

- (1) Be doctors of veterinary medicine;
- (2) be in the unclassified service under the Kansas civil service act;
- (3) receive such compensation as determined by the commission, subject to the limitations of appropriations therefor; and
- (4) while employed by the commission, devote full time to the duties of the office.

(b) The animal health officer shall:

(1) Supervise the formulation, administration and evaluation of all medical tests the commission's rules and regulations require or authorize;

(2) advise the commission on all aspects of veterinary medicine relating to its powers and duties;

(3) supervise all personnel involved in conducting physical examinations and medical testing of racing animals, as directed by the executive director; and

(4) perform such other duties as directed by the commission.

(c) The assistant animal health officers shall:

(1) Conduct physical examinations and medical tests of racing animals as prescribed by the commission;

(2) administer emergency treatment of racing animals at race meetings as authorized by the owners of such animals or their agents; and

(3) perform such other duties as directed by the commission.

(d) The animal health officer or an assistant animal health officer may possess and administer drugs and medications to horses and greyhounds within a racetrack facility as authorized by rules and regulations of the commission.

(e) The commission may require an organization licensee to reimburse the commission for services performed by assistant animal health officers at race meetings conducted by the organization licensee.

(f) The commission may obtain medical services as required by contract with an institution which teaches animal health sciences within the state.

(g) The commission shall contract for the analysis of samples taken for the purpose of enforcing compliance with section 11 with one or more laboratory facilities in this state.

New Sec. 7. (a) Employees of the Kansas racing commission designated by the executive director, with the approval of the commission, are hereby vested with the power and authority of law enforcement officers in the execution of the duties imposed upon the commission by the provisions of this act.

(b) Employees designated pursuant to subsection (a) shall have the authority to:

(1) Make arrests, conduct searches and seizures and carry firearms while investigating violations of this act and during

routine conduct of their duties as determined by the executive director;

(2) make arrests, conduct searches and seizures and generally enforce all criminal laws of the state as violations of such laws are encountered by such employees during the routine performance of their duties; and

(3) issue notices to appear pursuant to K.S.A. 22-2408 and amendments thereto.

(c) No employee of the commission shall be certified to carry firearms under the provisions of this section without having first successfully completed the firearms training course or courses prescribed for law enforcement officers under subsection (a) of K.S.A. 74-5604a and amendments thereto.

(d) The commission may adopt rules and regulations prescribing other training required for such employees.

New Sec. 8. Each member, employee or appointee of the commission, including stewards and racing judges, shall furnish bond or other good and sufficient security in an amount and upon such terms as established by the state committee on surety bonds and insurance pursuant to K.S.A. 75-4101 *et seq.*, and amendments thereto. The cost of any such bonds shall be paid by the commission.

New Sec. 9. The attorney general shall appoint, with the approval of the commission, not more than two assistant attorneys general who shall be assigned to assist the commission in all matters, including the enforcement of this act. Such attorneys shall be in the unclassified service under the Kansas civil service act and shall receive annual salaries fixed by the attorney general, with the approval of the commission, subject to the limitations of appropriations therefor. Such salaries shall be paid from the state racing fund created by section 26, as an operating expense of the commission.

New Sec. 10. (a) It is a class A misdemeanor for any person to have a financial interest, directly or indirectly, in any racetrack facility within the state of Kansas:

(1) While such person is a member of the commission or during the five years immediately following such person's term as member of the commission; or

(2) while such person is an officer, director or member of an organization licensee, other than a county fair association, or during the five years immediately following the time such person is an officer, director or member of such an organization licensee.

(b) It is a class A misdemeanor for any member, employee or appointee of the commission, including stewards and racing judges, to knowingly:

(1) Participate in the operation of or have a financial interest in any business which has been issued a concessionaire license, facility owner license or facility manager license, or any business which sells goods or services to an organization licensee;

(2) participate directly or indirectly as an owner, owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse, entered in a race meeting conducted in this state;

(3) place a wager on an entry in a horse or greyhound race conducted by an organization licensee; or

(4) accept any compensation, gift, loan, entertainment, favor or service from any licensee, except such suitable facilities and services within a racetrack facility operated by an organization licensee as may be required to facilitate the performance of the member's, employee's or appointee's official duties.

(c) It is a class A misdemeanor for any member, employee or appointee of the commission, or any spouse, parent, grandparent, brother, sister, child, grandchild, uncle, aunt, parent-in-law, brother-in-law or sister-in-law thereof, to:

(1) Hold any license issued by the commission; or

(2) enter into any business dealing, venture or contract with an owner or lessee of a racetrack facility in Kansas.

(d) It is a class A misdemeanor for any officer, director or member of an organization licensee, other than a county fair association, to:

(1) Receive, for duties performed as an officer or director of such licensee, any compensation or reimbursement or payment of expenses in excess of the amounts provided by K.S.A. 75-3223 and amendments thereto for board members' compensation, mileage and expenses;

(2) enter into any business dealing, venture or contract with the organization licensee or, other than in the capacity of an officer or director of the organization licensee, with a facility owner licensee, facility manager licensee or concessionaire licensee; or

(3) place a wager on an entry in a horse or greyhound race conducted by an organization licensee.

(e) It is a class A misdemeanor for any facility owner licensee or facility manager licensee, or any officer, director or employee thereof, to:

(1) Participate directly or indirectly as an owner, owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse, entered in a race meeting conducted in this state; or

(2) place a wager on an entry in a horse or greyhound race conducted by an organization licensee.

(f) It is a class B misdemeanor for any person to use any animal or fowl in the training or racing of racing greyhounds.

(g) It is a class A misdemeanor for any person to:

(1) Sell a parimutuel ticket or an interest in such a ticket to a person knowing such person to be under 18 years of age, upon conviction of the first offense;

(2) accept, transmit or deliver, from a person outside a racetrack facility, anything of value to be wagered in any parimutuel system of wagering within a racetrack facility, upon conviction of the first offense;

(3) administer or conspire to administer any drug or medication to a horse or greyhound within the confines of a racetrack facility in violation of rules and regulations of the commission, upon conviction of the first offense;

(4) possess or conspire to possess, within the confines of a racetrack facility, any drug or medication for administration to a horse or greyhound in violation of rules and regulations of the commission, upon conviction of the first offense;

(5) possess or conspire to possess, within the confines of a racetrack facility, equipment for administering drugs or medications to horses or greyhounds in violation of rules and regulations of the commission, upon conviction of the first offense;

(6) enter any horse or greyhound in any race knowing such horse or greyhound to be ineligible to compete in such race pursuant to section 12; or

(7) prepare or cause to be prepared an application for registration of a horse pursuant to section 29 knowing that such application contains false information.

(h) It is a class E felony for any person to:

(1) Sell a parimutuel ticket or an interest in such a ticket to a person knowing such person to be under 18 years of age, upon conviction of the second or a subsequent offense;

(2) accept, transmit or deliver, from any person outside a racetrack facility, anything of value to be wagered in any parimutuel system of wagering within a racetrack facility, upon the second or a subsequent conviction;

(3) conduct or assist in the conduct of a horse or greyhound race where the parimutuel system of wagering is used or is intended to be used and where no license has been issued to an organization to conduct such race;

(4) enter any horse or greyhound in any race conducted by an organization licensee knowing that the class or grade in which such horse or greyhound is entered is not the true class or grade or knowing that the name under which such horse or greyhound is entered is not the name under which such horse or greyhound has been registered and has publicly performed;

(5) use or conspire to use any device, other than an ordinary whip for horses or a mechanical hare for greyhounds, for the purpose of affecting the speed of any horse or greyhound at any time during a race conducted by an organization licensee;

(6) administer or conspire to administer any drug or medication to a horse or greyhound within the confines of a racetrack facility in violation of rules and regulations of the commission, upon conviction of the second or a subsequent offense;

(7) possess or conspire to possess, within the confines of a racetrack facility, any drug or medication for administration to a horse or greyhound in violation of rules and regulations of the commission, upon conviction of the second or a subsequent offense;

(8) possess or conspire to possess, within the confines of a

racetrack facility, equipment for administering drugs or medications to horses or greyhounds in violation of rules and regulations of the commission, upon conviction of the second or a subsequent offense;

(9) sponge the nostrils or windpipe of a horse for the purpose of stimulating or depressing such horse or affecting its speed at any time during a race meeting conducted by an organization licensee;

(10) alter or attempt to alter the natural outcome of any race conducted by an organization licensee;

(11) influence or attempt to influence, by the payment or promise of payment of money or other valuable consideration, any person to alter the natural outcome of any race conducted by an organization licensee;

(12) influence or attempt to influence any member, employee or appointee of the commission, by the payment or promise of payment of money or other valuable consideration, in the performance of any official duty of that member, employee or appointee;

(13) fail to report to the commission or to one of its employees or appointees knowledge of any violation of this act by another person for the purpose of stimulating or depressing any horse or greyhound, or affecting its speed, at any time during any race conducted by an organization licensee;

(14) commit any of the following acts with respect to the prior racing record, pedigree, identity or ownership of a registered horse or greyhound in any matter related to the breeding, buying, selling or racing of the animal: (A) Falsify, conceal or cover up, by any trick, scheme or device, a material fact; (B) make any false, fictitious or fraudulent statement or representation; or (C) make or use any false writing or document knowing that it contains any false, fictitious or fraudulent statement or entry; or

(15) pass or attempt to pass, cash or attempt to cash any altered or forged parimutuel ticket knowing it to have been altered or forged.

(i) No person less than 18 years of age shall purchase a parimutuel ticket or an interest in such a ticket. Any person violating this subsection shall be subject to adjudication as a juvenile offender pursuant to the Kansas juvenile offender code.

(j) Possession of any device described in subsection (h)(5) by anyone within the confines of a racetrack facility shall be prima facie evidence of intent to use such device.

New Sec. 11. The commission shall adopt rules and regulations establishing those drugs and medications, and the levels thereof, which are allowable in the blood or urine of any horse or greyhound when tested either just prior to or immediately following participation in any race conducted by an organization licensee. Animals in violation of such rules and regulations shall be disqualified from the race in which the animal is entered or has participated on the day that such test was conducted.

New Sec. 12. (a) Horses shall not compete in any race meeting before reaching the age of two years. A horse's age shall be determined beginning on the first day of January in the year in which the horse is foaled.

(b) Greyhounds shall not compete in any race meeting before reaching the age of 15 months.

(c) No horse shall compete in any race limited to Kansas-bred horses unless such horse is registered pursuant to section 29. The commission may prescribe such forms as necessary to determine the eligibility of horses entered in such a race.

New Sec. 13. (a) A nonprofit organization may apply to the commission for an organization license to conduct horse races or an organization license to conduct greyhound races, or both such licenses. In addition, an organization license may authorize the licensee to construct or own a racetrack facility if so provided by the commission. The application for an organization license shall be filed with the commission at a time and place prescribed by rules and regulations of the commission. The application shall specify the days when, the exact location where it proposes to conduct such races and shall be in a form and include such information as the commission prescribes. A nonrefundable application fee in the form of a certified check or bank draft shall accompany the application. Except as provided pursuant to section 14, such fee shall be as follows:

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(1) For an application for an organization license to conduct horse or greyhound races with parimutuel wagering, a fee of \$5,000 for each application; and

(2) for an application for an organization license to conduct horse races without parimutuel wagering, a fee of \$500 for each application.

(b) If an applicant for an organization license is proposing to construct a racetrack facility, such applicant, at the time of submitting the application, shall deposit with the commission, in such form as prescribed by rules and regulations of the commission, the sum of (1) \$500,000, if the number of racing days applied for in a racing season is 150 days or more; (2) \$250,000, if the number of racing days applied for is less than 150 days; or (3) a lesser sum established by the commission, if the applicant meets the qualifications set forth in subsection (a)(1) or (a)(2) of section 14 or if the applicant will be conducting races only on the state fairgrounds. Only one such deposit shall be required for a dual racetrack facility. The executive director shall promptly remit any deposit received pursuant to this subsection to the state treasurer. The state treasurer shall deposit the entire amount in the state treasury and credit it to the racing applicant deposit fund created by section 33. If the application is denied by the commission, the deposit, and any interest accrued thereon, shall be refunded to the applicant. If the license is granted by the commission in accordance with the terms of the application or other terms satisfactory to the applicant, the deposit, and any interest accrued thereon, shall be refunded to the licensee upon completion of the racetrack facility in accordance with the terms of the license. If the licensee fails to complete the racetrack facility in accordance with the terms of the license, the deposit, and any interest accrued thereon, shall be forfeited by the applicant.

(c) To qualify for an organization license to conduct horse or greyhound races:

(1) The applicant shall be a bona fide, nonprofit organization which, if applicable, meets the requirements of subsection (d);

(2) the applicant shall have, either by itself or through contractual relationships with other persons or businesses approved by the commission, the financial capability, manpower and technical expertise, as determined by the commission, to properly conduct horse races or greyhound races, or both, and, if applicable, to operate a parimutuel wagering system;

(3) if the applicant is proposing to construct a racetrack facility, the applicant shall submit detailed plans for the construction of such facility, including the means and source of financing such construction and operation, sufficient to convince the commission that such plans are feasible;

(4) submit for commission approval a written copy of each contract and agreement which the applicant proposes to enter into, including all those listed in subsection (n), which contracts and agreements shall conform to the restrictions placed thereon by subsections (n), (o) and (p);

(5) the applicant shall propose to conduct races within only one county, and in such county the majority of the qualified electors have approved either: (A) The constitutional amendment permitting the conduct of horse and dog races and parimutuel wagering thereon; or (B) a proposition permitting horse and dog races and parimutuel wagering thereon within the boundaries of such county;

(6) no director, officer, employee or agent of the applicant shall have been convicted of any of the following in any court of any state or of the United States: (A) Fixing of horse or greyhound races; (B) illegal gambling activity; (C) illegal sale or possession of any controlled substance; (D) operation of any illegal business; (E) repeated acts of violence; or (F) any felony; and

(7) no director or officer of the applicant shall be addicted to, and a user of, alcohol or a controlled substance.

(d) To qualify for an organization license to conduct horse or greyhound races, a nonprofit organization, other than a county fair association or a nonprofit organization conducting races only on the state fair grounds, shall:

(1) Distribute all of its net earnings from the conduct of horse and greyhound races, other than that portion of the net earnings which is necessary to satisfy the debt service obligations, not

otherwise deducted from net earnings, of an organization licensee owning the racetrack facility or that portion of the net earnings which is set aside as reasonable reserves for future improvement, maintenance and repair of the racetrack facility owned by the organization licensee, only to organizations, other than itself, which: (A) Have been exempted from the payment of federal income taxes pursuant to section 501(c)(3) of the federal internal revenue code of 1986, as in effect July 1, 1987, (B) are domiciled in this state and (C) expend the moneys so distributed only within this state;

(2) distribute not more than 25% of such net earnings to any one such organization in any calendar year;

(3) not engage in, and have no officer, director or member who engages in, any prohibited transaction, as defined by section 503(b) of the federal internal revenue code of 1986, as in effect July 1, 1987; and

(4) have no officer, director or member who is not a bona fide resident of this state.

(e) Within 30 days after the date specified for filing, the commission shall examine each application for an organization license for compliance with the provisions of this act and rules and regulations of the commission. If any application does not comply with the provisions of this act or rules and regulations of the commission, the application may be rejected or the commission may direct the applicant to comply with the provisions of this act or rules and regulations of the commission within a reasonable time, as determined by the commission. Denial of an organization license by the commission shall be in accordance with the Kansas administrative procedure act. Upon proof by the applicant of compliance, the commission may reconsider the application. If an application is found to be in compliance and the commission finds that the issuance of the license would be within the best interests of horse and greyhound racing within this state from the standpoint of both the public interest and the horse or greyhound industry, as determined solely within the discretion of the commission, the commission may issue an organization license to the applicant. The commission shall approve the issuance of organization licenses for a period established by the commission but not to exceed 25 years. Such license may provide that during its term it constitutes an exclusive license within a radius of the location specified in the license, as determined by the commission. No racing of any kind regulated by this act shall be conducted by any other person within the territory covered by such exclusive license without the written consent of the licensee. For each license issued, the commission shall specify the location, type, time and date of all races and race meetings which the commission has approved for the licensee to conduct. The license shall be issued upon receipt of the license fee and the furnishing of a surety bond or other financial security approved by the commission, conditioned on, and in an amount determined by the commission as sufficient to pay, the licensee's potential financial liability for unpaid taxes, purses and distribution of parimutuel winnings and breakage. No organization license shall be transferred to any other organization or entity.

(f) When considering the granting of organization licenses or racing days between two or more competing applicants, the commission shall give consideration to the following factors:

(1) The character, reputation, experience and financial stability of those persons within the applicant organizations who will be supervising the conduct of the races and parimutuel wagering for the organization;

(2) the quality of the racing facilities and adjoining accommodations;

(3) the amount of revenue that can reasonably be expected to be generated from state and local taxes, the economic impact for the respective horse or greyhound breeding industries in Kansas and the indirect economic benefit to the surrounding area, in the determination of which economic benefit the commission shall solicit written recommendations from all interested parties in the surrounding area;

(4) the location of the race meetings in relation to the principal centers of population and the effect of such centers on the ability of the organizations to sustain a financially sound racing operation; and

(5) testimony from interested parties at public hearings to be conducted in the geographic areas where the applicants would be conducting their race meetings.

(g) Except as otherwise provided pursuant to section 14, each organization licensee shall pay a license fee in the amount of \$200 for each day of racing approved by the commission. Such fees shall be paid at such times and by such means as prescribed by rules and regulations of the commission. The commission may authorize the state treasurer to refund from the state racing fund a fee paid for any racing day which was canceled with advance notice to and with the approval of the commission.

(h) Organization licensees may apply to the commission for changes in approved race meetings or dates or for additional race meetings or dates as needed throughout the terms of their licenses. Application shall be made upon forms furnished by the commission and shall contain or be accompanied by such information as the commission prescribes. Upon approval by the commission, the organization licensee shall pay an additional license fee for any race days in excess of the number originally approved and included in the calculation of the initial license fee.

(i) All organization licenses shall be reviewed annually by the commission to determine if the licensee is complying with the provisions of this act and rules and regulations of the commission and following such proposed plans and operating procedures as were approved by the commission. The commission may review an organization license more often than annually upon its own initiative or upon the request of any interested party. The commission shall require each organization licensee, other than a county fair association, to file annually with the commission a certified financial audit of the licensee by an independent certified public accountant, which audit shall be open to inspection by the public, and may require an organization licensee to provide any other information necessary for the commission to conduct the annual or periodic review.

(j) Subject to the provisions of subsection (k), the commission, in accordance with the Kansas administrative procedure act, may suspend or revoke an organization license or may impose a civil fine not exceeding \$5,000, or may both suspend such license and impose such fine, for each of the following violations by a licensee:

(1) One or more violations, or a pattern of repeated violations, of the provisions of this act or rules and regulations of the commission;

(2) failure to follow one or more provisions of the licensee's plans for the financing, construction or operation of a racetrack facility as submitted to and approved by the commission;

(3) failure to maintain compliance with the requirements of subsection (c) or (d), if applicable, for the initial issuance of an organization license;

(4) failure to properly maintain or to make available to the commission such financial and other records sufficient to permit the commission to verify the licensee's nonprofit status and compliance with the provisions of this act or rules and regulations of the commission;

(5) providing to the commission any information material to the issuance, maintenance or renewal of the licensee's license knowing such information to be false or misleading;

(6) failure to meet the licensee's financial obligations incurred in connection with the conduct of a race meeting; or

(7) a violation of section 32 or any rules and regulations adopted pursuant to that section.

(k) Prior to suspension or revocation of a license pursuant to subsection (j), the commission shall give written notice of the reason therefor in detail to the organization licensee and to all facility owner and facility manager licensees with whom the organization licensee is doing business. Upon receipt of such notice by all of such licensees, the organization licensee shall have 30 days in which to cure the alleged violation, if it can be cured. If the commission finds that the violation has not been cured upon expiration of the 30 days, or upon a later deadline granted by the commission, or if the commission finds that the alleged violation is of such a nature that it cannot be cured, the commission shall proceed to suspend or revoke the license pursuant to subsection (j). Nothing in this subsection shall be

construed to preclude the commission from imposing a fine pursuant to subsection (j) even if the violation is cured with 30 days or such other period as provided by the commission.

(l) Prior to the expiration of an organization license, the organization may apply to the commission for renewal of such license. The renewal application shall be in a form and include such information as the commission prescribes. The commission shall grant such renewal if the organization meets all of the qualifications required for an initial license. The commission may charge a fee for the processing of the renewal application not to exceed the application fee authorized for an initial license.

(m) Once an organization license has been issued, no person thereafter and during the term of such license shall in any manner become the owner or holder, directly or indirectly, of any shares of stock or certificates or other evidence of ownership or become a director or officer of such organization licensee without first having obtained the written approval of the commission.

(n) An organization licensee shall submit to the commission for approval a copy of each contract and agreement which the organization licensee proposes to enter into and any proposed modification of any such contract or agreement, including but not limited to those involving:

(1) Any person to be employed by the organization licensee;

(2) any person supplying goods and services to the organization licensee, including management, consulting or other professional services;

(3) any lease of facilities, including real estate or equipment or other personal property; or

(4) the operation of any concession within or adjacent to the racetrack facility.

The commission shall reject any such contract or agreement which violates any provision of this act or rules and regulations of the commission, which provides for payment of money or other valuable consideration which is clearly in excess of the fair market value of the goods, services or facilities being purchased or leased or which, in the case of a contract or agreement with a facility owner licensee or a facility manager licensee, would not protect the organization licensee from incurring losses due to contractual liability.

(o) Organization licensees shall not by lease, contract, agreement, understanding or arrangement of any kind grant, assign or turn over to any person the parimutuel system of wagering described in section 19 or the operation and conduct of any horse or greyhound race to which such wagering applies, but this subsection shall not prohibit the organization licensee from contracting with and compensating others for providing services in connection with the financing, acquisition, construction, equipping, maintenance and management of the racetrack facility; the hiring and training of personnel; and the promotion of the facility.

(p) An organization licensee shall not in any manner permit a person other than such licensee to have a share, percentage or proportion of money received from parimutuel wagering at the racetrack facility except as specifically set forth in this act, except that:

(1) A facility owner licensee may receive gross percentage rental fees under a lease if all terms of the lease are disclosed to the commission and such lease is approved by the commission; and

(2) a person who has contracted with an organization licensee to provide one or more of the services permitted by subsection (o) may receive compensation in the form of a percentage of the money received from parimutuel wagering if such contract is approved by the commission and such person is licensed as a facility manager.

(q) Directors or officers of an organization licensee are not liable in a civil action for damages arising from their acts or omissions when acting as individual directors or officers, or as a board as a whole, of a nonprofit organization conducting races pursuant to this act, unless such conduct constitutes willful or wanton misconduct or intentionally tortious conduct, but only to the extent the directors and officers are not required to be insured by law or are not otherwise insured against such acts or

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omissions. Nothing in this section shall be construed to affect the liability of an organization licensee for damages in a civil action caused by the negligent or wrongful acts or omissions of its directors or officers, and a director's or officer's negligence or wrongful act or omission, while acting as a director or officer, shall be imputed to the organization licensee for the purpose of apportioning liability for damages to a third party pursuant to K.S.A. 60-258a and amendments thereto.

(r) If an applicant for an organization license proposes to construct a racetrack facility and the commission determines that such license should be issued to the applicant, the commission shall issue to the applicant an organization license conditioned on the submission by the licensee to the commission, within a period of time prescribed by the commission, of a commitment for financing the construction of the racetrack facility by a financial institution or other source, subject to approval by the commission. If such commitment is not submitted within the period of time originally prescribed by the commission or such additional time as authorized by the commission, the license shall expire at the end of such period.

(s) If an organization licensee's license authorizes the construction of a dual racetrack facility, such license shall be conditioned on the completion of such facility within a time specified by the commission. If, within the time specified by the commission, the licensee has not constructed a dual racetrack facility in accordance with the plans submitted to the commission pursuant to subsection (c)(3), the commission, in accordance with the Kansas administrative procedure act, shall:

(1) Impose upon the licensee a civil fine equal to 2% of the total parimutuel pools for all races held at the licensee's facility on and after the date that racing with parimutuel wagering is first conducted at such facility and until the date that was specified by the commission for completion of such facility as a condition of the licensee's license; and

(2) revoke the licensee's license unless the licensee demonstrates reasonable cause for the failure to complete the facility.

(t) Any license granted an organization licensee to conduct races at a dual racetrack facility shall be conditioned on the organization licensee's conducting horse races on not less than 20% of the annual racing days granted the licensee by the commission. If an organization licensee fails to comply with such condition, the commission shall revoke the organization licensee's license unless the licensee demonstrates reasonable justification for the failure to complete the facility.

New Sec. 14. (a) The commission shall establish by rules and regulations application and license fees not exceeding those provided by section 13 for any of the following which applies for an organization license:

(1) Any fair association, other than the Greenwood county and Anthony fair associations, organized pursuant to K.S.A. 2-125 *et seq.*, and amendments thereto, or the national greyhound association of Abilene, Kansas, if: (A) Such association conducts not more than two race meetings each year; (B) such race meets are held within the boundaries of the county where the applicant is located; and (C) such race meetings are held for a total of not more than 21 days per year; or

(2) the Greenwood county fair association or the Anthony fair association with respect to race meetings conducted by such association at Eureka Downs or Anthony Downs, respectively, for which the number of race meetings and days, and the dates thereof, shall be specified by the commission.

(b) The application fee for a county fair association applying for an organization license to conduct only harness horse races without parimutuel wagering shall be \$50 for each application, and no license fee shall be required of such association for any day of a race meeting of less than 10 days of only harness horse racing without parimutuel wagering.

(c) All applicants for organization licenses for the conduct of race meetings pursuant to the provisions of this section shall be required to comply with all the provisions of section 13.

New Sec. 15. (a) Any person, partnership, corporation or association, or the state of Kansas or any political subdivision thereof, may apply to the commission for a facility owner license to construct or own, or both, a racetrack facility which includes a

racetrack and other areas designed for horse racing or greyhound racing, or both.

(b) Any person, partnership, corporation or association may apply to the commission for a facility manager license to manage a racetrack facility.

(c) A facility owner license or a facility manager license shall be issued for a period established by the commission but not to exceed 25 years. The application for a facility owner license shall be accompanied by a nonrefundable fee of \$5,000. An application for a facility manager license shall be accompanied by a nonrefundable fee of \$5,000.

(d) If an applicant for a facility owner license is proposing to construct a racetrack facility, such applicant, at the time of submitting the application, shall deposit with the commission, in such form as prescribed by rules and regulations of the commission, the sum of (1) \$500,000, if the number of racing days applied for by organization licensee applicants proposing to race at the facility is 150 days or more in a racing season; (2) \$250,000, if such number of racing days applied for is less than 150 days; or (3) a lesser sum established by the commission, if the applicant is the state or a political subdivision of the state. Only one such deposit shall be required for a dual racetrack facility. The executive director shall promptly remit any deposit received pursuant to this subsection to the state treasurer. The state treasurer shall deposit the entire amount in the state treasury and credit it to the racing applicant deposit fund created by section 33. If the application is denied by the commission, the deposit, and any interest accrued thereon, shall be refunded to the applicant. If the license is granted by the commission in accordance with the terms of the application or other terms satisfactory to the applicant, the deposit, and any interest accrued thereon, shall be refunded to the licensee upon completion of the racetrack facility in accordance with the terms of the license. If the licensee fails to complete the racetrack facility in accordance with the terms of the license, the deposit, and any interest accrued thereon, shall be forfeited by the applicant.

(e) A facility owner license shall be granted only to an applicant that already owns an existing racetrack facility or has submitted with its application detailed plans for the construction of such facility, including the means and source of financing such construction and operation sufficient to convince the commission that such plans are feasible or has submitted detailed plans for the construction of a racetrack facility, including the means and source of financing such construction and operation, sufficient to convince the commission that such plans are feasible. A facility manager license shall be granted only to an applicant that has a facility management contract with an organization licensed pursuant to section 13. Denial of a facility owner license or facility manager license by the commission shall be in accordance with the Kansas administrative procedure act.

(f) An applicant for a facility owner license or facility manager license, or both, shall not be granted a license if there is substantial evidence that the applicant for the license, or any officer or director, stockholder, member or owner of or other person having a financial interest in the applicant:

(1) Has been suspended or ordered to cease operation of a parimutuel racing facility in another jurisdiction by the appropriate authorities in that jurisdiction, has been ordered to cease association or affiliation with such a racing facility or has been banned from such a racing facility;

(2) has been convicted by a court of any state or of the United States of any criminal act involving fixing or manipulation of parimutuel races, violation of any law involving gambling or controlled substances, drug violations involving horses or greyhounds or if any employee or agent assisting the applicant in activities relating to ownership or management of a racetrack facility or to the conduct of races has been so convicted;

(3) has been convicted by a court of any state or of the United States of any felony involving dishonesty, fraud, theft, counterfeiting, alcohol violations or embezzlement or if any employee or agent assisting the applicant in activities relating to ownership or management of a racetrack facility or to the conduct of races has been so convicted;

(4) has not demonstrated financial responsibility sufficient to

meet the obligations being undertaken pursuant to its contract with the organization licensee;

(5) is not in fact the person or entity authorized to or engaged in the licensed activity;

(6) is or becomes subject to a contract or option to purchase under which 10% or more of the ownership or other financial interest or membership interest are subject to purchase or transfer, unless the contract or option has been disclosed to the commission and the commission has approved the sale or transfer during the license period;

(7) has made a statement of a material fact in the application or otherwise in response to official inquiry by the commission knowing such statement to be false; or

(8) has failed to meet any monetary or tax obligation to the federal government or to any state or local government, whether or not relating to the conduct or operation of a race meet held in this state or any other jurisdiction.

(g) No person or entity shall be qualified to hold a facility manager license if such person or entity, or any director, officer, employee or agent thereof, is addicted to, and a user of, alcohol or a controlled substance.

(h) If the commission finds probable cause to believe that a facility owner licensee has failed to follow one or more provisions of the licensee's plans for the financing, construction or operation of a racetrack facility as submitted to and approved by the commission or that a facility owner licensee or facility manager licensee has violated any of the terms and conditions of licensure provided by this section or any other provision of this act or any rule and regulation of the commission, the commission shall give written notice thereof to the licensee and all other interested parties. The licensee shall have 30 days from receipt of the notice to cure such alleged failure or violation, if it can be cured. If the commission finds that such violation has not been cured upon expiration of such 30 days or upon a later deadline granted by the commission, or if the alleged violation is of such a nature that it cannot be cured, the commission may suspend or revoke the licensee's license in accordance with the Kansas administrative procedure act.

(i) If an applicant for a facility owner license proposes to construct a racetrack facility and the commission determines that such license should be issued to the applicant, the commission shall issue to the applicant a facility owner license conditioned on the submission by the licensee to the commission, within a period of time prescribed by the commission, of a commitment for financing the construction of the racetrack facility by a financial institution or other source, subject to approval by the commission. If such commitment is not submitted within the period of time originally prescribed by the commission or such additional time as authorized by the commission, the license shall expire at the end of such period.

(j) If a facility owner licensee's license authorizes the construction of a dual racetrack facility, such license shall be conditioned on the completion of such facility within a time specified by the commission. If, within the time specified by the commission, the licensee has not constructed a dual racetrack facility in accordance with the plans submitted to the commission pursuant to subsection (e), the commission, in accordance with the Kansas administrative procedure act, shall:

(1) Impose upon the licensee a civil fine equal to 2% of the total parimutuel pools for all races held at the licensee's facility on and after the date that racing with parimutuel wagering is first conducted at such facility and until the date that was specified by the commission for completion of such facility as a condition of the licensee's license; and

(2) revoke the licensee's license unless the licensee demonstrates reasonable cause for the failure to complete the facility.

New Sec. 16. (a) The commission shall require occupation licenses for:

(1) Any owner of a horse or greyhound participating in a race conducted by an organization licensee;

(2) any person whose work, in whole or in part, is conducted within a racetrack facility owned or leased by an organization licensee, including trainers, jockeys, agents, apprentices, grooms, exercise persons, veterinarians, valets, blacksmiths, stewards, racing judges, starters, timers, supervisors of mutuels,

parimutuel tellers and clerks, guards and such other personnel designated by the commission.

(b) An occupation license shall be obtained from the commission prior to the time a person engages activities for which such license is required, regardless of whether a race meeting is being conducted.

(c) A person required to be licensed pursuant to subsection (a) shall apply for such license in a manner and upon forms prescribed and furnished by the commission. The commission may require the applicant to submit to fingerprinting. Occupation licenses shall be issued for a period established by the commission but not less than one year or more than three years. The commission shall establish the amount of application fees and license fees for different types of occupation licenses, but no such fee shall exceed \$200. The application fee shall not be refundable if the applicant fails to qualify for a license and shall include the cost of processing fingerprints if they are required by the commission.

(d) The commission may require an applicant for an occupation license as a condition of licensure to consent to allow agents of the Kansas bureau of investigation or security personnel of the commission to search without warrant the licensee's person, personal property and work premises while within the racetrack facility or adjacent facilities under the control of the organization licensee for the purpose of investigating possible criminal violations of this act or violations of rules and regulations of the commission.

(e) Denial of an occupation license by the commission shall be in accordance with the Kansas administrative procedure act. The commission may refuse to issue an occupation license to any person who:

(1) Has been convicted of a felony by a court of any state or of the United States;

(2) has been convicted of a violation of any law of any state or of the United States involving gambling or controlled substances;

(3) is not qualified to perform the duties associated with the license being applied for;

(4) fails to disclose any material fact or provides information, knowing such information to be false, when applying for the license;

(5) has been found by the commission to have violated any provision of this act or any rule and regulation of the commission;

(6) has had an occupation license suspended, revoked or denied for just cause in any other jurisdiction; or

(7) has committed two or more acts of violence within the past two years as established by a court of competent jurisdiction of any state or of the United States.

(f) The commission may suspend or revoke an occupation license for any reason which would justify refusal to issue such a license and may impose a fine not exceeding \$5,000 for each violation upon any occupation licensee found to have violated any provision of this act or any rule and regulation of the commission. Such fine may be imposed in addition to or in lieu of suspending or revoking such person's occupation license. Proceedings for the suspension or revocation of an occupation license or imposition of a fine pursuant to this section shall be conducted by the commission or its appointed hearing officer in accordance with the Kansas administrative procedure act.

(g) The commission may provide by rules and regulations for the temporary suspension of an occupation license by summary adjudicative proceedings in accordance with the Kansas administrative procedure act upon finding that there is probable cause to believe that grounds exist for a permanent suspension or revocation of such license. Such suspension shall be for a period not exceeding 30 days. Upon expiration of such suspension, the license shall be restored unless the license has been suspended or revoked pursuant to subsection (f).

(h) The stewards at any horse race meeting and the racing judges at any greyhound race meeting may temporarily suspend any occupation license by emergency adjudicative proceedings in accordance with the Kansas administrative procedure act upon a finding by at least two of the stewards or racing judges that

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there is probable cause to believe that such occupation licensee has violated the provisions of this act or any rule or regulation of the commission.

New Sec. 17. (a) No organization licensee or facility manager licensee shall permit any business not owned and operated by the organization licensee to sell goods within a racetrack facility where the organization licensee conducts race meetings unless such business has been issued a concessionaire license by the commission.

(b) Businesses required to be licensed pursuant to this section shall apply for concessionaire licenses in a manner and upon forms prescribed and furnished by the commission. The commission shall require disclosure of information about the owners and officers of each applicant and all employees of the applicant who will be working within the racetrack facility and may require such owners, officers and employees to submit to fingerprinting. Concessionaire licenses shall be issued for a period of time established by the commission but not to exceed 10 years. The commission shall establish a schedule of application fees and license fees for concessionaire licenses based upon the type and size of business. The application fee shall not be refundable if the business fails to qualify for a license and such fee shall include the cost of processing fingerprints if they are required by the commission.

(c) The commission may require applicants as a condition of licensure to consent to allow agents of the Kansas bureau of investigation or security personnel of the commission to search without warrant the licensee's premises and personal property and the persons of its owners, officers and employees while engaged in the licensee's business within the racetrack facility or adjacent facilities under the control of the organization licensee for the purpose of investigating criminal violations of this act or violations of rules and regulations of the commission.

(d) Denial of a concessionaire license by the commission shall be in accordance with the Kansas administrative procedure act. The commission may refuse to issue a concessionaire license to any business if any person having an ownership interest in such business, any person who is an officer of such business or any person employed by such business within the racetrack facility;

(1) Has been convicted of a felony in a court of any state or of the United States;

(2) has been convicted of violation of any law of any state or of the United States involving gambling or controlled substances;

(3) fails to disclose any material fact or provides information, knowing such information to be false, when applying for the license; or

(4) has been found by the commission to have violated any provision of this act or any rule and regulation of the commission.

(e) The commission may suspend or revoke the concessionaire license of any business for any reason which would justify refusal to issue such a license. Proceedings to suspend or revoke such license shall be conducted by the commission or its appointed hearing officer in accordance with the provisions of the Kansas administrative procedure act.

(f) The commission may provide by rules and regulations for the temporary suspension of a concessionaire license by summary adjudicative proceedings in accordance with the Kansas administrative procedure act upon finding that there is probable cause to believe that grounds exist for a permanent suspension or revocation of such license. Such suspension shall be for a period not exceeding 30 days. Upon expiration of such suspension, the license shall be restored unless the license has been suspended or revoked as a result of proceedings conducted pursuant to subsection (e).

New Sec. 18. (a) At each race meeting held pursuant to this act the commission shall appoint three individuals to be stewards or racing judges. One shall be designated as the chief steward or chief racing judge and the other two as associate stewards or associate racing judges. The compensation of the stewards and racing judges shall be paid by the commission. The commission may require an organization licensee to reimburse the commission for compensation paid to the stewards and racing judges for their services performed at race meetings conducted

by that organization licensee. Any moneys received by the commission for that purpose shall be remitted promptly by the commission to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the racing reimbursable expense fund created by section 27. All other racing officials at a race meeting shall be approved by the commission and compensated by the organization licensee. The stewards, racing judges and other racing officials shall enforce the civil provisions of this act and any rules and regulations of the commission and shall submit written reports of the activities and conduct of the race meetings to the commission.

(b) Each steward or racing judge shall be required to obtain an occupation license from the commission pursuant to section 16 prior to performing any duties as a steward or a judge.

(c) The commission shall require applicants for a license as a steward or racing judge to pass an examination on matters relating to the duties of stewards or racing judges. Examinations shall be held at such times and places as determined by the commission. Notice of the times and places of the examinations shall be given as determined by the commission. The commission shall prepare both written and oral examinations to be taken by persons applying for licensure as stewards or racing judges, requesting and taking into consideration suggestions from representatives of horsemen and horsewomen, greyhound owners, organization licensees, stewards, racing judges and other interested and knowledgeable parties as to the content thereof.

(d) The commission may examine any person who:

(1) Has not been convicted of a crime involving moral turpitude or of a felony;

(2) has completed an accredited senior high school or its equivalent;

(3) has been given a physical examination by a licensed physician within 60 days prior to the date of application for the steward's examination, indicating at least 20/20 vision or vision corrected to at least 20/20, and normal hearing ability;

(4) has: (A) At least five years' experience in the horse or greyhound racing industry as a licensed trainer or jockey; (B) at least 10 years' experience in the horse or greyhound racing industry as a licensed owner whose experience, knowledge, ability and integrity relative to the industry are known to the commission; (C) at least three years' experience as a licensed racing official, racing secretary, assistant racing secretary or director of racing; or (D) experience in the racing industry of a character and for a length of time sufficient, in the opinion of the commission, to be substantially equivalent to the experience requirement of subsection (d)(4)(A), (B) or (C).

(e) For the purpose of subsection (d)(4), one year's experience shall mean at least 100 days actually worked within one calendar year. An original license for a steward or racing judge issued pursuant to the provisions of this act shall be issued for the calendar year in which it is issued and shall be renewable for a period not to exceed three years as established by rules and regulations of the commission. The commission shall establish a license fee schedule consistent with the different periods for which such licenses may be granted. The license shall be valid at all race meetings in this state during the period for which it is issued, unless it is suspended or revoked prior to the expiration of such period.

New Sec. 19. (a) Organizations licensed pursuant to section 13 or 14 may conduct parimutuel wagering on the results of horse and greyhound races held on dates and at racetrack facilities approved by the commission. All persons participating in such wagering shall be present within the confines of the approved racetrack facility.

(b) Organization licensees shall issue a ticket to each person placing a wager, which ticket shall show the date and number of the race, the amount wagered and the number of the horse or greyhound selected by the person. The licensee may receive wagers on horses or greyhounds to finish first, second, third or any combination thereof within the same race or among two or more races conducted on the same day at the same racetrack facility, as authorized by the commission.

(c) After wagering has been closed for each race, the organization licensee may deduct an amount not exceeding 18% of the total wagered in each parimutuel pool and the balance, less the

breakage, shall be paid to holders of winning tickets for that pool in accordance with procedures authorized by the commission. The commission may authorize a higher amount not exceeding 22% to be deducted from the total wagered in parimutuel pools for multiple and exotic bets.

(d) From the amount deducted as provided in subsection (c), the organization licensee shall pay the purses as provided in section 20 and the tax as specified in section 23. The balance of the amount deducted shall be used for the purposes of the organization licensee as such purposes have been represented to the commission.

(e) No organization licensee shall loan money or any other thing of value to any person for the purpose of permitting that person to wager on any race.

(f) All parimutuel tellers and clerks shall be employees of the organization licensee approved by the commission to conduct the parimutuel wagering at a race meeting.

New Sec. 20. (a) An organization licensee shall be required to pay a minimum purse equal to at least $\frac{4}{18}$ of the total takeout on all parimutuel pools from greyhound races and $\frac{6}{18}$ of the total takeout on all parimutuel pools from horse races, computed weekly. None of the minimum purse shall be withheld for stakes races or for any other reason.

(b) Nothing contained in this section shall be construed to limit the maximum purse to be paid.

(c) Purses shall be paid directly to the owner of a greyhound or, if a greyhound is leased, the purse shall be paid directly to the lessor and lessee as agreed in a written lease agreement on file with the organization licensee.

New Sec. 21. (a) The breakage deducted from the amounts paid to winning ticket holders for each parimutuel pool shall be computed by the organization licensee and disbursed as set forth in subsections (b) and (c). An accounting of the amount and disposition of the breakage shall be made by each organization licensee as directed by the commission. The breakage on minus pools shall be calculated in multiples of \$.05 rather than \$.10.

(b) All breakage proceeds from horse races shall be remitted by the organization licensee to the commission not later than the 15th day of the month following the race from which the breakage is derived. The commission shall promptly remit any such proceeds received to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the Kansas horse breeding development fund created by section 28.

(c) All breakage proceeds from greyhound races shall be distributed by the organization licensee not later than the 15th day of the month following the race from which the breakage is derived as follows:

(1) An amount equal to 50% of the breakage shall be used at racetrack facilities where derived to supplement open stakes races as approved by the commission; and

(2) an amount equal to 50% of the breakage shall be paid as purses directly to the breeders of Kansas-whelped greyhounds pursuant to rules and regulations of the commission.

New Sec. 22. (a) Any person who claims to be entitled to any part of a parimutuel pool conducted by an organization licensee and who fails to claim the money due such person prior to the completion of the race meeting at which the pool was formed may file with the organization licensee within 60 days after the close of the race meeting:

(1) A verified claim on a form prescribed and furnished by the commission, setting forth such information as necessary to identify the particular pool and the amount claimed therefrom; and

(2) a substantial portion of the parimutuel ticket upon which the claim is based, sufficient to identify: (A) The particular racetrack, race and horse or greyhound involved; (B) the amount wagered; and (C) whether the ticket was a win, place or show ticket.

(b) Upon proper application by the claimant or by the organization licensee, the commission shall hear any disputed claim filed in accordance with subsection (a) and shall consider the proof offered in its support. Unless the claimant satisfactorily establishes the right to participate in the pool, the claim shall be rejected. If the claim is allowed, the organization licensee shall

pay the amount of the claim to the claimant upon order of the commission.

(c) All unclaimed ticket proceeds from parimutuel wagering on horse race meetings shall be remitted by the organization licensee to the commission on the 61st day after the close of each race meeting. The commission shall promptly remit any such proceeds received to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the Kansas horse breeding development fund created by section 28.

(d) All unclaimed ticket proceeds from parimutuel wagering on greyhound race meetings shall be remitted by the organization licensee to the commission on the 61st day after the close of each race meeting. The commission shall promptly remit any such proceeds received to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the Kansas greyhound breeding development fund created by section 30.

New Sec. 23. (a) There is hereby imposed a tax on the gross sum wagered by the parimutuel method as follows:

(1) Of the total daily takeout from parimutuel pools for horse races, a tax at the rate of $\frac{3}{18}$;

(2) except as provided by subsection (a)(3), of the total daily takeout from parimutuel pools for greyhound races held at a racetrack facility for the racing of only greyhounds, a tax at the rate of: (A) $\frac{3}{18}$ during the first four years when racing with parimutuel wagering is conducted at such facility; (B) $\frac{4}{18}$ during the fifth year when racing with parimutuel wagering is conducted at such facility; and (C) $\frac{5}{18}$ during the sixth and any subsequent year when racing with parimutuel wagering is conducted at such facility; and

(3) of the total daily takeout from parimutuel pools for greyhound races held at a dual racetrack facility or at a racetrack facility owned by a licensee whose license authorizes the construction of a dual racetrack facility, a tax at the rate of: (A) $\frac{3}{18}$ during the first seven years when racing with parimutuel wagering is conducted at such facility; (B) $\frac{4}{18}$ during the eighth and ninth years when racing with parimutuel wagering is conducted at such facility; and (C) $\frac{5}{18}$ during the tenth and any subsequent year when racing with parimutuel wagering is conducted at such facility.

(b) The tax imposed by this section shall be no less than 3% nor more than 6% of the total money wagered each day at a racetrack facility.

(c) The tax imposed by this section shall be remitted to the commission by each organization licensee by the next business day following the day on which the wagers took place. The commission shall promptly remit any such tax moneys received to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund created by section 26.

(d) The commission shall audit and verify that the amount of tax received from each organization licensee hereunder is correct.

New Sec. 24. (a) There is hereby imposed a tax on admissions to racetrack facilities at the rate of 10% of:

(1) The amount received from charges for admissions to such facilities, excluding any amount paid for retailers' sales tax thereon or for the tax imposed by subsection (b); and

(2) except as provided by subsection (c), the value of free or complimentary admissions to such facilities, computed as if regular and usual admission rates were charged therefor.

The tax imposed by this subsection shall be remitted to the commission by each organization licensee by the next business day following the day on which the admissions were paid or, if free or complimentary, were used. The commission shall promptly remit any such tax moneys received to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund created by section 26.

(b) In addition to the tax imposed by subsection (a), there is hereby imposed on each admission to a racetrack facility which is exempt from local *ad valorem* property taxes a tax of \$.20. Except as provided by subsection (c), such tax shall apply regardless of whether the admission is paid, free or complimentary.

(continued)

The tax imposed by this subsection shall be remitted to the commission by each organization licensee by the next business day following the date of the admission. The commission shall promptly remit any such tax moneys to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the local racing admissions tax fund which is hereby established in the state treasury. All moneys credited to such fund shall be allocated to the cities and counties in which racing facilities are located as follows:

(1) Each city where there is located a racing facility shall receive $\frac{1}{2}$ the amount collected from the tax imposed pursuant to this subsection on admissions to such facility;

(2) each county where there is located a racing facility which is also located within a city shall receive $\frac{1}{2}$ the amount collected from the tax imposed pursuant to this subsection on admissions to such facility; and

(3) each county where there is located a racing facility which is not located within any city shall receive the entire amount collected from the tax imposed pursuant to this subsection on admissions to such facility.

The state treasurer shall make distributions at least quarterly from the local racing admissions tax fund. Such distributions shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports, drawn in favor of the several county treasurers and city treasurers, pursuant to vouchers approved by the executive director or a person designated by the executive director in the amounts determined under this subsection.

(c) Organization licensees may issue to actual and necessary officials and employees of the licensee or other persons actually working at a racetrack facility passes to which the taxes imposed by this section shall not apply. The issuance of such passes is subject to rules and regulations of the commission and a list of all persons to whom such passes are issued shall be filed with the commission.

New Sec. 25. (a) The power to regulate, license and tax the management, operation and conduct of and participation in horse racing and greyhound racing, and parimutuel wagering thereon and racetrack facilities therefor, is hereby vested exclusively in the state.

(b) Persons and entities licensed pursuant to this act, and their income, property and sales, shall be subject to taxation in accordance with the general tax laws of this state, any retailers' sales tax imposed pursuant to K.S.A. 12-187 *et seq.* or 79-3601 *et seq.*, and amendments thereto, any general local property tax levies and any general local business or occupation tax. No political subdivision shall:

(1) Exempt such persons or entities, or their income, property, sales, business or occupation from any such tax, or abate any such tax which is applicable to such persons, entities, income, property, sales, business or occupation, unless such exemption or abatement is provided by statute; or

(2) levy any additional tax upon the privilege of managing, operating, conducting or participating in horse racing and greyhound racing, and parimutuel wagering thereon and racetrack facilities therefor.

(c) Persons and entities licensed pursuant to this act shall be subject to any general local business or occupation licensure requirements and fees but no political subdivision shall impose any additional licensure requirements or fees on the privilege of managing, operating, conducting or participating in horse or greyhound racing, or parimutuel wagering thereon or racetrack facilities therefor.

New Sec. 26. (a) There is hereby created the state racing fund in the state treasury.

(b) Except as otherwise provided by section 24, all taxes on parimutuel wagering, admissions tax, application fees, license fees and fines which are collected by the commission shall be remitted to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chair-

person of the commission or a person designated by the chairperson.

(c) All operating expenses of the commission and moneys for the promotion of horse and greyhound racing appropriated by the legislature shall be paid from the state racing fund. On July 15 of each year and at such other times as provided by law, the director of accounts and reports shall transfer to the state gaming revenues fund created by K.S.A. 1986 Supp. 79-4801 and amendments thereto any moneys in the state racing fund in excess of those so appropriated.

New Sec. 27. (a) There is hereby created the racing reimbursable expense fund in the state treasury.

(b) All fees for processing fingerprints of licensees and reimbursements from licensees for the services of assistant animal health officers, stewards and racing judges at racetrack facilities which are collected by the commission shall be remitted to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the racing reimbursable expense fund. All moneys credited to such fund shall be expended only for the purposes and in the manner provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(c) The expenses incurred by the commission for the processing of fingerprints of licensees and for payment of the services of assistant animal health officers, stewards and racing judges at racetrack facilities shall be paid from the racing reimbursable expense fund.

New Sec. 28. (a) There is hereby created in the state treasury the Kansas horse breeding development fund to which moneys shall be credited as provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(b) Moneys credited to the Kansas horse breeding development fund shall be apportioned into categories corresponding with the various breeds of horses which are participating in races conducted by organization licensees in direct proportion to each category's contribution to the fund and shall be used in each category to provide:

(1) Purse supplements to owners of Kansas-bred horses;

(2) stakes and awards to be paid to the owners of the winning Kansas-bred horses in certain races as determined by the commission;

(3) a stallion award to each owner of a Kansas-registered stallion which is the sire of a Kansas-bred horse if such horse wins any race conducted at a Kansas race meeting, but no such award shall be paid to the owner of a Kansas stallion that served outside Kansas at any time during the calendar year in which the winning Kansas-bred horse was conceived;

(4) a breeder's award to each owner of a Kansas-registered mare which is the dam of a Kansas-bred horse if such horse wins any race conducted at a Kansas race meeting; and

(5) moneys for equine research through institutions of higher education under the state board of regents.

New Sec. 29. (a) The commission shall, by rules and regulations:

(1) Qualify stallions for participation in Kansas-registered stallion awards;

(2) provide for the registration of Kansas-domiciled mares, Kansas-domiciled stallions and Kansas-bred horses; and

(3) establish a schedule of fees for the registration of Kansas-domiciled mares, Kansas-domiciled stallions and Kansas-bred horses sufficient to provide for all expenses incurred in the administration of the Kansas horse breeding development fund created pursuant to section 28.

(b) The commission may contract with and designate an official registering agency to implement the registration of horses. Such agency shall operate under the supervision of the commission and be subject to rules and regulations of the commission. The official registering agency shall receive no compensation except fees received for registration of horses necessary to pay its expenses for such registration.

(c) The commission may contract with and designate an agency to provide for the distribution of purse supplements, stakes and awards from the Kansas horse breeding development fund. Such agency shall operate under the supervision of the commission and be subject to rules and regulations of the commission.

New Sec. 30. (a) There is hereby created in the state treasury the Kansas greyhound breeding development fund to which money shall be credited as provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(b) Moneys credited to the fund shall be expended as follows:

(1) An amount equal to 15% of all moneys credited to the fund during a fiscal year shall be transferred by the director of accounts and reports on June 30 of each year to the greyhound tourism fund created by subsection (c);

(2) an amount equal to 35% of all moneys credited to the fund during a fiscal year shall be used for research conducted within the state of Kansas relating to the prevention of injury to and disease of greyhounds; and

(3) an amount equal to 50% of all moneys credited to the fund during a fiscal year shall be used by the racetrack facilities where derived to supplement stake races for Kansas-whelped greyhounds as approved by the commission.

(c) There is hereby created in the state treasury the greyhound tourism fund. Moneys in such fund shall be used only for the promotion of greyhound-related tourism. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or a person designated by the secretary.

New Sec. 31. (a) The commission shall, by rules and regulations, establish a schedule of fees for the registration of Kansas-whelped greyhounds sufficient to provide for all expenses incurred in the administration of the Kansas greyhound breeding development fund created pursuant to section 30.

(b) The commission may contract with and designate an official registering agency to implement the registration of greyhounds. Such agency shall operate under the supervision of the commission and be subject to rules and regulations of the commission. The official registering agency shall receive no compensation except fees received for registration of greyhounds necessary to pay its expenses for such registration.

(c) The commission may contract with and designate an agency to provide for the distribution of purse supplements from the Kansas greyhound breeding development fund. Such agency shall operate under the supervision of the commission and be subject to rules and regulations of the commission.

New Sec. 32. The commission shall provide by rules and regulations for the establishment of a Kansas resident racing program.

New Sec. 33. (a) There is hereby established in the state treasury the racing applicant deposit fund.

(b) Moneys credited to the racing applicant deposit fund shall be used only to make transfers as authorized by subsection (c) and to pay refunds of deposits, and interest accrued thereon, pursuant to sections 13 and 15. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports, or a person designated by the director of accounts and reports pursuant to K.S.A. 75-3732 and amendments thereto, issued pursuant to vouchers approved by the executive director, or a person designated by the executive director.

(c) Upon forfeiture of a deposit pursuant to section 13 or 15, the executive director shall certify to the director of accounts and reports the amount of such deposit, and any interest accrued thereon. Upon receipt thereof, the director of accounts and reports shall transfer the amount certified to the state racing fund created by section 26.

(d) The pooled money investment board may invest and reinvest moneys credited to the racing applicant deposit fund in

obligations of the United States of America or obligations the principal and interest of which are guaranteed by the United States of America or in interest-bearing time deposits in any commercial bank or trust company located in Kansas. If the board determines that it is impossible to deposit the moneys in time deposits, it shall enter into repurchase agreements of less than 30 days' duration with a Kansas bank for direct obligations of, or obligations that are insured as to principal and interest by the United States government or any agency thereof. Any income or interest earned by the investments shall be credited to the racing applicant deposit fund.

New Sec. 34. If any provision of this act or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application and, to this end, the provisions of this act are severable.

Sec. 35. K.S.A. 21-4302, as amended by section 23 of 1987 House bill No. 2043, is hereby amended to read as follows: 21-4302. (1) A "bet" is a bargain in which the parties agree that, dependent upon chance, one stands to win or lose something of value specified in the agreement. A bet does not include:

(a) Bona fide business transactions which are valid under the law of contracts including, but not limited to, contracts for the purchase or sale at a future date of securities or other commodities, and agreements to compensation for loss caused by the happening of the chance including, but not limited to, contracts of indemnity or guaranty and life or health and accident insurance;

(b) offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, or endurance or to the bona fide owners of animals or vehicles entered in such a contest;

(c) a lottery as defined in this section;

(d) any bingo game by or for participants managed, operated or conducted in accordance with the laws of the state of Kansas by an organization licensed by the state of Kansas to manage, operate or conduct games of bingo; or

(e) a lottery operated by the state pursuant to the Kansas lottery act; or

(f) any system of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act.

(2) A "lottery" is an enterprise wherein for a consideration the participants are given an opportunity to win a prize, the award of which is determined by chance. As used in this subsection, a lottery does not include a lottery operated by the state pursuant to the Kansas lottery act.

(3) "Consideration" means anything which is a commercial or financial advantage to the promoter or a disadvantage to any participant.

Mere registration without purchase of goods or services; personal attendance at places or events, without payment of an admission price or fee; listening to or watching radio and television programs; answering the telephone or making a telephone call and acts of like nature are not consideration.

As used in this subsection, consideration does not include:

(a) Sums of money paid by or for participants in any bingo game managed, operated or conducted in accordance with the laws of the state of Kansas by any bona fide nonprofit religious, charitable, fraternal, educational or veteran organization licensed to manage, operate or conduct bingo games under the laws of the state of Kansas and it shall be conclusively presumed that such sums paid by or for such participants were intended by such participants to be for the benefit of the sponsoring organizations for the use of such sponsoring organizations in furthering the purposes of such sponsoring organizations, as set forth in the appropriate paragraphs of subsection (c) or (d) of section 501 of the internal revenue code of 1954, as amended, 1986 and as set forth in K.S.A. 79-4701 and amendments thereto; or

(b) sums of money paid by or for participants in any lottery operated by the state pursuant to the Kansas lottery act; or

(c) sums of money paid by or for participants in any system

(continued)

of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act.

(4) A "gambling device" is a contrivance which for a consideration affords the player an opportunity to obtain something of value, the award of which is determined by chance, or any token, chip, paper, receipt or other document which evidences, purports to evidence or is designed to evidence participation in a lottery or the making of a bet. The fact that the prize is not automatically paid by the device does not affect its character as a gambling device.

(5) A "gambling place" is any place, room, building, vehicle, tent or location which is used for any of the following: Making and settling bets; receiving, holding, recording or forwarding bets or offers to bet; conducting lotteries; or playing gambling devices. Evidence that the place has a general reputation as a gambling place or that, at or about the time in question, it was frequently visited by persons known to be commercial gamblers or known as frequenters of gambling places is admissible on the issue of whether it is a gambling place.

Sec. 36. K.S.A. 38-1502 is hereby amended to read as follows: 38-1502. As used in this code, unless the context otherwise indicates:

(a) "Child in need of care" means a person less than 18 years of age who:

(1) Is without adequate parental care, control or subsistence and the condition is not due solely to the lack of financial means of the child's parents or other custodian;

(2) is without the care or control necessary for the child's physical, mental or emotional health;

(3) has been physically, mentally or emotionally abused or neglected or sexually abused;

(4) has been placed for care or adoption in violation of law;

(5) has been abandoned or does not have a known living parent;

(6) is not attending school as required by K.S.A. 72-977 or 72-1111, and amendments thereto;

(7) except in the case of a violation of K.S.A. 41-715 or, 41-2721 or subsection (i) of section 10, and amendments thereto, does an act which, when committed by a person under 18 years of age, is prohibited by state law, city ordinance or county resolution but which is not prohibited when done by an adult; or

(8) while less than 10 years of age, commits any act which if done by an adult would constitute the commission of a felony or misdemeanor as defined by K.S.A. 21-3105 and amendments thereto.

(b) "Physical, mental or emotional abuse or neglect" means the infliction of physical, mental or emotional injury or the causing of a deterioration of a child and may include, but shall not be limited to, failing to maintain reasonable care and treatment, negligent treatment or maltreatment or exploiting a child to the extent that the child's health or emotional well-being is endangered. A parent legitimately practicing religious beliefs who does not provide specified medical treatment for a child because of religious beliefs shall not for that reason be considered a negligent parent; however, this exception shall not preclude a court from entering an order pursuant to subsection (a)(2) of K.S.A. 38-1513 and amendments thereto.

(c) "Sexual abuse" means any act committed with a child which is described in article 35, chapter 21 of the Kansas Statutes Annotated and those acts described in K.S.A. 21-3602 or 21-3603, and amendments thereto, regardless of the age of the child.

(d) "Parent," when used in relation to a child or children, includes a guardian, conservator and every person who is by law liable to maintain, care for or support the child.

(e) "Interested party" means the state, the petitioner, the child, any parent and any person found to be an interested party pursuant to K.S.A. 38-1541 and amendments thereto.

(f) "Law enforcement officer" means any person who by virtue of office or public employment is vested by law with a duty to maintain public order or to make arrests for crimes, whether that duty extends to all crimes or is limited to specific crimes.

(g) "Youth residential facility" means any home, foster home or structure which provides 24-hour-a-day care for children and

which is licensed pursuant to article 5 of chapter 65 of the Kansas Statutes Annotated.

(h) "Shelter facility" means any public or private facility or home other than a juvenile detention facility that may be used in accordance with this code for the purpose of providing either temporary placement for the care of children in need of care prior to the issuance of a dispositional order or longer term care under a dispositional order.

(i) "Juvenile detention facility" means any secure public or private facility used for the lawful custody of accused or adjudicated juvenile offenders which, if in a city or county jail, must be in quarters separate from adult prisoners.

(j) "Adult correction facility" means any public or private facility, secure or nonsecure, which is used for the lawful custody of accused or convicted adult criminal offenders.

(k) "Secure facility" means a facility which is operated or structured so as to ensure that all entrances and exits from the facility are under the exclusive control of the staff of the facility, whether or not the person being detained has freedom of movement within the perimeters of the facility, or which relies on locked rooms and buildings, fences or physical restraint in order to control behavior of its residents.

(l) "Ward of the court" means a child over whom the court has acquired jurisdiction by the filing of a petition pursuant to this code and who continues subject to that jurisdiction until the petition is dismissed or the child is discharged as provided in K.S.A. 38-1503 and amendments thereto.

(m) "Custody," whether temporary, protective or legal, means the status created by court order or statute which vests in a custodian, whether an individual or an agency, the right to physical possession of the child and the right to determine placement of the child, subject to restrictions placed by the court.

(n) "Placement" means the designation by the individual or agency having custody of where and with whom the child will live.

(o) "Secretary" means the secretary of social and rehabilitation services.

(p) "Relative" means a person related by blood, marriage or adoption but, when referring to a relative of a child's parent, does not include the child's other parent.

(q) "Court-appointed special advocate" means a responsible adult other than an attorney guardian *ad litem* who is appointed by the court to represent the best interests of a child, as provided in K.S.A. 38-1505a and amendments thereto, in a proceeding pursuant to this code.

Sec. 37. K.S.A. 38-1602 is hereby amended to read as follows: 38-1602. (a) "Juvenile" means a person 10 or more years of age but less than 18 years of age.

(b) "Juvenile offender" means a person who does an act while a juvenile which if done by an adult would constitute the commission of a felony or misdemeanor as defined by K.S.A. 21-3105 and amendments thereto or who violates the provisions of K.S.A. 41-715 or, 41-2721 or subsection (i) of section 10, and amendments thereto, but does not include:

(1) A person 14 or more years of age who commits a traffic offense in violation of chapter 8 of the Kansas Statutes Annotated or any city ordinance or county resolution which relates to the regulation of traffic on the roads, highways or streets or the operation of self-propelled or nonself-propelled vehicles of any kind;

(2) a person 16 years of age or over who commits an offense defined in chapter 32 of the Kansas Statutes Annotated;

(3) a person 16 years of age or over who is charged with a felony or with more than one offense of which one or more is a felony after having been adjudicated in two separate prior juvenile proceedings as having committed an act which would constitute a felony if committed by an adult and the adjudications occurred prior to the date of the commission of the new act charged;

(4) a person who has been prosecuted as an adult by reason of subsection (b)(3) and whose prosecution results in conviction of a crime;

(5) a person whose prosecution as an adult is authorized pursuant to K.S.A. 38-1636 and amendments thereto; or

(6) a person who has been convicted of aggravated juvenile delinquency as defined by K.S.A. 21-3611 and amendments thereto.

(c) "Parent," when used in relation to a juvenile or a juvenile offender, includes a guardian, conservator and every person who is by law liable to maintain, care for or support the juvenile.

(d) "Law enforcement officer" means any person who by virtue of that person's office or public employment is vested by law with a duty to maintain public order or to make arrests for crimes, whether that duty extends to all crimes or is limited to specific crimes.

(e) "Youth residential facility" means any home, foster home or structure which provides twenty-four-hour-a-day care for juveniles and which is licensed pursuant to article 5 of chapter 65 of the Kansas Statutes Annotated.

(f) "Juvenile detention facility" means any secure public or private facility which is used for the lawful custody of accused or adjudicated juvenile offenders and which, if in a city or county jail, must be in quarters separate from adult prisoners.

(g) "State youth center" means a facility operated by the secretary for juvenile offenders.

(h) "Warrant" means a written order by a judge of the court directed to any law enforcement officer commanding the officer to take into custody the juvenile named or described therein.

(i) "Secretary" means the secretary of social and rehabilitation services.

Sec. 38. K.S.A. 74-2424, as amended by section 26 of 1987 House Bill No. 2043, is hereby amended to read as follows: 74-2424. (a) The secretary of revenue may make available or furnish to the taxing officials of any other state or the commissioner of internal revenue of the United States or other taxing officials of the federal government, or their authorized representatives, or the director of property valuation, information contained in tax reports, renditions or returns or any audit thereof or the report of any investigation made with respect thereto, filed pursuant to the tax laws. Such information shall not be used for any other purpose than that of the administration of the tax laws of this or another state or of the United States, except that the post auditor shall have access to all such information in accordance with and subject to the provisions of subsection (g) of K.S.A. 46-1106 and amendments thereto.

(b) Notwithstanding the provisions of this section, the secretary of revenue may:

(1) Communicate to the executive director of the Kansas lottery information as to whether a person, partnership or corporation is current in the filing of all applicable tax returns and in the payment of all taxes, interest and penalties to the state of Kansas, excluding items under formal appeal, for the purpose of determining whether such person, partnership or corporation is eligible to be selected as a lottery retailer; and

(2) communicate to the executive director of the Kansas racing commission information as to whether a person, partnership or corporation has failed to meet any tax obligation to the state of Kansas for the purpose of determining whether such person, partnership or corporation is eligible for a facility owner license or facility manager license pursuant to the Kansas parimutuel racing act.

Sec. 39. K.S.A. 74-5602, as amended by section 2 of 1987 House Bill No. 2426, is hereby amended to read as follows: 74-5602. As used in the Kansas law enforcement training act:

(a) "Training center" means the law enforcement training center within the division of continuing education of the university of Kansas, created by K.S.A. 74-5603 and amendments thereto.

(b) "Commission" means the Kansas law enforcement training commission, created by K.S.A. 74-5606 and amendments thereto.

(c) "Director" means the dean of the division of continuing education of the university of Kansas.

(d) "Associate director," as created in K.S.A. 74-5603 and amendments thereto, means the associate director of the division of continuing education of the university of Kansas who shall serve as the director of police training at the law enforcement training center.

(e) "Police officer" or "law enforcement officer" means a full-time or part-time salaried officer or employee of the state, a county or a city, whose duties include the prevention or detection of crime and the enforcement of the criminal or traffic laws of this state or of any municipality thereof. Such terms shall include, but not be limited to, the sheriff, undersheriff and full-time or part-time salaried deputies in the sheriff's office in each county; game protectors in the employ of the fish and game commission; park rangers under the jurisdiction of the park and resources authority; campus policemen at all state educational institutions; law enforcement agents of the director of alcoholic beverage control; law enforcement agents of the Kansas lottery; law enforcement agents of the Kansas racing commission; deputies and assistants of the state fire marshal having law enforcement authority; capitol area security guards, existing under the authority of K.S.A. 75-4503 and amendments thereto. Such terms shall also include railroad policemen appointed pursuant to K.S.A. 66-524 and amendments thereto; and school security officers designated as school law enforcement officers pursuant to K.S.A. 72-8222 and amendments thereto. Such terms shall not include any elected official, other than a sheriff, serving in the capacity of a law enforcement or police officer solely by virtue of such official's elected position; any attorney-at-law having responsibility for law enforcement and discharging such responsibility solely in the capacity of an attorney; any employee of the secretary of corrections or the secretary of social and rehabilitation services; any deputy game protector provided for in K.S.A. 74-3302 and amendments thereto; or any employee of a city or county who is employed solely to perform correctional duties related to jail inmates and the administration and operation of a jail; or any full-time or part-time salaried officer or employee whose duties include the issuance of a citation or notice to appear provided such officer or employee is not vested by law with the authority to make an arrest for violation of the laws of this state or any municipality thereof, and is not authorized to carry firearms when discharging the duties of such person's office or employment. Such term shall include any officer appointed or elected on a provisional basis.

(f) "Full-time" means employment requiring at least 1,000 hours of work per year.

(g) "Part-time" means employment on a regular schedule or employment which requires a minimum number of hours each payroll period, but in any case requiring less than 1,000 hours of work per year.

Sec. 40. K.S.A. 79-3234, as amended by section 30 of 1987 House Bill No. 2043, is hereby amended to read as follows: 79-3234. (a) All reports and returns required by this act shall be preserved for three years and thereafter until the director orders them to be destroyed.

(b) Except in accordance with proper judicial order, or as provided in subsection (c) or in K.S.A. 17-7511, subsection (g) of K.S.A. 46-1106 or K.S.A. 46-1114, and amendments thereto, it shall be unlawful for the director, any deputy, agent, clerk or other officer, employee or former employee of the department of revenue or any other state officer or employee or former state officer or employee to divulge, or to make known in any way, the amount of income or any particulars set forth or disclosed in any report, return, federal return or federal return information required under this act; and it shall be unlawful for the director, any deputy, agent, clerk or other officer or employee engaged in the administration of this act to engage in the business or profession of tax accounting or to accept employment, with or without consideration, from any person, firm or corporation for the purpose, directly or indirectly, of preparing tax returns or reports required by the laws of the state of Kansas, by any other state or by the United States government, or to accept any employment for the purpose of advising, preparing material or data, or the auditing of books or records to be used in an effort to defeat or cancel any tax or part thereof that has been assessed by the state of Kansas, any other state or by the United States government.

(c) Nothing herein shall be construed to prohibit the publication of statistics, so classified as to prevent the identification of

(continued)

particular reports or returns and the items thereof, or the inspection of returns by the attorney general or other legal representatives of the state. Nothing in this section shall prohibit the post auditor from access to all income tax reports or returns in accordance with and subject to the provisions of subsection (g) of K.S.A. 46-1106 or K.S.A. 46-1114, and amendments thereto. Nothing in this section shall be construed to prohibit the disclosure of the taxpayer's name, social security number, last known address and total tax liability, including penalty and interest, from income tax returns to a debt collection agency contracting with the secretary of revenue pursuant to K.S.A. 75-5140 through 75-5143, and amendments thereto. Any person receiving any information under the provisions of this subsection shall be subject to the confidentiality provisions of subsection (b) and to the penalty provisions of subsection (d).

(d) Any violation of subsection (b) or (c) is a class B misdemeanor and, if the offender is an officer or employee of the state, such officer or employee shall be dismissed from office.

(e) Notwithstanding the provisions of this section, the secretary of revenue may permit the commissioner of internal revenue of the United States, or the proper official of any state imposing an income tax, or the authorized representative of either, to inspect the income tax returns made under this act and the secretary of revenue may make available or furnish to the taxing officials of any other state or the commissioner of internal revenue of the United States or other taxing officials of the federal government, or their authorized representatives, information contained in income tax reports or returns or any audit thereof or the report of any investigation made with respect thereto, filed pursuant to the income tax laws, as the secretary may consider proper, but such information shall not be used for any other purpose than that of the administration of tax laws of such state, the state of Kansas or of the United States.

(f) Notwithstanding the provisions of this section, the secretary of revenue may:

(1) Communicate to the executive director of the Kansas lottery information as to whether a person, partnership or corporation is current in the filing of all applicable tax returns and in the payment of all taxes, interest and penalties to the state of Kansas, excluding items under formal appeal, for the purpose of determining whether such person, partnership or corporation is eligible to be selected as a lottery retailer; and

(2) communicate to the executive director of the Kansas racing commission as to whether a person, partnership or corporation has failed to meet any tax obligation to the state of Kansas for the purpose of determining whether such person, partnership or corporation is eligible for a facility owner license or facility manager license pursuant to the Kansas parimutuel racing act.

Sec. 41. K.S.A. 38-1502 and 38-1602, K.S.A. 21-4302, as amended by 1987 House Bill No. 2043, K.S.A. 74-2424, as amended by 1987 House Bill No. 2043, K.S.A. 74-5602, as amended by 1987 House Bill No. 2426, and K.S.A. 79-3234, as amended by 1987 House Bill No. 2043, are hereby repealed.

Sec. 42. 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 26, 1987.

HOUSE adopted Conference Committee report May 3, 1987.

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

Passed the SENATE as amended April 10, 1987.

SENATE adopted Conference Committee report May 3, 1987.

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

APPROVED May 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 May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

HOUSE BILL No. 2547

AN ACT enacting the Kansas emergency planning and community right-to-know act; concerning hazardous chemicals and adopting certain requirements relating thereto; providing certain penalties for failure to comply therewith.

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

Section 1. This act shall be known and may be cited as the Kansas emergency planning and community right-to-know act.

Sec. 2. As used in this act:

(a) "Commission" means the state emergency response commission created by section 3.

(b) "Federal act" means the federal emergency planning and community right-to-know act of 1986 (Title III, P.L. 99-499).

Sec. 3. (a) There is hereby created the state emergency response commission for the purpose of carrying out all requirements of the federal act.

(b) The commission shall consist of: (1) The following persons or their designees: The lieutenant governor, the secretary of wildlife and parks, the secretary of human resources, the secretary of the state board of agriculture, the secretary of health and environment, the adjutant general, the superintendent of the Kansas highway patrol, the state fire marshal, the secretary of transportation, the attorney general and the governor; (2) three members appointed by the governor to represent the general public; and (3) two members appointed by the governor to represent owners and operators of facilities regulated pursuant to this act.

(c) Members of the commission appointed by the governor shall serve for terms of two years. Any vacancy in the office of an appointed member of the commission shall be filled for the unexpired term by appointment by the governor.

(d) A chairperson shall be elected annually by the members of the commission. A vice-chairperson shall be designated by the chairperson to serve in the absence of the chairperson.

(e) Members of the commission 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.

(f) The commission shall: (1) Establish local planning districts subject to approval by the secretary of health and environment and the adjutant general, and shall appoint a local planning committee for each such district, as required by the federal act, to perform such duties as provided by the federal act; and (2) perform such other duties as provided by the federal act, in accordance with rules and regulations adopted pursuant to this act.

Sec. 4. The secretary of health and environment shall: (a) Provide support for the oversight and administrative activities of the commission; (b) receive, process and manage hazardous chemical information required to be submitted and notifications required to be given pursuant to the federal act; and (c) adopt such rules and regulations as necessary to implement the provisions of the federal act and the secretary's duties under this section, including provisions for protection of trade secrets and for public disclosure of information consistent with sections 322, 323 and 324 of the federal act. Such rules and regulations may establish fees to cover all or part of the total cost of operation of the program.

Sec. 5. The adjutant general shall be responsible for emergency planning activities under the federal act, including adoption of such rules and regulations necessary to implement the provisions of the federal act relating to emergency planning. Such rules and regulations may establish fees to cover all or part of the total cost of operation of the program.

Sec. 6. The secretary of health and environment and the adjutant general shall enter into an interagency agreement providing for exchange of information and coordination of their respective duties and responsibilities under this act.

Sec. 7. The provisions of sections 302(c), 303(d), 304, 311, 312, 313 and 323 of the federal act, as effective on the effective date of this act, pertaining to providing of information and giving of notifications shall be considered the law of this state and shall

apply equally to all federal agencies, departments, installations and facilities located in this state, as well as to any other facilities subject to the federal act.

Sec. 8. (a) The secretary of health and environment, the adjutant general or the attorney general may order a facility owner or operator to comply with the requirements of section 302(c) or 303(d) of the federal act, as adopted by section 7. The secretary of health and environment, the adjutant general or attorney general may bring an action to enforce the order in the district court of the judicial district where the facility is located by a civil penalty of not more than \$25,000 for each day the violation or failure to comply continues.

(b) For a violation of the requirements of section 304 of the federal act, as adopted by section 7:

(1) The secretary of health and environment, the adjutant general or the attorney general, upon notice and opportunity for hearing, may assess a civil penalty of not more than \$25,000 per violation.

(2) The secretary of health and environment, the adjutant general or the attorney general may bring an action against a facility owner or operator in the district court of the judicial district where the facility is located for a civil penalty of: (A) Not more than \$25,000 per day for each day the violation continues, for the first violation; and (B) not more than \$75,000 per day for each day the violation continues, for the second or a subsequent violation.

(c) For a violation of the requirements of section 312 or 313 of the federal act, as adopted by section 7:

(1) The secretary of health and environment, the adjutant general or the attorney general, upon notice and opportunity for hearing, may assess a civil penalty of not more than \$25,000 per violation.

(2) The secretary of health and environment, the adjutant general or the attorney general may bring an action against a facility owner or operator in the district court of the judicial district where the facility is located for a civil penalty of not more than \$25,000 per day for each day the violation continues.

(d) For a violation of section 311 or 323(b) of the federal act, as adopted by section 7:

(1) The secretary of health and environment, the adjutant general or the attorney general, upon notice and opportunity for hearing, may assess a civil penalty of not more than \$10,000 per violation.

(2) The secretary of health and environment, the adjutant general or the attorney general may bring an action against a facility owner or operator in the district court of the judicial district where the facility is located for a civil penalty of not more than \$10,000 per day for each day the violation continues.

(e) Any health care professional entitled to information pursuant to section 323 of the federal act, as adopted by section 7, may bring an action in the district court to require a facility owner or operator to provide such information.

(f) Except as provided by subsection (g), any civil penalty recovered 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.

(g) At the request of the secretary of health and environment, the adjutant general or the attorney general, a county or district attorney may bring an action for a civil penalty as provided by this section, in which case 1/2 of any penalty recovered in such action shall be paid to the county treasurer for deposit in the county treasury and credit to the county general fund. The remainder shall be remitted to the state treasurer for disposition as provided by subsection (f).

Sec. 9. Violation of section 304 of the federal act, as adopted by section 7, is a felony punishable by a fine of not more than \$25,000 or imprisonment for not more than two years, or both, for the first conviction and a fine of not more than \$50,000 or imprisonment for not more than five years, or both, for the second or a subsequent conviction.

Sec. 10. The provisions of this act are severable and, if any provision or part thereof is held invalid, unconstitutional or inapplicable to any person or circumstances, such invalidity,

(continued)

unconstitutionality or inapplicability shall not affect or impair the remaining provisions of the act.

Sec. 11. 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 30, 1987.

HOUSE adopted Conference Committee report May 3, 1987.

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

Passed the SENATE as amended May 1, 1987.

SENATE adopted Conference Committee report May 2, 1987.

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

APPROVED May 14, 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 14th day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

Substitute for SENATE BILL No. 73

AN ACT enacting the Kansas development finance authority act; amending K.S.A. 1986 Supp. 9-1402 and repealing the existing section.

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

New Section 1. The provisions of this act shall be cited as the Kansas development finance authority act.

New Sec. 2. The following words or terms used in this act shall have the following meanings unless a different meaning clearly appears from the context:

(a) "Act" means the Kansas development finance authority act.

(b) "Authority" means the Kansas development finance authority created by section 3.

(c) "Agricultural business enterprises" means facilities supporting or utilized in the operation of farms, ranches and other agricultural, aquacultural or silvicultural commodity producers and services provided in conjunction with the foregoing.

(d) "Board of directors" means the board of directors of the authority created by section 3.

(e) "Bonds" means any bonds, notes, debentures, interim certificates, grant and revenue anticipation notes, interest in a lease, lease certificate of participation or other evidences of indebtedness, whether or not the interest on which is subject to federal income taxation, issued by the authority pursuant to this act.

(f) "Capital improvements" means any physical public betterment or improvement or any preliminary plans, studies or surveys relative thereto; land or rights in land, including, without limitations, leases, air rights, easements, rights-of-way or licenses; and any furnishings, machinery, vehicles, apparatus or equipment for any public betterment or improvement.

(g) "Construct" means to acquire or build, in whole or in part, in such manner and by such method as the authority shall determine to be in the public interest and necessary to accomplish the purposes of and authority set forth in this act.

(h) "Loans" means loans made for the purposes of financing any of the activities authorized within this act, including loans made to financial institutions for funding or as security for loans made for accomplishing any of the purposes of this act and reserves and expenses appropriate or incidental thereto.

(i) "Educational facilities" means real, personal and mixed property of any and every kind intended by an educational institution in furtherance of its educational program.

(j) "Facilities" means any real property, personal property or mixed property of any and every kind.

(k) "Health care facilities" means facilities for furnishing physical or mental health care.

(l) "Housing development" means any work or undertaking, whether new construction or rehabilitation, which is designed and financed pursuant to the provisions of this act for the primary purpose of providing dwelling accommodations for elderly persons and families of low income in need of housing.

(m) "Industrial enterprise" means facilities for manufacturing, producing, processing, assembling, repairing, extracting, warehousing, distributing, communications, computer services, transportation, corporate and management offices and services provided in connection with any of the foregoing, in isolation or in any combination, that involve the creation of new or additional employment or the retention of existing employment.

(n) "Political subdivision" means political or taxing subdivisions of the state, including municipal and quasi-municipal corporations, boards, commissions, authorities, councils, committees, subcommittees and other subordinate groups or administrative units thereof, receiving or expending and supported, in whole or in part, by public funds.

(o) "Pooled bonds" means bonds of the authority, the interest on which is subject to federal income taxation, which are issued for the purpose of acquiring bonds issued by two or more political subdivisions.

(p) "State" means the state of Kansas.

(q) "State agency" means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

New Sec. 3. (a) There is hereby created, with such duties and powers as are hereinafter set forth to carry out the provisions of this act, a public body politic and corporate, with corporate succession, to be an independent instrumentality of this state exercising essential public functions, and to be known as the Kansas development finance authority.

(b) The board of directors of the authority shall consist of the secretary of the department of commerce and four members to be appointed by the governor. Not less than three members of such board shall be representative of the general public and not more than three members shall be members of the same political party.

The governor shall appoint, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto, two public members of the board for a term of two years and two for a term of four years, and thereafter, upon the expiration of such terms, public members shall be appointed for a term of four years.

Each board member shall hold office for the term of such member's appointment and until such member's successor shall have been appointed and qualified. Any vacancy in the board occurring other than by expiration of term shall be filled by the appointment of the governor, but for the unexpired term only.

(c) The governor shall designate the chairperson and vice-chairperson of the board from the members of such board.

(d) The authority shall have such rights, powers and privileges and shall be subject to such duties as provided by this act. The governor shall appoint a president who shall serve at the will of the governor.

The president shall appoint and employ such additional officers, accountants, financial advisors or experts, bond counsel or other attorneys, agents and employees as it may require and shall determine their qualifications, duties and compensation subject to the approval of the board of directors. The president shall be an ex officio nonvoting member of the board and may be elected secretary of the board. The powers of the authority shall be

vested in the members of the board of directors and three members of the board shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the board at any meeting thereof by the affirmative vote of a majority of present and voting board members. Any motion and resolution to authorize an issue of bonds, to approve a loan application, to authorize a lease transaction or to approve a bond guaranty shall have the affirmative vote of at least three board members.

(e) Before the issuance of any bonds, each member of the board of directors of the authority shall execute a surety bond in the penal sum of \$250,000 and the president of the authority shall execute a surety bond in the penal sum of \$250,000, each surety bond to be conditioned upon the faithful performance of the duties of the office by such board member or president, as the case may be, to be executed by a surety company authorized to transact business in the state of Kansas, as surety, and to be approved by the attorney general. At all times after the issuance of any bonds by the authority, each member of the board of directors of the authority shall maintain such surety bonds in full force and effect. All costs of such surety bonds shall be borne by the authority.

(f) The members of the board of directors of the authority shall serve without compensation, but the authority may reimburse its board members for mileage and subsistence expenses incurred in the discharge of their official duties as provided by subsections (b) and (c) of K.S.A. 75-3223 and amendments thereto.

(g) No part of the funds of the authority shall inure to the benefit of, or be distributed to, its employees, officers or board of directors, except that the authority shall be authorized and empowered to pay its employees reasonable compensation.

(h) The authority may be dissolved by act of the legislature on condition that the authority has no debts or obligations outstanding or provision has been made for the payment or retirement of such debts or obligations. Upon any such dissolution of the authority, all property, funds and assets thereof shall be vested in the state.

New Sec. 4. Except as otherwise limited by this act, the authority shall have the following powers to:

- (a) Sue and be sued;
- (b) have a seal and alter the same at its pleasure;
- (c) make and alter bylaws for its organization and internal management;
- (d) make and issue such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to section 5, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;
- (i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act, except that nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments;
- (j) sell mortgages and security interests at public or private sale, to negotiate modifications or alterations in mortgage and security interests, to foreclose on any mortgage or security interest in default or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such mortgage or security interest at any foreclosure or at any other sale, to acquire or take possession of any such property, and to exercise any and all rights as provided by law for the benefit or protection of the authority or mortgage holders;
- (k) collect fees and charges in connection with its loans, bond

guarantees, commitments and servicing, including, but not limited to, reimbursement of costs of financing as the authority shall determine to be reasonable and as shall be approved by the authority;

(l) make and execute contracts for the servicing of mortgages acquired by the authority pursuant to this act, and to pay the reasonable value of services rendered to the authority pursuant to those contracts;

(m) accept gifts, grants, loans and other aid from the federal government, the state, any state agency, any political subdivision of the state, or any person or corporation, foundation or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with the provisions of this act;

(n) invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such manner as the board shall determine, subject to any agreement with bondholders stated in the authorizing resolution providing for the issuance of bonds;

(o) procure insurance against any loss in connection with its programs, property and other assets;

(p) provide technical assistance and advice to the state or political subdivisions of the state and to enter into contracts with the state or political subdivisions of the state to provide such services. The state or political subdivisions of the state are hereby authorized to enter into contracts with the authority for such services and to pay for such services as may be provided them;

(q) establish accounts in one or more depositories;

(r) lease, acquire, construct, sell and otherwise deal in and contract concerning any facilities;

(s) have and exercise all of the powers granted to the public housing authorities by the state, except that the authority shall not have the power of eminent domain;

(t) do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in this act;

(u) assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be consistent with the provisions of this act. In order to comply with this requirement, efforts must be made to solicit for review and analysis proposed minority business ventures. Basic loan underwriting standards will not be waived to inconsistently favor minority persons or businesses from the intent of the authority's lending practices.

New Sec. 5. (a) The authority is hereby authorized and empowered to issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in such amounts as shall be determined by the authority for the purpose of financing capital improvement facilities, educational facilities, health care facilities and housing developments. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to (1) purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility or (2) finance any capital improvement facilities, educational facilities, or health care facilities which are authorized under the laws of the state to be financed by the issuance of general obligation or utility revenue bonds of a political subdivision, except that the acquisition by the authority of general obligation or utility revenue bonds issued by political subdivisions with the proceeds of pooled bonds shall not violate the provisions of the foregoing.

(b) The authority is hereby authorized and empowered to issue bonds for activities and projects of state agencies as requested by the secretary of administration. No bonds may be issued pursuant to this act for any activity or project of a state agency unless the activity or project either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A.

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75-3711c and amendments thereto. When requested to do so by the secretary of administration, the authority is further authorized and empowered to issue bonds for the purpose of refunding, whether at maturity or in advance of maturity, any outstanding bonded indebtedness of any state agency. The revenues of any state agency which are pledged as security for any bonds of such state agency which are refunded by refunding bonds of the authority may be pledged to the authority as security for the refunding bonds.

(c) The authority is hereby authorized and empowered to issue bonds for the purpose of financing industrial enterprises, agricultural business enterprises, educational facilities, health care facilities and housing developments, or any combination of such facilities, or any interest in facilities, including without limitation leasehold interests in and mortgages on such facilities. No less than 30 days prior to the issuance of any bonds authorized under this act with respect to any project or activity which is to be undertaken for the direct benefit of any person or entity which is not a state agency or a political subdivision, written notice of the intention of the authority to provide financing and issue bonds therefor shall be given by the president of the authority to the governing body of the city in which the project or activity is to be located, or, if the project or activity is not proposed to be located within a city, such notice shall be given to the governing body of the county. No bonds for the financing of the project or activity shall be issued by the authority for a one-year period if, within 15 days after the giving of such notice, the governing body of the political subdivision in which the project or activity is proposed to be located shall have duly enacted an ordinance or resolution stating express disapproval of the project or activity and shall have notified the president of the authority of such disapproval.

(d) The authority is hereby authorized and empowered to issue bonds for the purpose of establishing and funding one or more series of venture capital funds in such principal amounts, at such interest rates, in such maturities, with such security, and upon such other terms and in such manner as is approved by resolution of the authority. The proceeds of such bonds not placed in a venture capital fund or used to pay or reimburse organizational, offering and administrative expenses and fees necessary to the issuance and sale of such bonds shall be invested and reinvested in such securities and other instruments as shall be provided in the resolution under which such bonds are issued. Moneys in a venture capital fund shall be used to make venture capital investments in new, expanding or developing businesses, including, but not limited to, equity and debt securities, warrants, options and other rights to acquire such securities, subject to the provisions of the resolution of the authority. The authority shall establish an investment policy with respect to the investment of the funds in a venture capital fund not inconsistent with the purposes of this act. The authority shall enter into an agreement with a management company experienced in venture capital investments to manage and administer each venture capital fund upon terms not inconsistent with the purposes of this act and such investment policy. The authority may establish an advisory board to provide advice and consulting assistance to the authority and the management company with respect to the management and administration of each venture capital fund and the establishment of its investment policy. All fees and expenses incurred in the management and administration of a venture capital fund not paid or reimbursed out of the proceeds of the bonds issued by the authority shall be paid or reimbursed out of such venture capital fund.

(e) The authority is hereby authorized and empowered to use the proceeds of any bond issues herein authorized, together with any other available funds, for venture capital investments or for purchasing, leasing, constructing, restoring, renovating, altering or repairing facilities as herein authorized, for making loans, purchasing mortgages or security interests in loan participations and paying all incidental expenses therewith, paying expenses of authorizing and issuing the bonds, paying interest on the bonds until revenues thereof are available in sufficient amounts, purchasing bond insurance or other credit enhancements on the bonds, and funding such reserves as the authority deems necessary and desirable. All moneys received by the authority, other

than moneys received by virtue of an appropriation, are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. No moneys of the authority other than moneys received by appropriation shall be deposited with the state treasurer.

New Sec. 6. (a) Bonds issued shall be authorized by resolution of the authority. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may contain such terms and conditions, all as the authority shall determine. The bonds shall have all the qualities of and shall be deemed to be negotiable instruments under the laws of the state of Kansas, subject to provisions as to registration as set forth above. The authorizing resolution may contain any other terms, covenants and conditions that the authority deems reasonable and desirable, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for payment of the bonds, the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the investing for authorized purposes, and the rights, duties and obligations of the authority and the holders and registered owners of the bonds.

(b) The authorizing resolution may provide for the execution of a trust indenture between the authority and any financial institution within or without the state of Kansas. The trust indenture may contain any terms, covenants and conditions that are deemed desirable by the authority, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for the payment of the bonds, the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the investing and reinvesting of any moneys during periods not needed for authorized purposes, and the rights, duties and obligations of the authority and the holders and registered owners of the bonds.

(c) Any authorizing resolution and trust indenture relating to the issuance and security of the bonds shall constitute a contract between the authority and holders and registered owners of the bonds, which contract, and all covenants, agreements and obligations therein, shall be promptly performed in strict compliance with the terms and provisions of such contract, and the covenants, agreements and obligations of the authority may be enforced by mandamus or other appropriate proceeding at law or in equity.

New Sec. 7. (a) The bonds may be sold in such manner, either at public or private sale, and upon such terms as the authority shall determine to be reasonable and expedient for effectuating the purposes for which the authority was created. The bonds may be sold at such price as the authority may accept, including sale at discount.

(b) The bonds shall be executed by manual or facsimile signatures of the chairperson of the board of directors and the president of the authority or of any other director or officer of the authority authorized to make such signature by resolution of the board of directors. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds or coupons, their signatures, nevertheless, shall be valid and sufficient for all purposes. The authority shall adopt and use a seal in the execution and issuance of the bonds, and each bond shall be impressed or imprinted with the seal of the authority.

(c) It shall be plainly stated on the face of each bond that it has been issued under this act, that the bonds shall be obligations only of the authority, and that, in no event, shall the bonds constitute an indebtedness of the state of Kansas or an indebtedness for which the faith and credit or taxing powers of the state of Kansas are pledged. The payment of the principal of, redemption premium, if any, or interest on the trustee's and paying

agent's fees in connection with the bonds may be secured by a lien on and security interest in facilities financed by bonds issued hereunder, by lien or pledge of loans made or mortgages purchased by the authority and any collateral security received by the authority, including without limitation the authority's interest in and any revenue derived from any loan agreements. It shall not be necessary to the perfection of the lien and pledge for such purposes that the trustee in connection with such bond issue or the holders of the bonds take possession of the loans, mortgages and collateral security.

New Sec. 8. Any bonds issued under the provisions of this act and the interest paid thereon, unless specifically declared to be taxable in the authorizing resolution, shall be exempt from all state, county and municipal taxes, and the exemption shall include income, inheritance and property taxes.

New Sec. 9. Any pledge of revenues, moneys, funds or other property made by the authority shall be valid and binding from the time when such pledge is made and the revenues, moneys, funds or other property so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without such physical delivery thereof or further act on the part of the authority, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the authorizing resolution nor any other instrument by which a pledge is created need be filed or recorded except in the records of the authority.

New Sec. 10. No director or officer of the authority shall be liable personally for any reason arising from the issuance of bonds hereunder unless such person acted with willful, wanton or fraudulent misconduct or intentionally tortuous conduct.

New Sec. 11. The authority may create and establish one or more special funds or accounts as appropriate to secure bonds issued hereunder, as determined by the authority.

New Sec. 12. Bonds may be issued for the purpose of refunding, either at maturity or in advance of maturity, any bonds issued under this act. Such refunding bonds may either be sold or delivered in exchange for the bonds being refunded. If sold, the proceeds may either be applied to the payment of the bonds being refunded or deposited in trust and there maintained in cash or investments for the retirement of the bonds being refunded, as shall be specified by the authority and the authorizing resolution or trust indenture securing such refunding bonds. The authorizing resolution or trust indenture securing the refunding bonds may provide that the refunding bonds shall have the same security for their payment as provided for the bonds being refunded. Refunding bonds shall be sold and secured in accordance with the provisions of this act pertaining to the sale and security of the bonds.

New Sec. 13. On or before the last day of January in each year, the authority shall make an annual report of its activities for the preceding calendar year to the governor and to the legislature. Such report shall contain an audit of the preceding calendar year, prepared by a firm of nationally recognized certified public accountants. On or before the last days of January and July of each year, the authority shall provide a written report to the governor and the legislature with respect to all bonds of the authority issued during the previous semi-annual period, specifying the terms of sale and the costs, fees and expenses of each such bond issue.

New Sec. 14. All officers, departments, boards, agencies, divisions and commissions of the state are hereby authorized and empowered to render any and all of such services to the authority as may be within the area of their respective governmental functions as fixed or established by law, and as may be required by the authority. The cost and expenses of any such services shall be paid by the authority.

New Sec. 15. No officer, director or employee of the authority for purpose of personal gain shall have or attempt to have, directly or indirectly, any financial interest in any contract or agreement of the authority in connection with the sale or purchase of any bonds or investments of the authority.

New Sec. 16. This act shall be liberally construed. Nothing contained herein is or shall be construed as a restriction or limitation upon any powers which the authority might otherwise have under any other law of this state, and the provisions of this act are cumulative to such powers. The provisions hereof do and shall be construed to provide a complete, additional and alternative method for the doing of the things authorized and shall be regarded as supplemental and additional to powers conferred by any other laws. The issuance of bonds under the provisions hereof need not comply with the requirements of any other state laws applicable to the issuance of bonds, notes and other obligations.

Sec. 17. K.S.A. 1986 Supp. 9-1402 is hereby amended to read as follows: 9-1402. (a) Before any deposit of public moneys or funds shall be made by any municipal corporation or quasi-municipal corporation of the state of Kansas with any state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank, such municipal or quasi-municipal corporation shall obtain security for such deposit in one of the following manners prescribed by this section.

(b) Such bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may give to the municipal corporation or quasi-municipal corporation a personal bond in double the amount which may be on deposit at any given time.

(c) Such bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may give a corporate surety bond of some surety corporation authorized to do business in this state, which bond shall be in an amount equal to the public moneys or funds on deposit at any given time and such bond shall be conditioned that such deposit shall be paid promptly on the order of the municipal corporation or quasi-municipal corporation making such deposits.

(d) Any state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may deposit, maintain, pledge and assign for the benefit of the governing body of the municipal corporation or quasi-municipal corporation in the manner provided in this act, securities the market value of which is equal to 100% of the total deposits at any given time, and such securities shall consist of:

(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of United States sponsored corporations which under federal law may be accepted as security for public funds;

(2) bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America;

(3) bonds of the state of Kansas;

(4) general obligation bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas;

(5) revenue bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas if approved by the state bank commissioner in the case of banks and by the savings and loan commissioner in the case of savings and loan associations or federally chartered savings banks;

(6) temporary notes of any municipal corporation or quasi-municipal corporation of the state of Kansas which are general obligations of the municipal or quasi-municipal corporation issuing the same;

(7) warrants of any municipal corporation or quasi-municipal corporation of the state of Kansas the issuance of which is authorized by the state board of tax appeals and which are payable from the proceeds of a mandatory tax levy;

(8) bonds of either a Kansas not-for-profit corporation or of a local housing authority that are rated at least Aa by Moody's Investors Service or AA by Standard & Poor's Corp.;

(9) bonds issued pursuant to K.S.A. 12-1740 *et seq.*, and

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(Published in the KANSAS REGISTER, May 28, 1987.)

amendments thereto, that are rated at least MIG-1 or Aa by Moody's Investors Service or AA by Standard & Poor's Corp.; or

(10) notes of a Kansas not-for-profit corporation that are issued to provide only the interim funds for a mortgage loan that is insured by the federal housing administration; or

(11) bonds issued pursuant to sections 1 through 16.

(e) No state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may deposit and maintain for the benefit of the governing body of a municipal or quasi-municipal corporation of the state of Kansas, any securities which consist of:

(1) Bonds secured by revenues of a utility which has been in operation for less than three years; or

(2) bonds issued under K.S.A. 12-1740 *et seq.*, and amendments thereto, unless such bonds have been refunded in advance of their maturity as provided in subsection (d) or such bonds are rated at least Aa by Moody's Investors Service or AA by Standard & Poor's Corp.

(f) Whenever a bond is authorized to be pledged as a security under this section, such bond shall be accepted as a security if: (1) In the case of a certificated bond, it is assigned, delivered or pledged to the holder of the deposit for security; (2) in the case of an uncertificated bond, registration of a pledge of the bond is authorized by the system and the pledge of the uncertificated bond is registered; or (3) in a form approved by the attorney general, which assures the availability of the bond proceeds pledged as a security for public deposits.

(g) Any expense incurred in connection with granting approval of revenue bonds shall be paid by the applicant for approval.

Sec. 18. K.S.A. 1986 Supp. 9-1402 is hereby repealed.

Sec. 19. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body April 29, 1987.

SENATE concurred in HOUSE amendments May 2, 1987.

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

Passed the HOUSE as amended May 1, 1987.

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

APPROVED May 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 May, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

HOUSE SUBSTITUTE FOR SENATE BILL No. 250

AN ACT relating to municipalities; providing for group-funded pooling of certain liabilities; amending K.S.A. 12-2906 and K.S.A. 1986 Supp. 75-6111 and repealing the existing sections.

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

New Section 1. Sections 1 through 14 of this act shall be known and may be cited as the Kansas municipal group-funded pool act.

New Sec. 2. Five or more municipalities as defined in K.S.A. 75-6102, and amendments thereto, may enter into agreements to pool their liabilities for Kansas fire, marine, inland marine and allied lines, as defined in K.S.A. 40-901, and amendments thereto, and casualty, surety and fidelity lines as defined in K.S.A. 40-1102, and amendments thereto, including workers' compensation and employers' liability. Such pools shall not include accident, health or life insurance. Such arrangements shall be known as group-funded pools, which shall not be deemed to be insurance or insurance companies and shall not be subject to the provisions of chapter 40 of the Kansas Statutes Annotated, except as otherwise provided herein.

New Sec. 3. Application for a certificate of authority to operate a pool shall be made to the commissioner of insurance not less than 30 days prior to the proposed inception date of the pool. The application shall include the following:

(a) A copy of the bylaws of the proposed pool, a copy of the articles of incorporation, if any, and a copy of all agreements and rules of the proposed pool. If any of the bylaws, articles of incorporation, agreements or rules are changed, the pool shall notify the commissioner within 30 days after such change.

(b) Designation of the initial board of trustees and administrator. When there is a change in the membership of the board of trustees or change of administrator, the pool shall notify the commissioner within 30 days after such change.

(c) The address where the books and records of the pool will be maintained at all times. If this address is changed, the pool shall notify the commissioner within 30 days after such change.

(d) Evidence that the annual Kansas gross premium of the pool will be not less than \$250,000 for each of the following categories: (1) All property insurance under article 9 of chapter 40 of the Kansas Statutes Annotated except motor vehicle physical damage; (2) motor vehicle liability and physical damage insurance; (3) workers' compensation and employers' liability insurance; and (4) all casualty insurance under article 11 of chapter 40 of the Kansas Statutes Annotated except insurance under categories (2) and (3) above. The pool shall notify the commissioner within 30 days if the Kansas gross premium is less than \$250,000 for any of the above categories of insurance.

(e) An agreement binding the group and each member thereof to comply with the provisions of the workmen's compensation act. For all lines of coverage, all members of the pool shall be jointly liable for the payment of claims to the extent of the assets of the pool.

(f) A copy of the procedures adopted by the pool to provide services with respect to underwriting matters and safety engineering.

(g) A copy of the procedures adopted by the pool to provide claims adjusting and accumulation of income and expense and loss data.

(h) A confirmation of specific and aggregate excess insurance, as selected by the board of trustees of the pool, or adequate surplus funds as approved by the commissioner, in the pool. The pool shall notify the commissioner within 30 days of any change in the specific or aggregate excess insurance carried by the pool.

(i) After evaluating the application the commissioner shall notify the applicant if the plan submitted is inadequate, fully explaining to the applicant what additional requirements must be met. If the application is denied, the applicant shall have 10 days to make an application for hearing by the commissioner after the denial notice is received. A record shall be made of such hearing, and the cost thereof shall be assessed against the applicant requesting the hearing.

(j) Any other relevant factors the commissioner may deem necessary.

New Sec. 4. Every group-funded pool applying for authority to operate a pool in this state, as a condition precedent to obtaining such authority, shall file in the insurance department a written irrevocable consent, that any action may be commenced against such pool 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 trustees or the administrator of such pool. The consent shall be executed by the board of trustees and shall be accompanied by a duly certified copy of the resolution passed by the trustees to execute such consent.

New Sec. 5. (a) All certificates granted hereunder shall be perpetual unless sooner suspended or revoked by the commissioner or the attorney general.

(b) Whenever the commissioner shall deem it necessary the commissioner may make, or direct to be made, an examination of the affairs and the financial condition of any pool, except that once every five years the commissioner shall conduct an examination of the affairs and the financial condition of each pool. Each pool shall submit a certified independent audited financial statement no later than 90 days after the end of the fiscal year. The financial statement shall include outstanding reserves for claims and for claims incurred but not reported. Each pool shall file reports as to income, expenses and loss data at such times and in such manner as the commissioner shall require. Whenever it appears to the commissioner from such examination or other satisfactory evidence that the ability to pay current and future claims of any such pool is impaired, or that it is doing business in violation of any of the laws of this state, or that its affairs are in an unsound condition so as to endanger its ability to pay or cause to be paid claims in the amount, manner and time due, the commissioner shall, before filing such report or making the same public, grant such pool upon reasonable notice a hearing, and, if on such hearing the report be confirmed, the commissioner shall suspend the certificate of authority for such pool until its ability to pay current and future claims shall have been fully restored and the laws of the state fully complied with. The commissioner may, if there is an unreasonable delay in restoring the ability to pay claims of such pool and in complying with the law, revoke the certificate of authority of such pool to do business in this state. Upon revoking any such certificate the commissioner shall communicate the fact to the attorney general, whose duty it shall be to commence and prosecute an action in the proper court to dissolve such pool or to enjoin the same from doing or transacting business in this state. The commissioner of insurance may call a hearing under K.S.A. 40-222b, and amendments thereto, and the provisions thereof shall apply to group-funded pools.

New Sec. 6. (a) Premium contributions to the pool shall be based upon appropriate manual classification and rates, plus or minus applicable experience credits or debits, and minus any advance discount approved by the trustees, not to exceed 25% of manual premium. The pool shall use rules, classifications and rates as promulgated by the national council on compensation insurance for workers' compensation. Premium contributions to the pool for all other lines of insurance shall be based on rates filed by a licensed rating organization or on rates of certain companies filing rates with the commissioner and approved by the commissioner for the pool. In lieu of the foregoing, the board of trustees may determine such classification, rates and discounts as approved by the commissioner.

(b) An amount equal to at least 70% of the annual premium shall be maintained in a designated depository for the purpose of paying claims in a claims fund account. The remaining annual premium shall be placed into a designated depository for the payment of taxes, fees and administrative and other operational costs in an administrative fund account.

(c) Any surplus moneys for a fund year in excess of the amount necessary to fulfill all obligations of the pool for that fund year may be declared to be refundable by the trustees not less

than 12 months after the end of the fund year. Any such refund shall be paid only to those members who remained participants in the pool for an entire year. Payment of previously earned refunds shall not be contingent on continued membership in the pool.

New Sec. 7. The trustees shall not utilize any of the contributions collected as premiums for any purpose unrelated to the pool. Moneys not needed for current obligations may be invested by the trustees. Such investments shall be limited to bonds or other evidences of indebtedness issued, assumed or guaranteed by the United States of America, or by any agency or instrumentality thereof; in certificates of deposit in a federally insured bank located in Kansas; or in shares or savings deposits in a federally insured savings and loan association located in Kansas.

New Sec. 8. The expense of state supervision of the group-funded pools shall be financed in the following manner:

(a) There is hereby created in the state treasury a fund to be called the group-funded pools fee fund. All amounts which are required to be paid from the group-funded pools fee fund for the operating expenditures incident to the supervision of the group-funded pools shall be paid from the group-funded pools fee fund. The commissioner of insurance shall be responsible for administering the group-funded pools fee fund and all payments from the fund shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the commissioner of insurance or a person or persons designated by the commissioner.

(b) The commissioner of insurance shall estimate as soon as practical after January 1 of each year the expenses necessary for the supervision of the group-funded pools for the fiscal year beginning on July 1 thereafter. Not later than June 1 of each year, the commissioner of insurance shall notify all such group-funded pools of the amount of each assessment imposed under this subsection on such group-funded pools and the same shall be due and payable to the commissioner on the July 1 following.

(c) The commissioner of insurance shall remit all moneys received by or for such remittance to the state treasurer. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the group-funded pools fee fund.

New Sec. 9. In addition to the fees required to be paid in section 7, and as a condition precedent to the continuation of the certificate of authority provided in this act, all group-funded pools shall pay no later than 90 days after the end of each fiscal year a tax upon the annual Kansas gross premium collected by the pool at the rate of 1% per annum applied to the collective premium of the pool for the preceding fiscal year. In the computation of the tax, all pools shall be entitled to deduct any annual Kansas gross premiums returned on account of cancellation or dividends returned to members of such pools or expenditures used for the purchase of specific and aggregate excess insurance, as provided in subsection (h) of section 3.

New Sec. 10. (a) Each pool shall be assessed annually as provided by K.S.A. 44-566a and 74-713, and amendments thereto.

(b) Each pool shall be subject to the provisions of article 24 of chapter 40 of the Kansas Statutes Annotated.

(c) Each pool shall be subject to the provisions of 40-246b to 40-246e, inclusive, and amendments thereto.

New Sec. 11. (a) After the inception date of the group-funded pool, prospective new members of the pool shall submit an application for membership to the board of trustees or its administrator. The trustees may approve the application for membership pursuant to the bylaws of the pool.

(b) Individual members may elect to terminate their participation in a pool or be subject to cancellation by the pool pursuant to the bylaws of the pool. On termination or cancellation of a workers' compensation member, the pool shall notify the division of workers' compensation within 10 days and shall maintain coverage of each cancelled or terminating member for 30 days after notice to such division or until such division gives notice that the cancelled or terminating member has procured workers'

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compensation and employers' liability insurance, whichever occurs first.

New Sec. 12. To ensure the financial stability of the operations of each group-funded pool, the board of trustees of each pool is responsible for all operations of the pool. The board of trustees shall consist of not less than three nor more than 11 persons selected according to the bylaws of the pool for stated terms of office to direct the administration of a pool, and whose duties include approving applications by new members of the pool. The majority of the trustees must be a member of the governing body or an officer or employee of members of the pool, but a trustee may not be an owner, officer or employee of any service agent or representative. All trustees shall be residents of this state. The board of trustees of each fund shall take all necessary precautions to safeguard the assets of the fund, including all of the following:

(a) Designate an administrator to administer the financial affairs of the pool who shall furnish a fidelity bond to the pool in an amount determined by the trustees to protect the pool against the misappropriation or misuse of any moneys or securities. The administrator shall file evidence of the bond with the commissioner. The bond shall be one of the conditions required for approval of the establishment and continued operation of a pool. Any administrator so designated shall be a resident of Kansas if an individual or shall be authorized to do business in Kansas if a corporation.

(b) Retain control of all moneys collected or disbursed from the pool and segregate all moneys into a claims fund account and an administrative fund account. All administrative costs and other disbursements shall be made from the administrative fund account. The trustees may establish a revolving fund for use by the authorized service agent which is replenished from time to time from the claims fund account. The service agent and its employees shall be covered by a fidelity bond, with the pool as obligee, in an amount sufficient to protect all moneys placed in the revolving fund.

(c) Audit the accounts and records of the pool annually or at any time as required. The commissioner shall prescribe the type of audits and a uniform accounting system for use by pool and service agents to determine the ability of the pool to pay current and future claims.

(d) The trustees shall not extend credit to individual members for any purpose.

(e) The board of trustees shall not borrow any moneys from the pool or in the name of the pool without advising the commissioner of the nature and purpose of the loan.

(f) The board of trustees may delegate authority for specific functions to the administrator of the pool. The functions which the board may delegate include such matters as contracting with a service agent, determining the premium chargeable to and refunds payable to members, investing surplus moneys and approving applications for membership. The board of trustees shall specifically define all authority it delegates in the written minutes of the trustees' meetings. Any delegation of authority shall not be effective without a formal resolution passed by the trustees.

New Sec. 13. Any person soliciting the business of insurance for a group-funded pool shall hold a current license authorizing such person to sell each line of insurance offered for sale. Any person licensed for the kinds of insurance offered by the pool shall be deemed to be certified by a company for the kinds of insurance permitted by the pool.

New Sec. 14. The commissioner of insurance shall make such recommendations as deemed advisable to assist Kansas local governments in the effective, efficient and fiscally sound operation of any proposed group-funded pool. Within the time and resources available, the department of insurance shall provide advice and counsel to any group-funded pool.

Sec. 15. K.S.A. 12-2906 is hereby amended to read as follows: 12-2906. In the event that an agreement made pursuant to this act shall deal in whole or in part with the provisions of services or facilities with regard to which an officer or agency of the state government has constitutional or statutory powers of control, the agreement shall, as a condition precedent to its entry

into force, be submitted to the state officer or agency having such power of control and shall be approved or disapproved by the state officer or agency as to all matters within his, hers or its such officer's or agency's jurisdiction in the same manner and subject to the same requirements governing the action of the attorney general pursuant to K.S.A. 12-2904 (f), and amendments thereto. This requirement of submission and approval shall be in addition to and not in substitution for the requirement of submission to and approval by the attorney general.

Any agreement to participate in a group-funded pool or any other insurance-pooling arrangement shall be subject to the provisions of sections 1 to 14 of this act.

Sec. 16. K.S.A. 1986 Supp. 75-6111 is hereby amended to read as follows: 75-6111. (a) A governmental entity may obtain insurance to provide for (1) its defense, (2) for its liability for claims pursuant to this act, including liability for civil rights actions as provided in K.S.A. 75-6116 and amendments thereto, (3) the defense of its employees, and (4) for medical payment insurance when purchased in conjunction with insurance authorized by (1), (2) or (3) above.

Any insurance purchased under the provisions of this section may be purchased from any insurance company or association. In the case of municipalities any such insurance may be obtained by competitive bids or by negotiation. In the case of the state, any such insurance shall be purchased in the manner and subject to the limitations prescribed by K.S.A. 75-4114, and amendments thereto, except as provided in K.S.A. 1986 Supp. 76-749, and amendments thereto. With regard to claims pursuant to the Kansas tort claims act, insurers of governmental entities may avail themselves of any defense that would be available to a governmental entity defending itself in an action within the scope of this act, except that the limitation on liability provided by subsection (a) of K.S.A. 75-6105 and amendments thereto shall not be applicable where the contract of insurance provides for coverage in excess of such limitation in which case the limitation on liability shall be fixed at the amount for which insurance coverage has been purchased.

(b) Pursuant to the interlocal cooperation act, municipalities may enter into interlocal agreements providing for:

(1) The purchase of insurance to provide for the defense of employees and for liability for claims pursuant to this act; or
 (2) pooling arrangements or other agreements to share and pay expenditures for judgments, settlements, defense costs and other direct or indirect expenses incurred as a result of implementation of this act including, but not limited to, the establishment of special funds to pay such expenses. ~~With regard to establishing and maintaining such pooling arrangements or other agreements to share in expenditures incurred pursuant to this act, governmental entities and employees or agents thereof shall not be required to be licensed pursuant to the insurance laws of this state.~~

Sec. 17. K.S.A. 12-2906 and K.S.A. 1986 Supp. 75-6111 are hereby repealed.

Sec. 18. 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 11, 1987.

SENATE adopted Conference Committee report May 2, 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 May 1, 1987.
 JAMES D. BRADEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 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 May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

SENATE BILL No. 426

AN ACT concerning certain state scholarships; scholarships granted to students of certain health care professions; repayment requirements; amending K.S.A. 74-3269 and 74-3272 and repealing the existing sections.

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

New Section 1. If a person fails to satisfy an obligation to engage in the full-time practice of medicine and surgery in Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 74-3223 to 74-3228, inclusive, 74-3246 to 72-3248, inclusive, or 74-3265 to 74-3267, inclusive, and amendments thereto, because such person is engaged in the practice of medicine and surgery in a state other than Kansas, and if such person is subject to or currently making repayments under any such statutes and if such person subsequently commences the practice of medicine and surgery in this state which complies with the agreements entered into under such statutes, the balance of the repayment amount, including interest thereon, from the time of such commencement of practice until the obligation of such person is satisfied, or until the time such person again becomes subject to repayments, shall be waived. All repayment amounts due prior to such commencement of practice in this state, including interest thereon, shall continue to be payable as provided in such statutes. If subsequent to such commencement of practice, the person fails to satisfy such obligation, the person again shall be subject to repayments, including interest thereon, as otherwise provided in such statutes.

Sec. 2. K.S.A. 74-3269 is hereby amended to read as follows: 74-3269. (a) The state board of regents may finance or assist in the financing of postgraduate training programs in primary care osteopathic medicine and may provide financial assistance to persons engaged in such postgraduate training programs who have agreed to enter the full-time practice of osteopathic medicine in Kansas pursuant to an agreement under this section. The state board of regents may contract with one or more hospitals or one or more medical groups, or both, in Kansas. Each such contract shall provide that the hospital or medical group provide postgraduate training in primary care osteopathic medicine and that the state board of regents shall pay specific amounts from appropriations to be used in financing such postgraduate training, including stipends, compensation and expenses related thereto. Each hospital or medical group entering into a contract with the state board of regents under this section shall indemnify the state board of regents against the failure of any person who engaged in a postgraduate training program provided by such hospital or medical group under the contract to repay to the state board of regents the total amount of money plus annual interest required under subsection (f) upon the failure of such person to satisfy the obligation to engage in the full-time practice of osteopathic medicine in accordance with an agreement under this section.

(b) The amount of each stipend provided to a person engaged in a postgraduate training program in primary care osteopathic medicine under this section shall not be less than any stipend provided to persons engaged in a postgraduate training program in allopathic medicine under K.S.A. 76-825, and amendments thereto.

(c) The stipends and other financing provided for under this

section are intended to improve medical education in Kansas and to encourage retention of primary care physicians in Kansas. To be eligible to engage in a postgraduate training program in osteopathic medicine and to receive a stipend under this section, each person shall enter into a written agreement with the state board of regents which requires such person to: (1) Become prepared for the practice of osteopathic medicine by completion of such person's postgraduate training, and (2) enter the full-time practice of osteopathic medicine in Kansas in accordance with this section within six months after completion of such person's postgraduate training and continue such full-time practice for a consecutive period of months equal to the total number of months in which such person engaged in a postgraduate training program under this section.

(d) Each person who enters into an agreement under this section shall fulfill such practice obligations by practice in Kansas within an area of the state designated as a service commitment area II pursuant to K.S.A. 76-375, and amendments thereto. Such person shall select a service commitment area II in accordance with the provisions of K.S.A. 76-375, and amendments thereto, and shall be subject to the provisions of subsections (c) and (d) of such K.S.A. 76-375, and amendments thereto, in the same manner and to the same effect as a person required to engage in the full-time practice of medicine and surgery in a service commitment area II pursuant to any agreement under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, except that in lieu of informing or notifying the university of Kansas school of medicine of certain matters under the provisions of subsections (c) and (d) of such K.S.A. 76-375, and amendments thereto, such person shall inform and notify the state board of regents thereof.

(e) The practice obligations incurred by a person under this section are cumulative and consecutive obligations to any practice obligations incurred by such person under K.S.A. 74-3223 to 74-3228, inclusive, and amendments thereto, or K.S.A. 74-3246, 74-3247 and 74-3248, and amendments thereto, or any other law of this state, and the practice obligations under this section are specifically determined not to be concurrent obligations with any other of such practice obligations.

(f) Except as otherwise provided in this section, upon the failure of any person to satisfy the obligation to engage in the full-time practice of osteopathic medicine within the appropriate service commitment area of this state for the required period of time under any agreement entered into pursuant to this section, such person shall repay to the state board of regents an amount equal to the amount of money received by such person as a stipend during such person's postgraduate training program under this section plus annual interest from the date such money was received at the rate prescribed under K.S.A. 76-376, and amendments thereto, for the repayment obligation imposed under that statute and such person shall be subject to the other provisions of such K.S.A. 76-376, and amendments thereto, in the same manner and to the same effect as a person required to repay moneys received pursuant to any agreement under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto.

(g) An obligation to engage in the full-time practice of osteopathic medicine in accordance with an agreement under this section shall be postponed or shall be satisfied in the same manner and to the same effect as an obligation to engage in the practice of medicine and surgery pursuant to any agreement under K.S.A. 76-373 to 76-377, inclusive, and amendments thereto, shall be postponed or shall be satisfied in accordance with the provisions of K.S.A. 76-377, and amendments thereto. In addition, an obligation to engage in the full-time practice of osteopathic medicine in accordance with an agreement under this section shall be postponed during the period in which the person, who completed the first portion of such person's postgraduate training in a postgraduate training program under this section, completes the remaining portion of such person's postgraduate training at a location in another state.

(h) If a person fails to satisfy an obligation to engage in the full-time practice of osteopathic medicine in Kansas for the required period of time under an agreement entered into under this section because such person is engaged in the practice of

(continued)

osteopathic medicine in a state other than Kansas, and if such person is subject to or currently making repayments under this section and if such person subsequently commences the practice of osteopathic medicine in this state which complies with the agreements entered into under this section, the balance of the repayment amount, including interest thereon, from the time of such commencement of practice until the obligation of such person is satisfied, or until the time such person again becomes subject to repayments, shall be waived. All repayment amounts due prior to such commencement of practice in this state, including interest thereon, shall continue to be payable as provided in this section. If subsequent to such commencement of practice, the person fails to satisfy such obligation, the person again shall be subject to repayments, including interest thereon, as otherwise provided in this section.

(h) (i) As used in this section, "primary care" means the medical specialties of general internal medicine, pediatrics, family practice and obstetrics and gynecology.²

Sec. 3. K.S.A. 74-3272 is hereby amended to read as follows: 74-3272. (a) Except as otherwise provided in K.S.A. 74-3273, and amendments thereto, and subsection (e), upon the failure of any person to satisfy the obligation to engage in the full-time practice of optometry within the state of Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 74-3271, and amendments thereto, such person shall repay to the state board of regents an amount equal to the total of (1) the total amount of money paid by the state board of regents in amounts for guaranteed admission and continued enrollment of such person in an accredited school or college of optometry pursuant to a contract entered into therefor under K.S.A. 76-721a and amendments thereto plus (2) annual interest at a rate of 15% from the date such money was paid pursuant to such contract.

(b) Each person required to repay any amount under this section shall repay an amount totaling the entire amount to be repaid under such agreement for which such obligation is not satisfied, including all interest at the rate prescribed. Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than the amount equal to 1/5 of the total amount which would be required to be paid if repaid in five equal annual installments.

(c) All installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreement, as determined by the state board of regents based upon the circumstances of each individual case. If an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all interest at the rate prescribed.

(d) The total repayment obligation imposed under the agreement entered into under K.S.A. 74-3271 and amendments thereto may be satisfied at any time prior to graduation from the accredited school or college of optometry by making a single lump-sum payment equal to the total of (1) the entire amount to be repaid under such agreement upon failure to satisfy the obligation under such agreement to practice in Kansas, plus (2) all interest thereon at the rate prescribed to the date of payment.

(e) If a person fails to satisfy an obligation to engage in the full-time practice of optometry in Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 74-3271 and amendments thereto because such person is engaged in the practice of optometry in a state other than Kansas, and if such person is subject to or currently making repayments under this section and if such person subsequently commences the practice of optometry in this state which complies with the agreements entered into under such statute, the balance of the repayment amount, including interest thereon, from the time of such commencement of practice until the obligation of such person is satisfied, or until the time such person again becomes subject to repayments, shall be waived. All repayment amounts due prior to such commencement of practice in this state, including interest thereon, shall continue to be payable as provided in this section. If subsequent to such commencement of practice, the person fails to satisfy such obligation, the person again shall be subject to repayments, including interest thereon, as otherwise provided in this section.

Sec. 4. K.S.A. 74-3269 and 74-3272 are hereby repealed.

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

I hereby certify that the above BILL originated in the SENATE, and passed that body April 10, 1987.

SENATE concurred in HOUSE amendments May 3, 1987.

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

Passed the HOUSE as amended April 30, 1987.

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

APPROVED May 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 May, 1987.

BILL GRAVES
Secretary of State.

(SEAL)

(Published in the KANSAS REGISTER, May 28, 1987.)

SENATE BILL No. 442

AN ACT amending the health care provider insurance availability act; amending K.S.A. 40-3401, as amended by section 1 of 1987 Senate Bill No. 36, 40-3401, as amended by section 1 of this act, and 40-3403, as amended by section 2 of 1987 Senate Bill No. 379, and repealing the existing sections; also repealing K.S.A. 40-3401, as amended by section 1 of 1987 Senate Bill No. 379, 40-3401, as amended by section 1 of 1987 House Bill No. 2418, and 40-3403, as amended by section 2 of 1987 House Bill No. 2418.

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

Section 1. K.S.A. 40-3401, as amended by section 1 of 1987 Senate Bill No. 36, is hereby amended to read as follows: 40-3401. As used in this act the following terms shall have the meanings respectively ascribed to them herein.

(a) "Applicant" means any health care provider.
(b) "Basic coverage" means a policy of professional liability insurance required to be maintained by each health care provider pursuant to the provisions of subsection (a) or (b) of K.S.A. 40-3402 and amendments thereto.

(c) "Commissioner" means the commissioner of insurance.
(d) "Fiscal year" means the year commencing on the effective date of this act and each year, commencing on the first day of that month, thereafter.

(e) "Fund" means the health care stabilization fund established pursuant to subsection (a) of K.S.A. 40-3403 and amendments thereto.

(f) "Health care provider" means a person licensed to practice any branch of the healing arts by the state board of healing arts, a person who holds a temporary permit to practice any branch of the healing arts issued by the state board of healing arts, a person engaged in a postgraduate training program approved by the state board of healing arts, a medical care facility licensed by the department of health and environment, a health maintenance organization issued a certificate of authority by the commissioner of insurance, an optometrist licensed by the board of examiners in optometry, a podiatrist registered by the state board of healing arts, a pharmacist licensed by the state board of

pharmacy, a licensed professional nurse who is authorized to practice as a registered nurse anesthetist, a licensed professional nurse who has been granted a temporary authorization to practice nurse anesthesia under K.S.A. 1986 Supp. 65-1153 and amendments thereto, a professional corporation organized pursuant to the professional corporation law of Kansas by persons who are authorized by such law to form such a corporation and who are health care providers as defined by this subsection, a partnership of persons who are health care providers under this subsection, a Kansas not-for-profit corporation organized for the purpose of rendering professional services by persons who are health care providers as defined by this subsection, a dentist certified by the state board of healing arts to administer anesthetics under K.S.A. 65-2899 and amendments thereto, a physical therapist registered by the state board of healing arts, or a mental health center or mental health clinic licensed by the secretary of social and rehabilitation services, except that health care provider does not include (1) any state institution for the mentally retarded, (2) any state psychiatric hospital or (3) any person holding an exempt license issued by the state board of healing arts.

(g) "Inactive health care provider" means a person or other entity who purchased basic coverage or qualified as a self-insurer on or subsequent to the effective date of this act but who, at the time a claim is made for personal injury or death arising out of the rendering of or the failure to render professional services by such health care provider, does not have basic coverage or self-insurance in effect solely because such person is no longer engaged in rendering professional service as a health care provider.

(h) "Insurer" means any corporation, association, reciprocal exchange, inter-insurer and any other legal entity authorized to write bodily injury or property damage liability insurance in this state, including workmen's compensation and automobile liability insurance, pursuant to the provisions of the acts contained in article 9, 11, 12 or 16 of chapter 40 of Kansas Statutes Annotated.

(i) "Plan" means the operating and administrative rules and procedures developed by insurers and rating organizations or the commissioner to make professional liability insurance available to health care providers.

(j) "Professional liability insurance" means insurance providing coverage for legal liability arising out of the performance of professional services rendered or which should have been rendered by a health care provider.

(k) "Rating organization" means a corporation, an unincorporated association, a partnership or an individual licensed pursuant to K.S.A. 40-930 or 40-1114, or both, and amendments thereto, to make rates for professional liability insurance.

(l) "Self-insurer" means a health care provider who qualifies as a self-insurer pursuant to K.S.A. 40-3414 and amendments thereto.

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

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

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

(p) "State institution for the mentally retarded" means Norton state hospital, Winfield state hospital and training center,

Parsons state hospital and training center and the Kansas neurological institute.

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

(r) "Person engaged in residency training" means a person engaged in a postgraduate training program approved by the state board of healing arts who is employed by and is studying at the university of Kansas medical center only when such person is engaged in medical activities which do not include extracurricular, extra-institutional medical service for which such person receives extra compensation and which have not been approved by the dean of the school of medicine and the executive vice-chancellor of the university of Kansas medical center. *Persons engaged in residency training shall be considered resident health care providers for purposes of K.S.A. 40-3401 et seq., and amendments thereto.*

Sec. 2. On and after July 1, 1987, K.S.A. 40-3401, as amended by section 1 of this act, is hereby amended to read as follows: 40-3401. As used in this act the following terms shall have the meanings respectively ascribed to them herein.

(a) "Applicant" means any health care provider.

(b) "Basic coverage" means a policy of professional liability insurance required to be maintained by each health care provider pursuant to the provisions of subsection (a) or (b) of K.S.A. 40-3402 and amendments thereto.

(c) "Commissioner" means the commissioner of insurance.

(d) "Fiscal year" means the year commencing on the effective date of this act and each year, commencing on the first day of that month, thereafter.

(e) "Fund" means the health care stabilization fund established pursuant to subsection (a) of K.S.A. 40-3403 and amendments thereto.

(f) "Health care provider" means a person licensed to practice any branch of the healing arts by the state board of healing arts, a person who holds a temporary permit to practice any branch of the healing arts issued by the state board of healing arts, a person engaged in a postgraduate training program approved by the state board of healing arts, a medical care facility licensed by the department of health and environment, a health maintenance organization issued a certificate of authority by the commissioner of insurance, an optometrist licensed by the board of examiners in optometry, a podiatrist registered by the state board of healing arts, a pharmacist licensed by the state board of pharmacy, a licensed professional nurse who is authorized to practice as a registered nurse anesthetist, a licensed professional nurse who has been granted a temporary authorization to practice nurse anesthesia under K.S.A. 1986 Supp. 65-1153 and amendments thereto, a professional corporation organized pursuant to the professional corporation law of Kansas by persons who are authorized by such law to form such a corporation and who are health care providers as defined by this subsection, a partnership of persons who are health care providers under this subsection, a Kansas not-for-profit corporation organized for the purpose of rendering professional services by persons who are health care providers as defined by this subsection, a dentist certified by the state board of healing arts to administer anesthetics under K.S.A. 65-2899 and amendments thereto, a physical therapist registered by the state board of healing arts, a *psychiatric hospital licensed under K.S.A. 75-3307b and amendments thereto*, or a mental health center or mental health clinic licensed by the secretary of social and rehabilitation services, except that health care provider does not include (1) any state institution for the mentally retarded, (2) any state psychiatric hospital or (3) any person holding an exempt license issued by the state board of healing arts.

(g) "Inactive health care provider" means a person or other entity who purchased basic coverage or qualified as a self-insurer on or subsequent to the effective date of this act but who, at the time a claim is made for personal injury or death arising out of the rendering of or the failure to render professional services by such health care provider, does not have basic coverage or self-insurance in effect solely because such person is no longer engaged in rendering professional service as a health care provider.

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(h) "Insurer" means any corporation, association, reciprocal exchange, inter-insurer and any other legal entity authorized to write bodily injury or property damage liability insurance in this state, including workmen's compensation and automobile liability insurance, pursuant to the provisions of the acts contained in article 9, 11, 12 or 16 of chapter 40 of Kansas Statutes Annotated.

(i) "Plan" means the operating and administrative rules and procedures developed by insurers and rating organizations or the commissioner to make professional liability insurance available to health care providers.

(j) "Professional liability insurance" means insurance providing coverage for legal liability arising out of the performance of professional services rendered or which should have been rendered by a health care provider.

(k) "Rating organization" means a corporation, an unincorporated association, a partnership or an individual licensed pursuant to K.S.A. 40-930 or 40-1114, or both, and amendments thereto, to make rates for professional liability insurance.

(l) "Self-insurer" means a health care provider who qualifies as a self-insurer pursuant to K.S.A. 40-3414 and amendments thereto.

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

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

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

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

(q) "State psychiatric hospital" means Larned state hospital, Osawatimie state hospital, Rainbow mental health facility and Topeka state hospital.

(r) "Person engaged in residency training" means a person engaged in a postgraduate training program approved by the state board of healing arts who is employed by and is studying at the university of Kansas medical center only when such person is engaged in medical activities which do not include extracurricular, extra-institutional medical service for which such person receives extra compensation and which have not been approved by the dean of the school of medicine and the executive vice-chancellor of the university of Kansas medical center. Persons engaged in residency training shall be considered resident health care providers for purposes of K.S.A. 40-3401 *et seq.*, and amendments thereto.

Sec. 3. On and after July 1, 1987, K.S.A. 40-3403, as amended by section 2 of 1987 Senate Bill No. 379, is hereby amended to read as follows: 40-3403. (a) For the purpose of paying damages for personal injury or death arising out of the rendering of or the failure to render professional services by a health care provider, self-insurer or inactive health care provider subsequent to the time that such health care provider or self-insurer has qualified for coverage under the provisions of this act, there is hereby established the health care stabilization fund. The fund shall be held in trust in a segregated fund in the state treasury. The commissioner shall administer the fund or contract for the administration of the fund with an insurance company authorized to do business in this state.

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

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

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

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

(D) prepare and publish, on or before October 1 of each year, a summary of the fund's activity during the preceding fiscal year, including but not limited to the amount collected from surcharges, the highest and lowest surcharges assessed, the amount paid from the fund, the number of judgments paid from the fund, the number of settlements paid from the fund and the amount in the fund at the end of the fiscal year.

(2) The board shall consist of 14 persons appointed by the commissioner of insurance, as follows: (A) The commissioner of insurance, or the designee of the commissioner, who shall act as chairperson; (B) two members appointed from the public at large who are not affiliated with any health care provider; (C) three members licensed to practice medicine and surgery in Kansas who are doctors of medicine; (D) three members who are representatives of Kansas hospitals; (E) two members licensed to practice medicine and surgery in Kansas who are doctors of osteopathic medicine; (F) one member licensed to practice chiropractic in Kansas; (G) one member who is a licensed professional nurse authorized to practice as a registered nurse anesthetist; and (H) one member of another category of health care providers. Meetings shall be called by the chairperson or by a written notice signed by three members of the board. The board, in addition to other duties imposed by this act, shall study and evaluate the operation of the fund and make such recommendations to the legislature as may be appropriate to ensure the viability of the fund.

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

(c) Subject to subsections (d), (e), (f) and (i) and (k), the fund shall be liable to pay: (1) Any amount due from a judgment or settlement which is in excess of the basic coverage liability of all liable resident health care providers or resident self-insurers for any personal injury or death arising out of the rendering of or the failure to render professional services within or without this state; (2) any amount due from a judgment or settlement which is in excess of the basic coverage liability of all liable nonresident health care providers or nonresident self-insurers for any such injury or death arising out of the rendering or the failure to render professional services within this state but in no event shall the fund be obligated for claims against nonresident health care providers or nonresident self-insurers who have not complied with this act or for claims against nonresident health care providers or nonresident self-insurers that arose outside of this state; (3) any amount due from a judgment or settlement against a resident inactive health care provider for any such injury or death arising out of the rendering of or failure to render professional services; (4) any amount due from a judgment or settlement against a nonresident inactive health care provider for any injury or death arising out of the rendering or failure to render professional services within this state, but in no event shall the fund be obligated for claims against: (A) Nonresident inactive health care providers who have not complied with this act; or (B) nonresident inactive health care providers for claims that arose outside of this state, unless such health care provider was a resident health care provider or resident self-insurer at the time such act occurred; (5) reasonable and necessary expenses for attorney fees incurred in defending the fund against claims; (6) any amounts expended for reinsurance obtained to protect the best interests of the fund purchased by the commissioner, which purchase shall be subject to the provisions of K.S.A. 75-3738

through 75-3744, and amendments thereto but shall not be subject to the provisions of K.S.A. 75-4101 and amendments thereto; (7) reasonable and necessary actuarial expenses incurred in administering the act, which expenditures shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto; (8) annually to the plan or plans, any amount due pursuant to subsection (a)(3) of K.S.A. 40-3413 and amendments thereto; (9) reasonable and necessary expenses incurred by the insurance department and the board of governors in the administration of the fund; (10) return of any unearned surcharge; (11) reasonable and necessary expenses for attorney fees and other costs incurred in defending a person engaged in residency training from claims for personal injury or death arising out of the rendering of or the failure to render professional services by such health care provider; (12) any amount due from a judgment or settlement for an injury or death arising out of the rendering of or failure to render professional services by a person engaged in residency training; (13) amounts authorized by the court pursuant to K.S.A. 1986 Supp. 60-3411 and amendments thereto; and (14) reasonable and necessary expenses for the development and promotion of risk management education programs.

(d) All amounts for which the fund is liable pursuant to subsection (c) shall be paid promptly and in full except that, in any case arising out of a cause of action which accrued before July 1, 1986, if the amount for which the fund is liable is \$300,000 or more, it shall be paid, by installment payments of \$300,000 or 10% of the amount of the judgment including interest thereon, whichever is greater, per fiscal year, the first installment to be paid within 60 days after the fund becomes liable and each subsequent installment to be paid annually on the same date of the year the first installment was paid, until the claim has been paid in full. Any attorney fees payable from such installment shall be similarly prorated.

(e) In no event shall the fund be liable to pay in excess of \$3,000,000 pursuant to any one judgment or settlement against any one health care provider relating to any injury or death arising out of the rendering of or the failure to render professional services on and after July 1, 1984, and before July 1, 1986, subject to an aggregate limitation for all judgments or settlements arising from all claims made in any one fiscal year in the amount of \$6,000,000 for each provider.

(f) Except as provided by K.S.A. 1986 Supp. 60-3411 and amendments thereto, the fund shall not be liable to pay in excess of \$1,000,000 pursuant to any one judgment or settlement for any party against any one health care provider relating to any injury or death arising out of the rendering of or the failure to render professional services on and after July 1, 1986, subject to an aggregate limitation for all judgments or settlements arising from all claims made in any one fiscal year in the amount of \$3,000,000 for each provider.

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

(h) A health care provider who is qualified for coverage under the fund shall have no vicarious liability or responsibility for any injury or death arising out of the rendering of or the failure to render professional services inside or outside this state by any other health care provider who is also qualified for coverage under the fund. The provisions of this subsection shall apply to all claims filed on or after the effective date of this act.

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

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

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

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

(k) *Notwithstanding any other provision of the health care provider insurance availability act, no psychiatric hospital licensed under K.S.A. 75-3307b and amendments thereto shall be assessed a premium surcharge or be entitled to coverage under the fund if such hospital has not paid any premium surcharge pursuant to K.S.A. 40-3404 and amendments thereto prior to January 1, 1988.*

Sec. 4. K.S.A. 40-3401, as amended by section 1 of 1987 Senate Bill No. 36, and 40-3401, as amended by section 1 of 1987 Senate Bill No. 379, are hereby repealed.

Sec. 5. On and after July 1, 1987, K.S.A. 40-3401, as amended by section 1 of this act, 40-3401, as amended by section 1 of 1987 House Bill No. 2418, 40-3403, as amended by section 2 of 1987 Senate Bill No. 379 and 40-3403, as amended by section 2 of 1987 House Bill No. 2418, 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 May 3, 1987.

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

Passed the HOUSE May 3, 1987.

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

APPROVED May 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 May, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

SENATE BILL No. 407

AN ACT concerning municipalities; relating to the issuance of bonds thereby and to the finances thereof; amending K.S.A. 10-131 and 10-1009 and K.S.A. 1986 Supp. 10-116a, 10-311, 10-427, 10-427a and 12-195, as amended by section 4 of 1987 House Bill No. 2080, and repealing the existing sections.

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

Section 1. K.S.A. 1986 Supp. 10-116a is hereby amended to read as follows: 10-116a. Any municipal or quasi-municipal corporation which has issued or may hereafter issue revenue bonds under the laws of the state of Kansas, may issue, without an election, revenue bonds pursuant to the provisions of this section to refund any revenue bond issue or issues, or part thereof, *any interest on such bonds or both such bonds and interest*. The principal amount of any issue of refunding revenue bonds shall not exceed the aggregate amount of: (a) The principal amount of the revenue bonds or interest being refunded; (b) the amount of any interest which has accrued thereon or interest that will accrue to the date of payment of the bonds being refunded; (c) the amount of any premium required to be paid should the bonds be called for redemption and payment; (d) expenses of the municipal or quasi-municipal corporation deemed by the governing body to be necessary for the issuance of the refunding bonds; and (e) expenses incident to the payment of the bonds being refunded. The refunding revenue bonds may be sold or exchanged for the bonds being refunded either as a whole or in installments at any time or times, either at, before, or after the maturity of the bonds being refunded. If the refunding revenue bonds are sold more than six months prior to the maturity or earliest prior redemption date of the bonds being refunded, the proceeds derived from the sale, together with any other moneys on hand, shall be placed in escrow under a trust agreement with a Kansas bank having full trust powers. The proceeds and moneys shall be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America or municipal obligations which are secured by direct obligations of the United States of America, and which shall mature or be subject to redemption by the holders thereof not later than the respective dates when the proceeds of the obligations together with the interest accruing thereon and any other moneys or investments held in escrow will be required for the purposes intended. The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of the revenue bonds being refunded and may pledge or assign the moneys and investments held in trust for the payment of the interest on the revenue bonds being refunded and any redemption premium thereon. The trust agreement may pledge or assign any of the obligations or other moneys or investments, or interest accruing thereon, held in trust, which are in excess of the amount of the obligations and other moneys and investments held which is equal to the amount of the principal of the bonds to be refunded which comes due on the date for which the bonds may have been called for redemption or irrevocable instructions to ~~all~~ *the call* bonds for redemption have been given and any redemption premium thereon, for the payment of the principal of and interest on any or all of the refunding revenue bonds and any redemption premium thereon, and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the revenue bonds. The refunding revenue bonds issued pursuant to this section shall not be general obligations of the municipal or quasi-municipal corporation, except as herein provided, and insofar as the same may be made applicable to the issuance of the refunding revenue bonds, the security thereof, and the rights, duties and obligations of the municipal or quasi-municipal corporation in respect thereof, shall be governed by the laws governing such matters with respect to the bonds being refunded and all other laws generally applicable to revenue bonds issued in this state by the municipal or quasi-municipal corporation.

Sec. 2. K.S.A. 10-131 is hereby amended to read as follows: 10-131. The governing body of any municipality, as defined in K.S.A. 10-101 and amendments thereto which has heretofore issued or may hereafter issue bonds for any purpose, is hereby

authorized and empowered to invest any portion of the proceeds of ~~said~~ such bonds or funds held pursuant to the resolution or ordinance authorizing the issuance of such bonds, which is not currently needed, in: (a) Investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein ~~or~~; (b) in direct obligations of the United States government or any agency thereof ~~or~~; (c) in the municipality's temporary notes issued pursuant to K.S.A. 10-123 ~~or and amendments thereto~~; (d) in interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the municipality is located; (e) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (f) repurchase agreements collateralized by securities described in (b) or (e) above; (g) investment agreements with or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation; (h) investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely of securities described in (b) or (e) above; (i) receipts evidencing ownership interests in securities or portions thereof described in (b) or (e) above; (j) municipal bonds or other obligations issued by any municipality of the state of Kansas as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (k) bonds of any municipality of the state of Kansas as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (b) or (e) above. The interest received on any such investment shall upon receipt thereof be set aside and used for the purpose of paying interest on the bonds issued ~~or~~; ~~when bonds have been approved at an election held under the general bond law~~, placed in a fund to be used for paying the cost of the project for which the bonds were issued.

Sec. 3. K.S.A. 1986 Supp. 10-311 is hereby amended to read as follows: 10-311. (a) "Revenue bonds" mean bonds issued by any municipality to be paid ~~exclusively~~ from the revenue derived from the operation of a publicly owned utility, instrumentality or facility of a revenue producing character, or which are not general obligations of the issuing municipality.

(b) "Municipality" means any city, county, municipal or quasimunicipal corporation or other political subdivision of the state authorized to issue revenue bonds.

(c) Revenue bonds issued by a municipality shall not be included in computing the total bonded indebtedness of such municipality for the purpose of determining the limitations on bonded indebtedness of such municipality.

Sec. 4. K.S.A. 1986 Supp. 10-427 is hereby amended to read as follows: 10-427. Every municipality of the state of Kansas is hereby authorized and empowered to refund any bonds, *any interest on such bonds or both bonds and the interest thereon* of the municipality and may issue refunding bonds of the municipality therefor. The municipality shall be governed by and subject to the provisions of article 1 of chapter 10 of the Kansas Statutes Annotated, and amendments thereto, so far as the same may be consistent with the provisions of this act. The principal amount of any issue of any refunding bonds shall not exceed the aggregate amount of: (a) The principal amount of the issue or issues or part thereof or interest being refunded; (b) the amount of any interest which has accrued or will accrue to the date of payment of the bonds being refunded; (c) the amount of any redemption premium required; (d) expenses of the municipality deemed by the governing body to be necessary for the issuance of the refunding bonds; and (e) in the event the proceeds from the sale of the refunding bonds are to be placed in escrow and invested, the interest to accrue on the refunding bonds from the date of delivery to the first or any subsequent available redemption date or dates selected by the governing body of the municipality, or to the date or dates of maturity, whichever is determined by the governing body to be most advantageous or necessary to the municipality.

Sec. 5. K.S.A. 1986 Supp. 10-427a is hereby amended to read

as follows: 10-427a. (a) Refunding bonds issued under the authority of K.S.A. 10-427, and amendments thereto, may be sold or exchanged for the bonds being refunded either as a whole or in installments at any time either at, before or after the maturity of the bonds being refunded. Such bonds shall be exempt from statutory limitations of bonded indebtedness and shall not be included in computing the total bonded indebtedness of the municipality for the purpose of applying any statute limiting the bonded indebtedness of the municipality.

(b) If refunding bonds are sold more than six months prior to the maturity or earliest prior redemption date of the bonds being refunded, the proceeds derived from the sale, together with any other moneys on hand, shall be placed in escrow under a trust agreement with a Kansas bank having full trust powers. The proceeds and moneys shall be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America or municipal obligations which are secured by direct obligations of the United States of America, and which shall mature or be subject to redemption by the holders thereof not later than the respective dates when the proceeds of the obligations together with the interest accruing thereon and any other moneys or investments held in escrow will be required for the purposes intended. ~~The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of and the interest on the bonds being refunded and any redemption premium and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds. The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of the bonds being refunded and may pledge or assign the moneys and investments held in trust for the payment of the interest on the bonds being refunded and any redemption premium thereon. The trust agreement may pledge or assign any of the obligations or other moneys or investments, or interest accruing thereon, held in trust, which are in excess of the amount of the obligations and other moneys and investments held which is equal to the amount of the principal of the bonds to be refunded which comes due on the date for which the bonds may have been called for redemption or irrevocable instructions to call bonds for redemption have been given and any redemption premium thereon, for the payment of the principal of and interest on any or all of the refunding bonds and any redemption premium thereon, and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds.~~

Sec. 6. K.S.A. 10-1009 is hereby amended to read as follows: 10-1009. The maximum stated rate of interest which may be fixed on bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the day the bonds are sold and shall not exceed the 20 bond index of tax exempt municipal treasury bonds published by the weekly Bond Buyer Credit Markets, in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2%.

The maximum rate of interest specified in this section shall be applicable to bonds issued after the effective date of this act pursuant to proceedings initiated either before or after the effective date of this act.

Sec. 7. K.S.A. 1986 Supp. 12-195, as amended by section 4 of 1987 House Bill No. 2080, is hereby amended to read as follows:

12-195. (a) Except as otherwise provided in subsections subsection (b) and (c), no city or county shall commit any of the funds or proceeds derived from a retailers' sales tax as a guarantee for the payment of bonds issued by such city or county.

(b) The board of county commissioners of a county which imposes a countywide retailers' sales tax may issue revenue bonds payable from the proceeds thereof for the purpose of paying the state's share of the cost of highway improvement for which a federal share is to be received.

(c) The board of county commissioners of a county which imposes a countywide retailers' sales tax pursuant to paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may issue revenue bonds payable from the proceeds thereof for the purpose of financing the construction or remodeling of a county courthouse, jail or law enforcement center facility.

(d) Any tax imposed pursuant to subsection (b) or (c) shall terminate whenever such revenue bonds and any interest thereon has been paid in full.

(b) Any city or county which is the recipient of funds derived from a local option sales tax pursuant to K.S.A. 12-187 et seq., and amendments thereto is hereby authorized to issue revenue bonds to provide for the payment of all or any portion of the cost of public facilities or improvements of such city or county for which such city or county is authorized pursuant to the constitution or laws of this state to issue general obligation bonds, excluding any facilities or improvements to be used for commercial or retail purposes. In the event the governing body of a city or county proposes to issue such bonds, and the question of pledging the revenues received from the countywide or city retailers' sales tax has not previously been submitted to and approved by the voters of the city or county, such proposition shall be published once each week for two consecutive weeks in the official city or county newspaper, as the case requires. If, within 30 days after the last publication of the proposition, a petition signed by not less than 4% of the electors of the city or county, as the case requires, who voted for the office of secretary of state at the last preceding general election for such office requesting an election thereon, no such bonds shall be issued unless the proposition is submitted to and approved by a majority of the voters of the city or county, as the case requires, voting at an election held thereon. Any such election shall be called and held in accordance with the provisions of K.S.A. 10-120, and amendments thereto, or in accordance with the provisions of the mail ballot election act.

(1) Such bonds shall be authorized by ordinance of the governing body of such city or resolution of the governing body of such county. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may contain such terms and conditions, all as the city or county shall determine. The bonds shall have all the qualities of and shall be deemed to be negotiable instruments under the laws of the state of Kansas. The authorizing ordinance or resolution may contain any other terms, covenants and conditions that the city or county deems reasonable and desirable, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for payment of the bonds, the custody and application of the proceeds of the bonds, the collection, transfer and disposition of sales tax revenues, the investing of bond proceeds or any funds pledged to the repayment of the bonds, and the rights, duties and obligations of the city or county and the owners of the bonds.

(2) The authorizing ordinance or resolution may provide for the execution of a trust indenture between the city or county and any financial institution within or without the state of Kansas. The trust indenture may contain any terms, covenants and conditions that are deemed desirable by the city or county.

(3) Any authorizing ordinance or resolution and trust indenture relating to the issuance of and security for the bonds shall constitute a contract between the city or county and the owners of the bonds, which contract, and all covenants, agreements and obligations therein, shall be promptly performed in strict compliance with the terms and provisions of such contract, and the covenants, agreements and obligations of the city or county may be enforced by mandamus or other appropriate proceeding at law or in equity. The pledge of revenues made by the city or county shall be valid and binding from the time when such pledge is made and the revenues so pledged and thereafter received by the city or county shall immediately be subject to the lien of such pledge without such physical delivery thereof or further act on the part of the city or county, and the lien of any such pledge shall be valid and binding as against all parties.

(continued)

having claims of any kind against the issuer, irrespective of whether such parties have notice thereof. Neither the authorizing ordinance or resolution nor any other instrument by which a pledge is created need be filed or recorded except in the records of the city or county.

(4) The revenue bonds may be sold in such manner, either at public or private sale, and upon such terms as the city or county shall determine to be reasonable, including sale at discount. It shall be plainly stated on the face of such bond that it has been issued under this act, that the bonds shall be special obligations of the city or county, payable solely and only from the revenues derived from the collection of such local sales taxes, and that, in no event, shall the bonds constitute an indebtedness of the state of Kansas or the city or county for which the faith and credit of the state of Kansas or city or county is pledged.

(5) Any bonds issued under the provisions of this section and the interest thereon, shall be exempt from all taxes levied by the state of Kansas, or any political or taxing subdivision thereof, except inheritance taxes.

(6) Bonds may be issued for the purpose of refunding, either at maturity or in advance of maturity, any bonds issued under this section. Such refunding bonds may either be sold or delivered in exchange for the bonds being refunded. If sold, the proceeds may either be applied to the payment of the bonds being refunded or deposited in trust and there maintained in cash or investments for the retirement of the bonds being refunded, as shall be specified by the city or county and the authorizing ordinance or resolution or trust indenture securing such refunding bonds. The authorizing ordinance or resolution or trust indenture securing the refunding bonds may provide that the refunding bonds shall have the same security for their payment as provided for the bonds being refunded. Refunding bonds shall be sold and secured in accordance with the provisions of this act pertaining to the sale and security of the bonds.

(7) Bonds issued under the provisions of this act shall be eligible to secure the deposit of public funds under article 14 of chapter 9 of the Kansas Statutes Annotated and amendments thereto.

(8) Bonds issued under the provisions of this act shall be in addition to and not subject to any statutory limitation of bonded indebtedness imposed on such city or county.

New Sec. 8. (a) Any interlocal agreement entered into under the provisions of K.S.A. 12-2901 *et seq.*, and amendments thereto, may authorize the creation of a separate legal entity to conduct the joint or cooperative action provided for in the agreement. Such separate legal entity shall constitute a body corporate and politic, and shall have, in addition to any other powers reasonably necessary to the exercise of its function under the agreement, the following powers to:

- (1) Sue and be sued in its corporate name;
- (2) take and hold any property, real or personal, in fee simple or otherwise;
- (3) sell, lease, lend or otherwise transfer any property or interest in property owned by it;
- (4) make contracts; and
- (5) have and use a corporate seal.

Any such separate legal entity shall not constitute a municipality within the meaning of K.S.A. 10-1101, and amendments thereto, or a political subdivision of the state under any provision of the law of this state establishing limits on bonded indebtedness.

(b) In addition to its other powers, any separate legal entity referred to in this section shall be authorized, subject to any limitations imposed by contract, to issue bonds, notes or other evidence of indebtedness, in its own name, on behalf of the public agencies that are or become parties to the agreement creating the separate legal entity for those purposes for which such public agencies are authorized pursuant to the constitution and laws of this state to issue bonds, notes or other evidence of indebtedness. Such bonds, notes or other indebtedness may be payable from or secured by any property, interest or income of the separate legal entity, from whatever source derived, but shall not constitute a charge against or indebtedness of any public agency on behalf of which such bonds, notes or other indebtedness are issued. In issuing such bonds, notes or other indebtedness, the separate legal entity shall act as the constituted au-

thority of the public agencies on behalf of which such bonds, notes or other indebtedness are issued, and the interest on such bonds, notes or other indebtedness shall be exempt from taxation under the laws of this state. Nothing in this act shall be construed to authorize any separate legal entity to issue or sell bonds, notes or other evidence of indebtedness, or use the proceeds thereof, to purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility as defined by K.S.A. 66-104 and amendments thereto.

(c) The duration of any separate legal entity referred to in this section may be perpetual or as otherwise provided in the agreement under which it was created; however, any property owned or held by such separate legal entity shall become the property of the public agencies that are parties to such agreement, according to the terms of that agreement or as otherwise determined according to equitable principles, if and when at any time no bond, note or other indebtedness of the authority is not currently outstanding and unpaid. No property of such separate legal entity shall inure to the benefit of any private individual, corporation or association other than for fair value received.

(d) No such separate legal entity shall operate or administer any arrangement or program under which any two or more municipalities, as defined in K.S.A. 75-6102, and amendments thereto, have agreed to pool their liabilities incurred as a result of negligent or wrongful act or omission of their employees or any other liabilities or losses incurred by such municipalities regardless of the cause thereof.

Sec. 9. K.S.A. 10-131 and 10-1009 and K.S.A. 1986 Supp. 10-116a, 10-311, 10-427, 10-427a and 12-195, as amended by section 4 of 1987 House Bill No. 2080, 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 SENATE, and passed that body April 7, 1987.

SENATE adopted Conference Committee report May 3, 1987.
 ROBERT V. TALKINGTON
President of the Senate.
 LU KENNEY
Secretary of the Senate.

Passed the HOUSE as amended May 1, 1987.

HOUSE adopted Conference Committee report May 3, 1987.
 JAMES D. BRADEN
Speaker of the House.
 GENEVA SEWARD
Chief Clerk of the House.

APPROVED May 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 May, 1987.

(SEAL)

BILL GRAVES
Secretary of State.

(Published in the KANSAS REGISTER, May 28, 1987.)

SENATE BILL No. 389

AN ACT concerning scholarships available to medical students; relating to obligations of agreements for such scholarships; amending K.S.A. 1986 Supp. 76-374, 76-375, as amended by section 1 of 1987 House Bill No. 2141, 76-375, as amended by section 2 of this act, and 76-376 and repealing the existing sections; also repealing K.S.A. 1986 Supp. 76-375, as amended by section 10 of 1987 Senate Bill No. 339.

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

Section 1. K.S.A. 1986 Supp. 76-374 is hereby amended to read as follows: 76-374. An agreement entered into by the university of Kansas school of medicine and an undergraduate student enrolled in or admitted to the university of Kansas school of medicine in a course of instruction leading to the degree of doctor of medicine for the awarding of a scholarship under K.S.A. 76-377a and 76-373 to 76-377, inclusive, and amendments thereto shall require that the person receiving the scholarship:

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

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

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

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

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

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

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

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

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

Sec. 2. K.S.A. 1986 Supp. 76-375, as amended by section 1 of 1987 House Bill No. 2141, is hereby amended to read as follows:

76-375. (a) On or before December 31 in each year, the chancellor of the university of Kansas, or the designee of the chancellor, shall prepare a list of the areas of this state which the chancellor, or designee of the chancellor, determines to be critically medically underserved areas by specialty and the areas of this state which the chancellor, or designee of the chancellor, determines to be medically underserved areas by specialty. In preparing such a list the chancellor, or designee of the chancellor, shall consult with the medical scholarship advisory committee. All medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, full-time faculty positions in an approved Kansas family practice residency program primary care residency programs, including such program programs at the university of Kansas medical center school of medicine, and all medical clinics which are located in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center are qualified for service in both service commitment area I and service commitment area II without being determined medically underserved areas, except that such medical clinics shall not qualify for such service by more than 12 persons at any one time. In preparing such a list, the portion of time of persons engaged in the practice of medicine and surgery at any institution under the jurisdiction and control of the secretary of social and rehabilitation services shall not be included in determining whether an area is critically medically underserved or medically underserved. Every such list shall note that all medical care facilities or institutions operated by the state of Kansas qualify for such service commitments, in addition to listing those areas determined to be critically medically underserved or medically underserved. Critically medically underserved areas by specialty and medically underserved areas by specialty established prior to the effective date of this act by the secretary of health and environment shall continue in effect for the purposes of this act until changed by the chancellor of the university of Kansas, or the designee of the chancellor. *The chancellor of the university of Kansas, or the designee of the chancellor, upon a finding of exceptional circumstances may modify areas or portions of areas determined to be critically medically underserved or medically underserved by specialty.*

(b) (1) A service commitment area shall be designated as a service commitment area I or a service commitment area II. Service commitment area I shall be any area determined by the secretary of health and environment chancellor of the university of Kansas, or the designee of the chancellor, under subsection (a) to be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto, a medically underserved area or a critically medically underserved area. Service commitment area II shall be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto, the state of Kansas.

(2) The service commitment area I or II for persons first awarded scholarships after December 31, 1985, shall be an incorporated city of this state as specified in subsection (d)(2) of K.S.A. 76-374 and amendments thereto, all medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, full-time faculty positions in approved Kansas primary care residency programs including such programs at the university of Kansas school of medicine, and all medical clinics which are operated in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center except that such medical clinics shall not qualify for such service by more than 12 persons at any one time.

(c) In selecting a service commitment area I or II, whichever is applicable, prior to the commencement of the full-time practice of medicine and surgery pursuant to all agreements entered into under K.S.A. 76-374 and amendments thereto requiring service for a period of time in a service commitment area I or II, whichever is applicable, the person so selecting shall select such area from among those areas appearing on the list of areas prepared by the chancellor of the university of Kansas, or the

(continued)

designee of the chancellor, under this section. The service commitment area selected shall have appeared on any such list not more than 36 months prior to the commencement of such full-time practice of medicine and surgery by the person selecting such service commitment area. Upon the selection of such service commitment area, the person so selecting shall inform the university of Kansas school of medicine of the area selected.

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

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

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

(g) There is hereby established the medical scholarship advisory committee. Members of the medical scholarship advisory committee shall be appointed by the chancellor of the university of Kansas as follows: (1) One member shall be from the office of the chancellor of the university of Kansas; (2) one member shall be a representative of the Kansas medical society; (3) one member shall be a member of the Kansas legislature; (4) one member shall be a student at the university of Kansas school of medicine; and (5) *prior to July 1, 1987*, one member shall be a member of the statewide health coordinating council who is a consumer of health care and *on and after July 1, 1987*, one member shall be a representative of the Kansas hospital association. The medical scholarship advisory committee shall meet periodically upon the call of the chancellor, or the designee of the chancellor, and shall make recommendations to the chancellor, or the designee of the chancellor, in regard to the administration of the provisions of this act.

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

Sec. 3. On July 1, 1987, K.S.A. 1986 Supp. 76-375, as amended by section 2 of this act, is hereby amended to read as follows: 76-375. (a) On or before December 31 in each year, the chancellor of the university of Kansas, or the designee of the chancellor, shall prepare a list of the areas of this state which the chancellor, or designee of the chancellor, determines to be critically medically underserved areas by specialty and the areas

of this state which the chancellor, or designee of the chancellor, determines to be medically underserved areas by specialty. In preparing such a list the chancellor, or designee of the chancellor, shall consult with the medical scholarship advisory committee. All medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, full-time faculty positions in approved Kansas primary care residency programs, including such programs at the university of Kansas school of medicine, and all medical clinics which are located in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center are qualified for service in both service commitment area I and service commitment area II without being determined medically underserved areas, except that such medical clinics shall not qualify for such service by more than 12 persons at any one time. In preparing such a list, the portion of time of persons engaged in the practice of medicine and surgery at any institution under the jurisdiction and control of the secretary of social and rehabilitation services shall not be included in determining whether an area is critically medically underserved or medically underserved. Every such list shall note that all medical care facilities or institutions operated by the state of Kansas qualify for such service commitments, in addition to listing those areas determined to be critically medically underserved or medically underserved. Critically medically underserved areas by specialty and medically underserved areas by specialty established prior to the effective date of this act by the secretary of health and environment shall continue in effect for the purposes of this act until changed by the chancellor of the university of Kansas, or the designee of the chancellor. The chancellor of the university of Kansas, or the designee of the chancellor, upon a finding of exceptional circumstances may modify areas or portions of areas determined to be critically medically underserved or medically underserved by specialty.

(b) (1) A service commitment area shall be designated as a service commitment area I or a service commitment area II. Service commitment area I shall be any area determined by the chancellor of the university of Kansas, or the designee of the chancellor, under subsection (a) to be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto, a medically underserved area or a critically medically underserved area. Service commitment area II shall be, for purposes of all agreements entered into under K.S.A. 76-374 and amendments thereto, the state of Kansas.

(2) The service commitment area I or II for persons first awarded scholarships after December 31, 1985, shall be an incorporated city of this state as specified in subsection (d)(2) of K.S.A. 76-374 and amendments thereto, all medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, full-time faculty positions in approved Kansas primary care residency programs including such programs at the university of Kansas school of medicine, and all medical clinics which are operated in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center except that such medical clinics shall not qualify for such service by more than 12 persons at any one time.

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

(d) A person serving in a service commitment area I or II, whichever is applicable, pursuant to any agreement under this

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

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

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

(g) There is hereby established the medical scholarship advisory committee. Members of the medical scholarship advisory committee shall be appointed by the chancellor of the university of Kansas as follows: (1) One member shall be from the office of the chancellor of the university of Kansas; (2) one member shall be a representative of the Kansas medical society; (3) one member shall be a member of the Kansas legislature; (4) one member shall be a student at the university of Kansas school of medicine; and (5) prior to July 1, 1987, one member shall be a member of the statewide health coordinating council who is a consumer of health care as defined in K.S.A. 65-5001 and amendments thereto and on and after July 1, 1987, one member shall be a representative of the Kansas hospital association. The medical scholarship advisory committee shall meet periodically upon the call of the chancellor, or the designee of the chancellor, and shall make recommendations to the chancellor, or the designee of the chancellor, in regard to the administration of the provisions of this act.

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

Sec. 4. K.S.A. 1986 Supp. 76-376 is hereby amended to read as follows: 76-376. (a) (1) Except as otherwise provided in paragraphs (2), (3) and (4) of this subsection (a) or in K.S.A. 76-377 and amendments thereto, upon the failure of any person to satisfy the obligation to engage in the full-time practice of medicine and surgery within the appropriate service commitment area of this state for the required period of time under any agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, such person shall repay to the university of Kansas school of medicine an amount equal to the total of (A) the amount of money received by such person pursuant to such agreement, or the amount of money determined under rules and regulations of the university of Kansas plus (B) annual interest at a rate of 10%, if the agreement was entered into prior to January 1, 1982, 15%, if the agreement was entered into

after December 31, 1981, from the date such money was received.

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

(3) If a person fails to satisfy an obligation to engage in the full-time practice of medicine and surgery within a service commitment area I for the required period of time under an agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, but is engaged in the full-time practice of medicine and surgery within this state in a service commitment area II which would have applied to such person had such person received a type II scholarship under an agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, and if the chancellor of the university of Kansas, or the designee of the chancellor, finds that exceptional circumstances caused the failure of such person to engage in such practice in a service commitment area I, such person shall not be required to repay the amount of money received by such person for living expenses and up to 50% of tuition fees pursuant to such agreement.

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

(4) If a person fails to satisfy an obligation to engage in the full-time practice of medicine and surgery in Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 76-373 to 76-377a, inclusive, and amendments thereto, because such person is engaged in the full-time practice of medicine and surgery in a state other than Kansas and if such person is subject to or currently making repayments under this section and if such person subsequently commences the practice of medicine and surgery in this state which complies with the agreements entered into under such statutes, the balance of the repayment amount, including interest thereon, from the time of such commencement of practice until the obligation of such person is satisfied, or until the time such person again becomes subject to repayments, shall be waived. All repayment amounts due prior to such commencement of practice in this state, including interest thereon, shall continue to be payable as provided in this section. If subsequent to such commencement of practice, the person fails to satisfy such obligation, the person again shall be subject to repayments, including interest thereon, as otherwise provided in this section.

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

(c) If the person first entered into an agreement under K.S.A. 76-374 and amendments thereto after December 31, 1981, the person shall repay an amount totaling the entire amount to be repaid under all such agreements for which such obligations are not satisfied, including all amounts of interest at the rate prescribed. Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than the amount equal to 1/5 of the total amount which would be required to be paid if repaid in five equal annual installments.

(d) All installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreements, as determined by the university of Kansas school of

(continued)

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medicine based upon the circumstances of each individual case. In all cases where the person first entered into an agreement under K.S.A. 76-374 and amendments thereto after December 31, 1981, if an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all amounts of interest at the rate prescribed.

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

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

Sec. 5. K.S.A. 1986 Supp. 76-374, 76-375, as amended by section 1 of 1987 House Bill No. 2141, and 76-376 are hereby repealed.

Sec. 6. On July 1, 1987, K.S.A. 1986 Supp. 76-375, as amended by section 10 of 1987 Senate Bill No. 339, and 76-375, as amended by section 2 of this act, are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body April 10, 1987.

SENATE concurred in HOUSE amendments May 3, 1987.

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

Passed the HOUSE as amended April 30, 1987.

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

APPROVED May 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 May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

AN ACT making and concerning appropriations for the fiscal years ending June 30, 1987, June 30, 1988 and June 30, 1989; authorizing certain transfers and fees, imposing certain restrictions and limitations and directing or authorizing certain receipts, disbursements, capital improvements and acts incidental to the foregoing; amending K.S.A. 44-716a, section 35 of chapter 33 of the 1986 Session Laws of Kansas, section 8 of 1987 House Bill No. 2182 and section 19 of 1987 House Bill No. 2272 and repealing the existing sections; also repealing section 3 of 1987 House Bill No. 2561.

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

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

Sec. 2.

LEGISLATURE

(a) Of the \$7,423,849 appropriated by section 4(a) of 1987 House Bill No. 2126 from the state general fund in the operations (including official hospitality) account, the sum of \$51,737 is hereby lapsed.

Sec. 3.

DIVISION OF POST AUDIT

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

Table with 2 columns: Fiscal Year 1987, Fiscal Year 1988. Row: Audit services fund. Values: (blank), No limit.

(b) Of the \$1,204,569 appropriated by section 5(a) of 1987 House Bill No. 2126 from the state general fund in the operations (including legislative post audit committee) account, the sum of \$5,703 is hereby lapsed.

Sec. 4.

STATE BOARD OF INDIGENTS' DEFENSE SERVICES

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

Table with 2 columns: Fiscal Year 1987, Fiscal Year 1988. Row: Indigents' defense services fund. Values: (blank), No limit.

(b) On July 1, 1987, of the \$3,493,639 appropriated for the above agency from the state general fund by section 3(a) of 1987 House Bill No. 2181 in the indigents' defense services account, the sum of \$9,454 is hereby lapsed.

Sec. 5.

DEPARTMENT OF HUMAN RESOURCES

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

Table with 2 columns: Fiscal Year 1987, Fiscal Year 1988. Row: Salaries and wages. Value: \$25,855, \$1,711. Row: Federal audit exception. Value: \$25,855.

(b) On the effective date of this act, the expenditure limitation established by the state finance council on the state operations account of the job training partnership act—title III—dislocated workers fund is hereby increased from \$147,852 to \$341,500.

(c) On the effective date of this act, the expenditure limitation established by the state finance council on the state operations account of the job training partnership act—title II-B—summer youth training fund is hereby increased from \$707,602 to \$921,287.

(d) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the workmen's

compensation fee fund is hereby increased from \$1,725,534 to \$1,982,589.

(e) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the occupational health and safety—federal fund is hereby increased from \$281,560 to \$282,130.

(f) On July 1, 1987, the expenditure limitation established by section 7(b) of House Bill No. 2272 on the boiler inspection fee fund is hereby increased from \$178,519 to \$179,089.

(g) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the state operations account of the job training partnership act—title III—dislocated workers fund is hereby increased from \$157,930 to \$158,500.

(h) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the state operations account of the job training partnership act—title II-A—disadvantaged training fund is hereby increased from \$3,436,168 to \$3,442,443.

(i) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the state operations account of the job training partnership act—title II-B—summer youth training fund is hereby increased from \$692,202 to \$693,343.

(j) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2272 on the occupational information system—federal fund is hereby increased from \$106,732 to \$107,302.

(k) On July 1, 1987, the position limitation established by section 20 of 1987 House Bill No. 2272 for the department of human resources is hereby increased from 909.0 to 913.0.

(l) On July 1, 1987, of the \$220,300 appropriated for the above agency for the fiscal year ending June 30, 1988, by section 7(a) of 1987 House Bill No. 2272 from the state general fund in the other operating expenditures account, the sum of \$1,164 is hereby lapsed.

Sec. 6. On the effective date of this act, K.S.A. 44-716a is hereby amended to read as follows: 44-716a. (a) There is hereby created in the state treasury a special fund to be known as the special employment security fund. All interest and penalties collected under the provisions of the Kansas employment security law shall be paid into this fund. No such moneys shall be expended or available for expenditure in any manner which would permit their substitution for, or a corresponding reduction in, federal funds which in the absence of such moneys would be available to finance expenditures for the administration of the employment security law. Nothing in this section shall prevent such moneys from being used as a revolving fund, to cover expenditures, necessary and proper under the law, for which federal funds have been duly requested but not yet received, subject to the charging of such expenditures against such funds when received. Except as otherwise authorized by this section, the moneys in this fund may be used by the secretary of human resources only for the payment of costs of administration which are found not to have been properly and validly chargeable against federal grants, or other funds, received for or in the employment security administration fund. In addition to the other purposes for which expenditures may be made from the special employment security fund as authorized by this section, moneys from this fund may be used to finance activities as deemed necessary by the secretary of human resources for the efficient operation of activities under or the administration of the employment security law, except that (1) no moneys shall be used for such purposes unless the secretary has determined that no other funds are available or can be properly used to finance expenditures for such purposes and, (2) expenditures during the fiscal year ending June 30, 1987, for such purposes shall not exceed \$250,000 except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711c and amendments thereto, and (3) expenditures during the fiscal year ending June 30, 1988, or any fiscal year thereafter for such purposes shall not exceed \$100,000 except upon approval of the state finance council acting on this matter which is hereby characterized as a

matter of legislative delegation and subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711c and amendments thereto. No expenditures of this fund shall be made except on written authorization by the governor and the secretary of human resources.

(b) The director of accounts and reports is hereby directed to draw warrants upon the state treasurer against the money in the special employment security fund for the use and purposes as herein specified upon vouchers, approved by the secretary of human resources, and accompanied by the written authorization of the governor and the secretary of human resources. The moneys in this fund are hereby specifically made available to replace, within a reasonable time, any moneys received by this state pursuant to section 302 of the federal social security act, as amended, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those necessary for the proper administration of the employment security law. The moneys in this fund shall be continuously available to the secretary of human resources for expenditure in accordance with the provisions of this section and shall not lapse at any time or be transferred to any other fund, except as otherwise authorized in subsection (c).

(c) In addition to expenditures authorized by this section, the director of accounts and reports may transfer funds from the special employment security fund to the accounting services recovery fund as provided in K.S.A. 75-3728b and 75-6210 and amendments thereto.

Sec. 7.

DEPARTMENT OF REVENUE

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Salaries and wages.....	\$88,723	\$520,552
Other operating expenditures.....	23,563	167,677
Total.....	\$112,286	\$688,229

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

	Fiscal Year 1987	Fiscal Year 1988
Kansas qualified agricultural ethyl alcohol producer incentive fund.....		No limit

~~(c) On July 1, 1987, the expenditure limitation established by section 9(b) of 1987 House Bill No. 2221 on the division of vehicles operating fund is hereby increased from \$27,453,761 to \$27,619,761.~~

~~(d) On July 1, 1987, the expenditure limitation established by section 9(b) of 1987 House Bill No. 2221 on the state operations account of the division of vehicles operating fund is hereby increased from \$23,061,008 to \$24,121,008.~~

~~(e) On July 1, 1987, and quarterly thereafter, the director of accounts and reports shall transfer \$40,000 from the state highway fund to the division of vehicles operating fund for the purpose of financing the cost of operation and general expense of the division of vehicles and related operations of the department of revenue.~~

(f) On July 1, 1987, the position limitation established by section 6 of 1987 House Bill No. 2221 for the department of revenue is hereby increased from 1,513.0 to 1,532.0.

Sec. 8.

KANSAS RACING COMMISSION

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

	Fiscal Year 1987	Fiscal Year 1988
Racing reimbursable expense fund.....		No limit
Racing applicant deposit fund.....		No limit

(continued)

(b) The approval of the state finance council of a transfer requested by the executive director of the Kansas racing commission of an amount of moneys from the state general fund to the state racing fund pursuant to subsection (c) of section 5 of 1987 House Bill No. 2221 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.

Sec. 9.

STATE BOARD OF TAX APPEALS

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Other operating expenditures.....	\$2,000	\$11,045

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

	Fiscal Year 1987	Fiscal Year 1988
Duplicating fees fund.....		No limit

(c) On July 1, 1987, the publication and other fees fund established by section 12(b) of 1987 House Bill No. 2272 is hereby abolished.

Sec. 10.

STATE BOARD OF TECHNICAL PROFESSIONS

(a) On July 1, 1987, the expenditure limitation established by section 20(a) of 1987 House Bill No. 2224 on the technical professions fee fund is hereby increased from \$232,716 to \$264,006.

Sec. 11.

DEPARTMENT OF EDUCATION

(a) On July 1, 1987, of the \$3,153,415 appropriated for the above agency by section 6(a) of 1987 House Bill No. 2225 from the state general fund in the salaries and wages account, the sum of \$5,000 is hereby lapsed.

(b) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Salaries and wages.....		\$11,500
Other operating expenditures.....		13,000
Washburn university operating grant.....		200,000

Provided, That expenditures from this account shall be made for an operating grant to Washburn university to be expended for current operating expenses of Washburn university of Topeka: *Provided further*, That no expenditures may be made from this grant for any capital improvements.

Area vocational-technical school program—state.....	107,000
State school equalization aid.....	1,900,000
Total.....	\$2,231,500

(c) On July 1, 1987, of the \$3,523,000 appropriated for the above agency by section 6(a) of 1987 House Bill No. 2225 from the state general fund in the municipal university fund account, the sum of \$63,000 is hereby lapsed.

(d) On July 1, 1987, of the \$687,000 appropriated for the above agency by section 6(a) of 1987 House Bill No. 2225 from the state general fund in the municipal university out-district state aid account, the sum of \$24,000 is hereby lapsed.

Sec. 12.

STATE BOARD OF HEALING ARTS

(a) On July 1, 1987, the expenditure limitation established by section 7(a) of 1987 House Bill No. 2224 on the healing arts fee fund is hereby increased from \$805,242 to \$856,283.

(b) On July 1, 1987, the position limitation established by section 22 of 1987 House Bill No. 2224 for the state board of healing arts is hereby increased from 14.0 to 15.0.

Sec. 13.

DEPARTMENT OF COMMERCE

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
General administration (including official hospitality).....	\$700	\$10,847
Trade development.....		65,495
Travel and tourism development.....		5,390
Community development.....	5,035	37,768
Coal commission studies.....		12,500

Provided, That any expenditures from this account shall be matched on a one-to-one basis from the coal commission contribution fund.

Total.....	\$5,735	\$132,000
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(b) There is appropriated for the above agency from the following special revenue funds for the fiscal year specified, all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures other than refunds authorized by law shall not exceed the following:

	Fiscal Year 1987	Fiscal Year 1988
Coal commission contribution fund.....		No limit
Super collider project fund.....		No limit
Greyhound tourism fund.....		No limit

(c) On July 1, 1987, the expenditure limitation established by section 8(b) of 1987 House Bill No. 2272 on the state economic development initiatives fund is hereby increased from \$2,756,000 to \$2,781,000.

(d) In addition to the \$2,756,000 required to be received under section 8(b) of 1987 House Bill No. 2272 before expenditures shall be made from the state economic development initiatives fund, an incremental amount of \$25,000 is hereby required to be received for a total amount of \$2,781,000 which is required to be received and credited to such fund before such expenditures shall be made.

(e) On July 1, 1987, the expenditure limitation established by section 8(b) of 1987 House Bill No. 2272 on the Kansas economic development endowment account of the state economic development initiatives fund is hereby increased from \$606,000 to \$631,000.

(f) On July 1, 1987, in addition to the purposes for which expenditures may be made for fiscal year 1988 from the Kansas economic development endowment account of the state economic development initiatives fund as prescribed by section 8(b) of 1987 House Bill No. 2272, expenditures may be made from such account of such fund for the following, subject to the expenditure limitation prescribed therefor:

Amtrak feasibility study.....	\$25,000
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(g) On July 1, 1987, the position limitation established by section 20 of 1987 House Bill No. 2272 for the department of commerce is hereby increased from 92.0 to 94.0.

Sec. 14.

KANSAS FISH AND GAME COMMISSION

(a) On July 1, 1987, the expenditure limitation established by section 5(a) of 1987 Senate Bill No. 255 on the salaries and wages and other operating expenditures account of the forestry, fish and game commission fee fund is hereby increased from \$11,227,620 to \$11,233,386.

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

	Fiscal Year 1987	Fiscal Year 1988
Migratory waterfowl propagation and protection fund.....		No limit
Kansas fish and game commission private gifts and donations fund.....		No limit

(c) On July 1, 1987, the director of accounts and reports shall transfer \$15,000 from the nongame wildlife improvement fund to the natural heritage inventory account of the restricted fees fund of the university of Kansas.

(d) On July 1, 1987, the director of accounts and reports shall transfer all moneys in the private gifts and donations fund to the Kansas fish and game commission private gifts and donations fund. On July 1, 1987, all obligations of the private gifts and donations fund are hereby transferred to and imposed upon the Kansas fish and game commission private gifts and donations fund and the private gifts and donations fund is hereby abolished.

~~(e) On and after July 1, 1987, upon notification of the secretary of wildlife and parks of the receipt of federal funds for reimbursement of the construct parking lot—Clinton state park project, the director of accounts and reports shall transfer an amount equal to 50% of the project cost, but not to exceed \$135,000, from the boat account of the forestry, fish and game commission fee fund to the state highway fund of the department of transportation.~~

Sec. 15. On July 1, 1987, section 19 of 1987 House Bill No. 2272 is hereby amended to read as follows: Sec. 19.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

(a) There is appropriated for the above agency from the state general fund the following:

Kansas technology enterprise corporation	\$647,334
Kansas technology enterprise corporation operations	\$192,334
Grants for small business innovative research	150,000

Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988.

Kansas technology enterprise corporation research grant	305,000
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Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, in the Kansas advanced technology commission-research projects grants account is hereby reappropriated to the Kansas technology enterprise corporation research grants account for fiscal year 1988.

Total	\$647,334
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(b) There is appropriated for the above agency from the following special revenue fund all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

Economic development research and development fund	\$2,150,000
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Provided, That expenditures may be made from this fund for the Kansas technology enterprise corporation setaside program, for the advanced technology research matching grant program and for additional grants for acquisition of business training or research equipment: *Provided however*, That expenditures from this fund for the Kansas technology enterprise corporation setaside program shall not exceed \$1,550,000: *Provided further*, That expenditures from this fund for the advanced technology research matching grant program shall not be less than \$305,000.

Sec. 16.

ATTORNEY GENERAL—KANSAS BUREAU OF INVESTIGATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Administration and support services		\$7,003
Laboratory services		45,076
Special services		1,512
Total		\$53,591

~~(b) On July 1, 1987, of the \$1,205,812 appropriated for the above agency by section 4(a) of 1987 House Bill No. 2272 from the state general fund in the investigations account, the sum of \$91,534 is hereby lapsed.~~

(c) On July 1, 1987, the expenditure limitation established by section 4(b) of 1987 House Bill No. 2272 on the criminal history record check fees fund is hereby increased from \$99,984 to No limit.

(d) On July 1, 1987, the position limitation established by section 20 of 1987 House Bill No. 2272 for the attorney general—Kansas bureau of investigation is hereby increased from 154.0 to 159.0.

Sec. 17.

ATTORNEY GENERAL

(a) There is appropriated for the above agency from the

following special revenue fund for the fiscal year specified, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

	Fiscal Year 1987	Fiscal Year 1988
Board of polygraphists fee fund		\$29,000

(b) On July 1, 1987, the director of accounts and reports shall transfer \$12,000 from the state general fund to the board of polygraphists fee fund.

(c) On June 30, 1988, the director of accounts and reports shall transfer \$12,000 from the board of polygraphists fee fund to the state general fund.

(d) On July 1, 1987, the position limitation established by section 20 of 1987 House Bill No. 2272 for the attorney general is hereby increased from 54.5 to 55.1.

Sec. 18.

STATE HISTORICAL SOCIETY

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

	Fiscal Year 1987	Fiscal Year 1988
Eisenhower centennial fund		No limit

(b) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Historic properties		\$300
Grant to the Cultural Heritage and Arts Center, Dodge City, Kansas		5,000

Provided, That the state historical society shall administer and provide for the disbursement of this grant to the Cultural Heritage and Arts Center, Dodge City, Kansas.

Total	\$5,300
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(c) On October 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$26,000 from the all-sports hall of fame trust fund to the all-sports hall of fame fund.

Sec. 19.

KANSAS DEPARTMENT OF TRANSPORTATION

(a) On July 1, 1987, the expenditure limitation established by section 2(a) of 1987 Senate Bill No. 142 on the operations account of the state highway fund is hereby increased from \$110,871,418 to \$111,097,643.

(b) In addition to the purposes for which expenditures may be made for fiscal year 1988 from the state highway fund, as prescribed by section 2(a) of 1987 Senate Bill No. 142, expenditures may be made for fiscal year 1988 from such fund for the following capital improvement project, subject to the expenditure limitation prescribed therefor:

Construct parking lot—Clinton state park	\$340,000
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Sec. 20.

STATE BOARD OF AGRICULTURE

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

	Fiscal Year 1987	Fiscal Year 1988
International marketing fund		No limit

(b) On July 1, 1987, the expenditure limitation established by section 2(b) of 1987 House Bill No. 2182 on the Kansas corn commission fund is hereby increased from \$225,842 to \$325,987.

(c) On July 1, 1987, the expenditure limitation established by section 2(b) of 1987 House Bill No. 2182 on the Kansas grain

(continued)

sorghum commission fund is hereby increased from \$527,262 to \$628,553.

(d) On July 1, 1987, the expenditure limitation established by section 2(b) of 1987 House Bill No. 2182 on the Kansas soybean commission fund is hereby increased from \$322,630 to \$423,066.

(e) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Construct solvent storage facility for agricultural laboratory.....	\$2,000	

Sec. 21.

KANSAS STATE GRAIN INSPECTION DEPARTMENT

(a) On July 1, 1987, the expenditure limitation established by section 4(a) of 1987 House Bill No. 2182 on the grain inspection fee fund is hereby decreased from \$4,932,406 to \$4,918,200.

(b) On July 1, 1987, the position limitation established by section 9 of 1987 House Bill No. 2182 for the Kansas state grain inspection department is hereby decreased from 170.0 to 169.0.

Sec. 22.

ADJUTANT GENERAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
State military service operations.....	\$40,000	

Sec. 23.

SECRETARY OF STATE

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Kansas state census expenditures.....	\$31,572	\$3,328,428

Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988.

(b) Any positions established for the secretary of state for the Kansas state census shall be in addition to the position limitations established for the above agency by any appropriations act of the 1986 or 1987 regular session of the legislature.

Sec. 24.

KANSAS HIGHWAY PATROL

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Emergency medical services—state operations.....		\$11,940
Separation pay.....	\$226,684	

(b) On the effective date of this act, the expenditure limitation established by the state finance council on the for patrol of Kansas turnpike fund is hereby increased from \$1,308,239 to \$1,332,394.

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

	Fiscal Year 1987	Fiscal Year 1988
Vehicle identification number fee fund.....		\$260,000

(d) On July 1, 1987, of the \$14,902,669 appropriated by section 3(a) of 1987 Senate Bill No. 142 from the state general fund in the salaries and wages account, the sum of \$556,934 is hereby lapsed.

(e) On July 1, 1987, the expenditure limitation established by section 3(b) of 1987 Senate Bill No. 142 on the for patrol of Kansas turnpike fund is hereby decreased from \$1,328,184 to \$1,271,590.

(f) On July 1, 1987, the expenditure limitation established by section 3(b) of 1987 Senate Bill No. 142 on the motor carrier

safety assistance program fund is hereby decreased from \$836,257 to \$808,769.

(g) On July 1, 1987, of the \$3,237,932 appropriated for the above agency for the fiscal year ending June 30, 1988, by section 3(a) of 1987 Senate Bill No. 142 from the state general fund in the other operating expenditures account, the sum of \$260,000 is hereby lapsed.

Sec. 25.

DEPARTMENT OF HEALTH AND ENVIRONMENT

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures.....	\$6,689	\$1,175,740
Aid to local units—acquired immune deficiency testing.....		87,000
Total.....	\$6,689	\$1,262,740

(b) On the effective date of this act, the expenditure limitation established by section 4(b) of chapter 29 of the 1986 Session Laws of Kansas on the medicare fund—federal is hereby increased from \$279,733 to \$353,233.

(c) On the effective date of this act, the expenditure limitation established by section 4(b) of chapter 29 of the 1986 Session Laws of Kansas on the title XIX fund is hereby decreased from \$1,126,726 to \$1,091,726.

(d) On the effective date of this act, the expenditure limitation established by section 4(b) of chapter 29 of the 1986 Session Laws of Kansas on the health facilities review fund is hereby decreased from \$104,492 to \$65,992.

(e) On the effective date of this act, the position limitation established by the finance council for the department of health and environment is hereby increased from 617.2 to 618.2.

(f) On July 1, 1987, the position limitation established by section 6 of Senate Bill No. 196 for the department of health and environment is hereby increased from 603.2 to 627.2.

(g) On July 1, 1987, the expenditure limitation established by section 4(b) of 1987 Senate Bill No. 196 on the title XIX fund is hereby increased from \$871,336 to \$1,202,382.

(h) On July 1, 1987, the expenditure limitation established by section 4(b) of 1987 Senate Bill No. 196 on the medicare fund—federal is hereby increased from \$388,717 to \$432,920.

Sec. 26.

KANSAS CORPORATION COMMISSION

(a) On the effective date of this act, the expenditure limitation established by the state finance council on the salaries and wages account of the public service regulation fund is hereby increased from \$2,741,545 to \$2,768,545.

(b) On the effective date of this act, the expenditure limitation established by section 20(c) of 1987 Senate Bill No. 244, on the underground injection control class II—federal fund is hereby increased from \$193,545 to \$357,270.

(c) On July 1, 1987, the expenditure limitation established by section 6(a) of 1987 Senate Bill No. 255 on the energy extension service act—federal fund is hereby increased from \$69,500 to \$130,725.

(d) On July 1, 1987, the expenditure limitation established by section 6(a) of 1987 Senate Bill No. 255 on the institutional conservation program—federal fund is hereby increased from \$18,000 to \$83,486.

(e) On July 1, 1987, the expenditure limitation established by section 6(a) of 1987 Senate Bill No. 255 on the energy grants management fund is hereby decreased from \$5,479,743 to \$5,478,518.

(f) On July 1, 1987, the expenditure limitation established by section 6(a) of 1987 Senate Bill No. 255 on the underground injection control class II—federal fund is hereby increased from \$388,025 to \$442,600.

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

	Fiscal Year 1987	Fiscal Year 1988
Energy conservation bank fund		\$44,400

Sec. 27.

DEPARTMENT ON AGING

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

	Fiscal Year 1987	Fiscal Year 1988
Senior community service employment program—federal fund		No limit
<i>Provided, That expenditures from this fund for state operations shall not exceed \$39,440.</i>		

(b) On July 1, 1987, the position limitation established by section 6(b) of Senate Bill No. 196 for the department on aging is hereby increased from 28.8 to 29.8.

Sec. 28.

UNIVERSITY OF KANSAS MEDICAL CENTER

(a) The director of accounts and reports shall not make the transfer of an amount specified by the chancellor of not to exceed \$1,631,172 directed to be made by section 8(f) of the 1987 House Bill No. 2439 from the hospital revenue fund to the university of Kansas hospital fund. In lieu thereof, on July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer an amount specified by the chancellor of the university of Kansas of not to exceed \$1,676,172 from the hospital revenue fund to the university of Kansas hospital fund.

(b) On July 1, 1987, the expenditures limitation established by section 8(b) of 1987 House Bill No. 2439 on the hospital revenue fund is hereby increased from \$75,726,429 to \$76,406,794.

(c) On July 1, 1987, of the \$42,970,827 appropriated for the above agency by section 8(a) of 1987 House Bill No. 2439 from the state general fund in the operating expenditures (including official hospitality) account, the amount of \$467,122 is hereby lapsed.

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

	Fiscal Year 1987	Fiscal Year 1988
Multi-level parking structure phase II—construction bonds fund		No limit

(e) On July 1, 1987, the position limitation established by section 12(c) of 1987 House Bill No. 2439 for the university of Kansas medical center is hereby increased from 4,599.3 to 4,600.3.

~~(f) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:~~

	Fiscal Year 1987	Fiscal Year 1988
Contingency for operating expenditures		\$108,500

~~*Provided, That no expenditures may be made from this account unless 1987 Senate Bill No. 405 is enacted to provide credits against obligations to repay medical scholarships. Provided further, That if 1987 Senate Bill No. 405 is enacted, the position limitation established by subsection (e) is hereby increased from 4,600.2 to 4,600.3. And provided further, That no expenditures may be made from this account except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.*~~

Sec. 29.

UNIVERSITY OF KANSAS

(a) There is appropriated for the above agency from the following special revenue fund for the fiscal year specified, all

moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

	Fiscal Year 1987	Fiscal Year 1988
Parking structure construction bond fund		No limit

(b) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2439 on the parking fees fund is hereby increased from \$1,036,028 to \$1,400,000.

(c) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 House Bill No. 2439 on the law enforcement training center fund is hereby increased from \$903,533 to \$1,030,000: *Provided, That during fiscal year 1988 not more than \$300,000 shall be expended from such fund for final planning, renovating or construction for capital improvements: Provided further, That capital improvements shall be limited to sustaining the existing program at the law enforcement training center: And provided further, That no expenditures for final planning or construction from this fund shall be made unless the written project description has been reviewed by the joint committee on state building construction and approval by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.*

Sec. 30.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
For employers' contributions		\$2,622,160

(b) On the effective date of this act, of the \$41,944,012 appropriated for the above agency for the fiscal year ending June 30, 1987, by section 2(a) of chapter 16 of the 1986 Session Laws of Kansas from the state general fund in the for employers' contributions account, the sum of \$10,963,768 is hereby lapsed.

(c) On July 1, 1987, the expenditure limitation established by section 2(b) of 1987 House Bill No. 2221 on the administrative expenses account of the Kansas public employees retirement fund is hereby increased from \$2,499,820 to \$2,734,607.

(d) On July 1, 1987, the position limitation established by section 6 of 1987 House Bill No. 2221 is hereby increased from 60.0 to 63.0.

Sec. 31.

DEPARTMENT OF CORRECTIONS

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Central management		\$145,545
Honor camps—innate health care services and supplies	\$23,000	
Honor camps	25,000	13,500
Community corrections		375,000
Lease-purchase payment to the Ellsworth public building commission for the Ellsworth correctional work facility at Ellsworth, Kansas		1,230,000
Honor camps—game bird capital improvements		124,480
<i>Provided, That such capital improvements shall include a combination office hatchery storage building, brooder growing house, breeder pens and flight pens.</i>		
Additional inmate counseling services and inmate and parolee drug screening		550,000
Inmate emergency capacity expansion program	629,951	6,650,870

Provided, That such inmate emergency capacity expansion program shall include the placement of inmates at Norton state hospital, Winfield state hospital and training center, Osawatimie state hospital, Topeka state hospital and Forbes industrial park, Topeka: Provided, however, That such expenditures shall include at least \$300,000 for materials and supplies for inmate work crews at Hillsdale state park: Provided further, That such projects shall not be subject to the provisions of

(continued)

K.S.A. 75-1250 to 75-1266, inclusive, and amendments thereto which require the acquisition of the services of a project architect by a negotiating committee: *And provided further*, That the above agency is hereby authorized to negotiate and enter into contracts for any such project: *And provided further*, That such contracts shall not be subject to the competitive bid requirements of K.S.A. 75-3739 to 75-3741, inclusive, and amendments thereto: *And provided further*, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988.

~~Lease purchase payment to the Hutchinson public building commission for the Hutchinson alternative incarceration correctional facility at Hutchinson, Kansas 120,000~~
~~Provided, That expenditures from this account shall be made in accordance with a lease purchase agreement which is hereby authorized to be entered into by the secretary of corrections and the Hutchinson public building commission to plan, construct and equip the Hutchinson alternative incarceration correctional facility and all ancillary support facilities. *Provided further*, That the Hutchinson alternative incarceration correctional facility shall be composed of two or more separate buildings and all support facilities. *Provided, however*, That no expenditures shall be made from this account unless the preliminary and final plans for the Hutchinson alternative incarceration correctional facility and all ancillary support facilities have been presented to the joint committee on state building construction, and provided further, That no expenditures shall be made from this account except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.~~

Purchase of building and real property in Stockton, Kansas 23,000
Provided, That expenditures may be made from this account for the down payment for purchase of building and real property in Stockton, Kansas for use as a correctional work facility: *Provided further*, That the secretary of corrections may negotiate and enter into a purchase agreement for such building and real property: *And provided further*, That no such agreement shall be entered into and no expenditures shall be made from this account except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

Total \$677,951 \$10,582,395

(b) On the effective date of this act, of the \$4,475,468 appropriated for the above agency for the fiscal year ending June 30, 1987, by section 5(a) of chapter 32 of the 1986 Session Laws of Kansas from the state general fund in the community corrections account, the sum of \$409,046 is hereby lapsed.

(c) On July 1, 1987, the position limitation established for the department of corrections by section 13 of 1987 Senate Bill No. 200 is hereby increased from 345.3 to 574.3.

(d) On July 1, 1987, the expenditure limitation established by section 5(b) of 1987 Senate Bill No. 200 on the correctional industries fund is hereby increased from \$6,196,830 to \$6,256,247.

~~(e) On July 1, 1987, the director of accounts and reports shall transfer \$65,520 from the forestry, fish and game commission fee fund to the honor camps game bird fund which is hereby created by this section.~~

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

	Fiscal Year 1987	Fiscal Year 1988
Honor camps game bird fund		No limit

(g) On the effective date of this act, the position limitation established for the department of corrections by section 25(f) of chapter 33 of the 1986 Session Laws of Kansas is hereby increased from 344.8 to 369.8.

Sec. 32.

KANSAS STATE PENITENTIARY

(a) On July 1, 1987, of the \$842,359 appropriated for the above agency for the fiscal year ending June 30, 1988, by section 9(a) of 1987 Senate Bill No. 200 from the state general fund in the inmate health care services and supplies account, the sum of \$82,980 is hereby lapsed.

Sec. 33.

STATE INDUSTRIAL REFORMATORY

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures	\$176,414	

(b) On the effective date of this act, of the \$575,000 appropriated for the above agency by section 8(a) of chapter 29 of the 1985 Session Laws of Kansas from the state general fund to install standby electrical generators account, the sum of \$210,000 is hereby lapsed.

Sec. 34.

PITTSBURG STATE UNIVERSITY

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures for utilities	\$44,800	\$44,800

Sec. 35.

BEHAVIORAL SCIENCES REGULATORY BOARD

(a) On July 1, 1987, the expenditure limitation established by section 6(a) of 1987 House Bill No. 2224 on the behavioral sciences regulatory board fee fund is hereby increased from \$153,328 to \$232,245.

(b) On July 1, 1987, the position limitation established by section 22 of 1987 House Bill No. 2224 for the behavioral sciences regulatory board is hereby increased from 3.0 to 4.0.

Sec. 36.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Medical assistance	\$2,190,287	\$6,032,768
Special purpose community mental retardation assistance grants		2,146,899
<i>Provided</i> , That expenditures shall be made for the fiscal year ending June 30, 1988, from this account for grants for operating funds for group homes located in Johnson county to provide for placements for individuals designated by HCFA as inappropriately placed in an ICF-MR facility located in Johnson county: <i>Provided further</i> , That expenditures for such grants shall not exceed \$120,000.		
Adult services		76,670
Mental health and retardation services-operating expenditures		187,639
Contingency for income maintenance		40,000

~~*Provided*, That no expenditures may be made from this account unless 1987 Senate Bill No. 435 is enacted and provides a program for health care services for the mentally indigent. *Provided further*, That no expenditures may be made from this account except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.~~

Total	\$2,190,287	\$6,493,376
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(b) On July 1, 1987, of the \$60,000 appropriated for the above agency for the fiscal year ending June 30, 1988, by section 3(a) of 1987 Senate Bill No. 196 from the state general fund in the grants for court-ordered evaluations account, the sum of \$30,000 is hereby lapsed.

(c) Expenditures made by the above agency as authorized by section 3(a) of 1987 Senate Bill No. 196 from the physicians professional liability insurance account of the state general fund may be made in accordance with negotiated agreements for professional liability insurance which are hereby authorized to be entered into by the secretary of social and rehabilitation services and such expenditures shall not be subject to the competitive bidding provisions of K.S.A. 75-4105 and amendments thereto.

(d) On July 1, 1987, the expenditure limitation established by section 3(b) of 1987 Senate Bill No. 196 on the state operations account of the social services clearing fund is hereby increased from \$142,262,188 to \$142,995,215

(e) No moneys appropriated for the department of social and rehabilitation services from the state general fund or any special revenue fund for the fiscal year ending June 30, 1988, by this act or any other appropriations act of the 1987 regular session of the legislature shall be expended for any form of transitional general assistance.

Sec. 37.

KANSAS NEUROLOGICAL INSTITUTE

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures		\$8,091,891

Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988: *Provided, however*, That expenditures from such reappropriated balance shall not exceed \$70,000 except upon approval of the state finance council.

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

	Fiscal Year 1987	Fiscal Year 1988
Kansas neurological institute fee fund		\$ 605,706
Title XIX fund		8,644,892
Elementary and secondary education fund—federal		93,798
Foster grandparents program—federal fund		164,642
Canteen fund		No limit
Patient benefit fund		No limit

(c) There is appropriated for the above agency from the state institutions building fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Replace commercial washing machines in Sunflower and Meadowlark lodges		\$10,000

(d) On the effective date of this act, the expenditure limitation established by section 5(b) of chapter 27 of the 1986 Session Laws of Kansas on the title XIX fund of Kansas neurological institute is hereby increased from \$6,886,967 to \$6,958,071.

(e) On the effective date of this act, the expenditure limitation established by section 5(b) of chapter 27 of the 1986 Session Laws of Kansas on the foster grandparents program—federal fund is hereby increased from \$152,416 to \$159,028.

(f) On the effective date of this act, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$229 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Kansas neurological institute.

(g) On July 1, 1987, any unencumbered balance as of June 30, 1987, in each of the following accounts of the state institutions building fund is hereby lapsed: Replace resident living area

furnishings; replace food transport carts in dietary—Part II; replace equipment in Pleasantview dining facility.

(h) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$8,644,892 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Kansas neurological institute.

(i) The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions and health service worker positions, for Kansas neurological institute that are financed by appropriations made by this section for the fiscal year ending June 30, 1988, shall not exceed 781.5.
Sec. 38.

NORTON STATE HOSPITAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures		\$2,805,943

Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988: *Provided, however*, That expenditures from such reappropriated balance shall not exceed \$149,407 except upon approval of the state finance council.

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

	Fiscal Year 1987	Fiscal Year 1988
Norton state hospital fee fund		\$301,582
Title XIX fund		3,381,405
Canteen fund		No limit
Patient benefit fund		No limit

(c) There is appropriated for the above agency from the state institutions building fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Replace electric tilt fry pan in dietary department ..		\$5,000
Replace large rotary oven in kitchen		16,500
Total		\$21,500

(d) On the effective date of this act, the expenditure limitation established by section 10(b) of chapter 27 of the 1986 Session Laws of Kansas on the Norton state hospital fee fund is hereby increased from \$288,703 to \$325,586.

(e) On July 1, 1987, any unencumbered balance as of June 30, 1987, in each of the following accounts of the state institutions building fund is hereby lapsed: Cover windows on Kenney building with margard; convert research and training building to community living skills training program.

(f) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$3,373,988 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Norton state hospital.

(g) On July 1, 1987, the superintendent, upon the approval of the director of accounts and reports, shall transfer \$3,000 from the canteen fund to the patient benefit fund.

(h) The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions and health service worker positions for Norton state hospital that are financed by appropriations made by this section for the fiscal year ending June 30, 1988, shall not exceed 261.0.
Sec. 39.

PARSONS STATE HOSPITAL AND TRAINING CENTER

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures	\$41,152	\$5,797,733

(continued)

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

	Fiscal Year 1987	Fiscal Year 1988
Parsons state hospital and training center fee fund		\$765,597
Title XIX fund	5,995,156	
Elementary and secondary education fund—federal		93,227
Canteen fund		No limit
Patient benefit fund		No limit

(c) On the effective date of this act, the expenditure limitation established by section 9(b) of chapter 27 of the 1986 Session Laws of Kansas on the title XIX fund of Parsons state hospital and training center is hereby increased from \$5,064,366 to \$5,184,566.

(d) On the effective date of this act, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$94,329 from the institutional receipts from the title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Parsons state hospital and training center.

(e) On the effective date of this act, the position limitation established by section 13 of chapter 27 of the 1986 Session Laws of Kansas for Parsons state hospital and training center is hereby increased from 478.5 to 500.5.

(f) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$5,995,156 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Parsons state hospital and training center.

(g) On July 1, 1987, any unencumbered balance as of June 30, 1987, in each of the following accounts of the state institutions building fund is hereby lapsed: Planning funds for new vocational training building; construct new vocational training building.

(h) On or after July 1, 1987, the superintendent, upon the approval of the director of accounts and reports, shall transfer \$4,400 from the canteen fund to the patient benefit fund.

(i) The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions and health service worker positions, for Parsons state hospital and training center that are financed by appropriations made by this section for the fiscal year ending June 30, 1988, shall not exceed 496.5.

(j) There is appropriated for the above agency from the state institutions building fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Renovate Cedar cottage		\$204,100

Sec. 40.

WINFIELD STATE HOSPITAL AND TRAINING CENTER

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures	\$984,685	\$11,690,231

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

	Fiscal Year 1987	Fiscal Year 1988
Winfield state hospital and training center fee fund		\$1,142,738
Title XIX fund	8,787,238	
Elementary and secondary education fund—federal		76,668
Foster grandparents program—federal fund		173,570
Canteen fund		No limit
Patient benefit fund		No limit

(c) There is appropriated for the above agency from the state

institutions building fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Replace pan and utensil washing machine in Holly kitchen		\$16,000

(d) On the effective date of this act, the position limitation established by section 13 of chapter 27 of the 1986 Session Laws of Kansas for Winfield state hospital and training center is hereby increased from 853.0 to 936.0.

(e) On July 1, 1987, any unencumbered balance as of June 30, 1987, in each of the following accounts of the state institutions building fund is hereby lapsed: Provide additional and replacement laundry equipment; continue campus tree program; replace furnishings in resident living areas; remodel aid stations M & S, Treatment and Holly buildings; add patios and canopies to Juniper building; add asphalt surface to gravel parking lots.

(f) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$8,729,504 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of the Winfield state hospital and training center.

(g) On the effective date of this act, the superintendent, upon the approval of the director of accounts and reports, shall transfer \$25,000 from the canteen fund to the patient benefit fund.

(h) The number of full-time and regular part-time positions equated to full-time, excluding seasonal and temporary positions and health service worker positions, for Winfield state hospital and training center that are financed by appropriations made by this section for the fiscal year ending June 30, 1988, shall not exceed 938.0.

Sec. 41.

LARNED STATE HOSPITAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures		\$604,127

(b) On July 1, 1987, the expenditure limitation established by section 5(b) of 1987 Substitute for Senate Bill No. 161 on the Larned state hospital fee fund is hereby increased from \$1,919,750 to \$1,979,750.

(c) On July 1, 1987, the expenditure limitation established by section 5(b) of 1987 Substitute for Senate Bill No. 161 on the title XIX fund is hereby decreased from \$1,603,522 to \$1,104,075.

(d) On July 1, 1987, the transfer authorized by section 5(e) of 1987 Substitute for Senate Bill No. 161 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Larned state hospital is decreased from \$1,603,522 to \$1,104,075.

(e) On July 1, 1987, the position limitation established by section 9 of 1987 Substitute for Senate Bill No. 161 for Larned state hospital is hereby increased from 874.0 to 881.0.

Sec. 42.

OSAWATOMIE STATE HOSPITAL

(a) On July 1, 1987, of the \$11,988,522 appropriated for the above agency by section 6(a) of 1987 Substitute for Senate Bill No. 161 from the state general fund in the operating expenditures account, the sum of \$48,355 is hereby lapsed.

(b) On the effective date of this act, of the \$38,905 appropriated for the above agency by section 13(c) of 1987 Senate Bill No. 244 from the state general fund in the operating expenditures account, the sum of \$4,343 is hereby lapsed.

(c) On July 1, 1987, the expenditure limitation established by section 6(b) of 1987 Substitute for Senate Bill No. 161 on the title XIX fund is hereby increased from \$1,914,752 to \$1,998,911.

(d) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$84,159 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Osawatomi state hospital.

Sec. 43.

RAINBOW MENTAL HEALTH FACILITY

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures		\$45,865

(b) On July 1, 1987, the expenditure limitation established by section 7(b) of 1987 Substitute for Senate Bill No. 161 on the title XIX fund is hereby decreased from \$957,952 to \$891,808.

(c) On July 1, 1987, the transfer authorized by section 7(e) of 1987 Substitute for Senate Bill No. 161 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Rainbow mental health facility is decreased from \$957,952 to \$891,808.

Sec. 44.

TOPEKA STATE HOSPITAL

(a) On July 1, 1987, of the \$11,259,230 appropriated for the above agency by section 8(a) of 1987 Substitute for Senate Bill No. 161 from the state general fund in the operating expenditures account, the sum of \$630,864 is hereby lapsed.

(b) On July 1, 1987, the expenditure limitation established by section 8(b) of 1987 Substitute for Senate Bill No. 161 on the Topeka state hospital fee fund is hereby increased from \$3,535,191 to \$3,604,364.

(c) On July 1, 1987, the expenditure limitation established by section 8(b) of 1987 Substitute for Senate Bill No. 161 on the title XIX fund is hereby increased from \$2,559,572 to \$3,085,869.

(d) On July 1, 1987, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$526,297 from the institutional receipts from title XIX—federal fund of the department of social and rehabilitation services to the title XIX fund of Topeka state hospital.

Sec. 45.

BOARD OF NURSING

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

	Fiscal Year 1987	Fiscal Year 1988
Gifts and grants fund		No limit

Sec. 46.

JUDICIAL BRANCH

(a) On July 1, 1987, of the \$4,675,130 appropriated for the above agency by section 4(a) of 1987 House Bill No. 2181 from the state general fund in the administration of justice—appellate operations account, the sum of \$40,627 is hereby lapsed.

(b) On July 1, 1987, of the \$38,177,344 appropriated for the above agency by section 4(a) of 1987 House Bill No. 2181 from the state general fund in the administration of justice—district courts account, the sum of \$380,640 is hereby lapsed.

(c) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Administration of justice—district courts	\$80,000	

(d) On July 1, 1987, the position limitation established by section 6 of 1987 House Bill No. 2181 for nonjudicial personnel of the judicial branch is hereby increased from 1,402.5 to 1,412.5.

Sec. 47.

DEPARTMENT OF ADMINISTRATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified the following:

	Fiscal Year 1987	Fiscal Year 1988
Remodeling of House gallery for handicapped accessibility—statehouse		\$6,000
Additional operating expenditures personnel services		10,000

~~Provided, That all expenditures from this account shall be for operating expenditures associated with a classification and compensation study of nonjudicial personnel of the judicial branch.~~

Staffing and operations—Kansas development finance authority

198,255

~~Provided, That no expenditures may be made from this account unless the secretary of administration and the Kansas development finance authority have entered into a contract, on terms acceptable to the secretary of administration, requiring all expenditures from this account to be repaid to the secretary of administration and deposited in the state treasury to the credit of the state general fund prior to July 1, 1988.~~

Total

\$214,255

Sec. 48.

STATE FINANCE COUNCIL

(a) On July 1, 1987, of the \$4,219,202 appropriated for the state finance council by section 2(b) of 1987 House Bill No. 2574 from the state general fund for the purpose of paying the proportionate share of the cost to the state general fund, including associated employer contributions, of state agencies of the executive branch of state government for the salary increases and revisions specified in such section 2(b), the sum of \$2,305,150 is hereby lapsed.

Sec. 49.

LEGISLATIVE COORDINATING COUNCIL

(a) On July 1, 1987, of the \$247,374 appropriated for the legislative coordinating council by section 3(a) of 1987 House Bill No. 2126 from the state general fund in the legislative coordinating council—operations account, the sum of \$1,690 is hereby lapsed.

(b) On July 1, 1987, of the \$1,475,076 appropriated for the legislative coordinating council by section 3(a) of 1987 House Bill No. 2126 from the state general fund in the legislative research department—operations account, the sum of \$10,103 is hereby lapsed.

(c) On July 1, 1987, of the \$1,745,268 appropriated for the legislative coordinating council by section 3(a) of 1987 House Bill No. 2126 from the state general fund in the office of revisor of statutes—operations account, the sum of \$8,274 is hereby lapsed.

(d) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Study of retirant health care benefits		\$25,000

~~Provided, That any unencumbered balance in excess of \$100 as of June 30, 1987, is hereby reappropriated for fiscal year 1988.~~

Sec. 50.

STATE CONSERVATION COMMISSION

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

	Fiscal Year 1987	Fiscal Year 1988
Multipurpose small lakes program—Centralia lake project fund		\$98,192

(b) On July 1, 1987, the appropriation of \$98,192 made for the above agency by section 7(a) of 1987 House Bill No. 2182 from the state general fund in the multipurpose small lakes program—Centralia lake project—site 50 account is hereby lapsed.

(c) On July 1, 1987, the director of accounts and reports shall transfer \$98,192 from the state conservation storage water supply fund of the Kansas water office to the multipurpose small lakes program—Centralia lake project fund of the state conservation commission.

Sec. 51. On July 1, 1987, Section 8 of 1987 House Bill No. 2182 is hereby amended to read as follows: Sec. 8.

(continued)

KANSAS WATER OFFICE

(a) There is appropriated for the above agency from the state general fund the following:

Table with 2 columns: Description and Amount. Includes Salaries and wages (\$834,140), Other operating expenditures (428,235), Annual repayment on water storage costs on John Redmond reservoir (157,580), etc.

(b) There is appropriated for the above agency from the following special revenue fund funds all moneys now or hereafter lawfully credited to and available in such fund funds, except that expenditures shall not exceed the following:

Table with 2 columns: Description and Amount. Conversion of materials and equipment fund (\$0), Water supply storage assurance fund (No limit).

(c) On June 30, 1988, the director of accounts and reports shall transfer an amount not to exceed \$837,679 from the state conservation storage water supply fund to the state general fund, except that if a transfer of \$837,679 would result in a balance in the state conservation storage water supply fund of less than \$4,000,000, the amount of the transfer shall be the amount equal to the difference between the beginning balance on that date and \$4,000,000.

(c) On July 1, 1987, the director of accounts and reports shall transfer \$3,134,387 from the state conservation storage water supply fund to the state general fund to reimburse the state general fund for moneys transferred to the state conservation storage water supply fund, and interest earned thereon, during prior fiscal years.

Sec. 52. On the effective date of this act, section 35 of chapter 33 of the 1986 Session Laws of Kansas is hereby amended to read as follows: Sec. 35.

UNIVERSITY OF KANSAS

(a) The above agency is hereby authorized to initiate and complete capital improvement projects for Snow hall asbestos abatement, 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:

Table with 2 columns: Description and Amount. Snow hall-asbestos abatement (150,000), Renovate Snow hall (800,000), Construct and equip science library (800,000), etc.

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

Sec. 53.

KANSAS PUBLIC BROADCASTING COMMISSION

(a) There is appropriated for the above agency from the following special revenue fund for the fiscal year ending June 30, 1988, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

KOOD television station southwest Kansas signal extension fund. \$100,000

Provided, That all expenditures from this fund shall be matched on a dollar-for-dollar basis from nongovernmental sources: Provided, however, That no expenditures may be made from this fund unless moneys are received from the federal government for this project: Provided further, That no expenditures shall be made from this fund except upon approval of the state finance council, after presentation of a plan for reconstitution of the governing board for KOOD television station to assure broadly based participation in the governance of such station in western Kansas, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

(b) On or after July 1, 1987, as soon as moneys are available therefor and upon request of the Kansas public broadcasting commission, the director of accounts and reports shall transfer \$100,000 from the Kansas economic development endowment account of the state economic development initiatives fund of the department of commerce to the KOOD television station southwest Kansas signal extension fund of the Kansas public broadcasting commission.

(c) There is appropriated for the above agency from the following special revenue fund for the fiscal year ending June 30, 1989, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures other than refunds authorized by law shall not exceed the following:

KOOD television station southwest Kansas signal extension fund. \$300,000

(d) On July 1, 1988, or as soon thereafter as moneys are available therefor, the director of accounts and reports shall transfer \$300,000 from the Kansas economic development endowment account of the state economic development initiatives fund of the department of commerce to the KOOD television station southwest Kansas signal extension fund of the Kansas public broadcasting commission.

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

Sec. 54.

STATE FIRE MARSHAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

Table with 3 columns: Description, Fiscal Year 1987, Fiscal Year 1988. Fire safety and prevention (\$3,000).

Sec. 55.

STATE PARK AND RESOURCES AUTHORITY

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified, the following:

Table with 3 columns: Description, Fiscal Year 1987, Fiscal Year 1988. Pomona state park-construct sewage lift station (\$35,000), Repair flood damage (\$127,327).

(b) On July 1, 1987, or as soon thereafter as the construct parking lot-Clinton state park project is completed, the director of accounts and reports shall transfer \$35,000 from the state general fund to the state highway fund of the department of transportation.

Sec. 56.

STATE CORRECTIONAL-VOCATIONAL TRAINING CENTER

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures	\$25,000	

Sec. 57.

YOUTH CENTER AT TOPEKA

(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Operating expenditures	\$14,382	

Sec. 58.

STATE BOARD OF REGENTS

(a) During the fiscal year ending June 30, 1988, the state board of regents is hereby authorized to transfer money from the student off-campus work-study program account of the state general fund at any institution under its jurisdiction or the municipal university state aid for student off-campus work-study program account of the state general fund at the department of education to the student off-campus work-study program account of the state general fund at any institution under its jurisdiction or the municipal university state aid for student off-campus work-study program account of the state general fund at the department of education.

Sec. 59.

STATE FAIR BOARD

~~(a) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:~~

	Fiscal Year 1987	Fiscal Year 1988
Capital improvements for grandstand remodeling	\$88,794	

~~Provided, That expenditures from this account shall be made in accordance with an agreement which is hereby authorized to be entered into by the state fair board and a municipality, a quasi-municipal corporation or a nonprofit corporation to plan, remodel, renovate, construct and equip such capital improvements. Provided, however, That no expenditures shall be made from this account unless the preliminary and final plans for such capital improvements have been presented to the joint committee on state building construction. And provided further, That no expenditures shall be made from this account except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-2711c and amendments thereto.~~

Sec. 60.

STATE TREASURER

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

	Fiscal Year 1987	Fiscal Year 1988
Racing admissions tax fund		No limit

Sec. 61.

KANSAS STATE PENITENTIARY

(a) On July 1, 1987, of the \$21,895,382 appropriated for the above agency by section 9(a) of 1987 Senate Bill No. 200 from the state general fund in the operating expenditures account, the sum of \$175,000 is hereby lapsed.

Sec. 62.

STATE BOARD OF VETERINARY EXAMINERS

(a) On July 1, 1987, the expenditure limitation established by section 21(a) of 1987 House Bill No. 2224 on the veterinary examiners fee fund is hereby increased from \$56,143 to \$81,143.

Sec. 63. *Appeals to exceed position limitations.* The limitations imposed by this act on the full-time equivalent number of full-time and regular part-time positions, excluding seasonal and

temporary positions, paid from appropriations made in this act or in any appropriations act of the 1986 regular session of the legislature or in any other appropriations act of the 1987 regular session of the legislature may be exceeded upon approval of the state finance council.

Sec. 64. *Appeals to exceed expenditure limitations.* Upon written application to the governor and approval of the state finance council, expenditures from special revenue funds may exceed the amount specified in this act.

Sec. 65. Any state institutions building fund appropriation heretofore appropriated to any institution named in this act and having an unencumbered balance as of June 30, 1987, in excess of \$100 is hereby reappropriated for the fiscal year ending June 30, 1988, for the same use and purpose as originally appropriated, unless specific provision is made for lapsing such appropriation.

Sec. 66. *Savings.* Any unencumbered balance in any special revenue fund, or account thereof, which is not otherwise specifically appropriated or limited by this or any other appropriations act of the 1987 regular session of the legislature, is hereby reappropriated for the same use and purpose as the same was heretofore appropriated.

Sec. 67. Any transfers of money during the fiscal year ending June 30, 1988, from any special revenue fund of any state agency named in this act or in any other appropriations act of the 1987 regular session of the legislature to the audit services fund of the division of post audit under K.S.A. 46-1121 and amendments thereto shall be in addition to any expenditure limitation imposed on any such fund for the fiscal year ending June 30, 1988.

Sec. 68. On the effective date of this act, K.S.A. 44-716a, section 35 of chapter 33 of the 1986 Session Laws of Kansas and section 3 of 1987 House Bill No. 2561 are hereby repealed.

Sec. 69. On July 1, 1987, section 19 of 1987 House Bill No. 2272 and section 8 of 1987 House Bill No. 2182 are hereby repealed.

Sec. 70. 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 29, 1987.

SENATE adopted Conference Committee report May 4, 1987.

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

Passed the HOUSE as amended May 1, 1987.

HOUSE adopted Conference Committee report May 4, 1987.

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

APPROVED May 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 21st day of May, 1987.

(SEAL) BILL GRAVES
Secretary of State.

State of Kansas
OFFICE OF THE GOVERNOR

Senate Bill No. 433

Message to the Senate of the State of Kansas:

Pursuant to Article 2, Section 14 of the Constitution of the State of Kansas, I hereby return Senate Bill No. 433 with my signature approving the bill, except for the items enumerated below.

Section 7(c), Section (7)d and Section 7(e) that read as follows have been line-item vetoed:

"(c) On July 1, 1987, the expenditure limitation established by section 3(b) of 1987 House Bill No. 2221 on the division of vehicles operating fund is hereby increased from \$27,453,761 to \$27,613,761.

(d) On July 1, 1987, the expenditure limitation established by section 3(b) of 1987 House Bill No. 2221 on the state operations account of the division of vehicles operating fund is hereby increased from \$23,961,098 to \$24,121,098.

(e) On July 1, 1987, and quarterly thereafter, the director of accounts and reports shall transfer \$40,000 from the state highway fund to the division of vehicles operating fund for the purpose of financing the cost of operation and general expense of the division of vehicles and related operations of the department of revenue."

The Legislature provided \$160,000 from the Division of Vehicles Operating Fund to the Department of Revenue for the purpose of financing the county designator decal provision contained in Senate Bill No. 395 as amended by the House. The language requiring the county designator on Kansas license plates was removed from Senate Bill No. 395 by the Conference Committee. The Conference Committee report was adopted by both the House and Senate and has been signed into law. In light of the action on Senate Bill No. 395, these vetoed portions are unnecessary.

Section 14(e) that follows has been line-item vetoed:

"(e) On and after July 1, 1987, upon notification of the secretary of wildlife and parks of the receipt of federal funds for reimbursement of the construct parking lot—Clinton state park project, the director of accounts and reports shall transfer an amount equal to 50% of the project cost, but not to exceed \$135,000, from the boat account of the forestry, fish and game commission fee fund to the state highway fund of the department of transportation."

I object to this transfer from the boat account of the forestry, fish and game commission fee fund until it has been considered by the Kansas fish and game commission or the commission's successor and until I receive better assurance that the transfer will not jeopardize the receipt of federal funds.

Section 16(b) that follows has been line-item vetoed:

"(b) On July 1, 1987, of the \$1,295,812 appropriated for the above agency by section 4(a) of 1987 House Bill No. 2272 from the state general fund in the investigations account, the sum of \$91,534 is hereby lapsed."

After careful review of the KBI's budget, I found it essential to recommend funding for additional expenditures in FY 1988. The recommended expenditures were to make it possible for the agency to maintain its laboratory equipment, replace drug testing supplies, and maintain the authorized level of staffing. Although these savings do not reflect the full amount I recommended earlier, they can be utilized effectively by this agency to support critical elements of local and

state law enforcement, including both enforcement and prosecution.

Section 28(f) that reads as follows has been line-item vetoed:

"(f) There is appropriated for the above agency from the state general fund for the fiscal year specified, the following:

	Fiscal Year 1987	Fiscal Year 1988
Contingency for operating expenditures		\$102,500

Provided, That no expenditures may be made from this account unless 1987 Senate Bill No. 435 is enacted to provide credits against obligations to repay medical scholarships: Provided further, That if 1987 Senate Bill No. 435 is enacted, the position limitation established by subsection (e) is hereby increased from 4,600.3 to 4,602.3: And provided further, That no expenditures may be made from this account except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto."

Because Senate Bill No. 435 was not enacted, this subsection is unnecessary.

The following portion of Section 31(a) has been line-item vetoed, that reads as follows:

	Fiscal Year FY 1987	Fiscal Year FY 1988
Lease-Purchase payment to the Hutchinson public building commission for the Hutchinson alternative incarceration correctional facility at Hutchinson, Kansas.		\$120,000

Lease-Purchase payment to the Hutchinson public building commission for the Hutchinson alternative incarceration correctional facility at Hutchinson, Kansas. \$120,000

Provided, That expenditures from this account shall be made in accordance with a lease-purchase agreement which is hereby authorized to be entered into by the secretary of corrections and the Hutchinson public building commission to plan, construct and equip the Hutchinson alternative incarceration correctional facility and all ancillary support facilities: Provided further, That the Hutchinson alternative incarceration correctional facility shall be composed of two or more separate buildings and all support facilities: Provided, however, That no expenditures shall be made from this account unless the preliminary and final plans for the Hutchinson alternative incarceration correctional facility and all ancillary support facilities have been presented to the joint committee on state building construction: And provided further, That no expenditures shall be made from this account except upon approval of the state finance council, after consultation with the joint committee on state building construction, acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto."

This provision authorizes a "Hutchinson alternative correctional facility" and commits state government to a long-term obligation for financing the facility.

First, I object to incurring a long-term financial obligation on the part of state government before a program has been thoroughly considered and developed and before a facility to house the program has been planned. This provision authorizes long-term financing for a project before the program has been developed and the facility has been planned.

Second, with the passage of Substitute for Senate Bill No. 73, state government now has available a mechanism for financing needed capital improvements, that is, the Kansas Development Finance Authority. Given the availability of this vehicle, I object to the use of local building commissions for the financing of state capital improvements. Once the program intended by this provision is developed and a

facility is planned, I would urge that financing be carried out through the state finance authority.

Sections 31(e) and (f) have been line-item vetoed:

(e) On July 1, 1987, the director of accounts and reports shall transfer \$65,520 from the forestry, fish and game commission fee fund to the honor camps—game bird fund which is hereby created by this section.

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

	Fiscal Year 1987	Fiscal Year 1988
Honor camps—game bird fund		No limit

I object to the proposed use of forestry, fish and game commission fee fund money. This transfer consists of revenues from fees paid by hunters and sports fishermen and is not in compliance with 50 CFR Part 80.4 which states in part that these revenues "shall not be diverted to purposes other than administration of the State fish and wildlife agency." Diversion occurs when through legislation a State fish and wildlife agency: 1) Loses control of the expenditure of any portion of its license revenues, or 2) Loses control of capital assets (or income therefrom) derived from license revenues, or 3) Expends license revenues for any purpose other than administration of the State fish and wildlife agency. Transfer of these funds would be a diversion as outlined by 50 CFR Part 80.4, jeopardize receipt of other federal funds and subsequently not in the best interest of the state.

Before any wildlife program is operated with fish and game fees, proper planning and review by the department of wildlife and parks should be carried out to assure that a successful and biologically sound program is established and that federal funds are not jeopardized.

The following portion of Section 36(a) has been line-item vetoed:

	Fiscal Year 1987	Fiscal Year 1988
"Contingency for income maintenance		\$40,000

Provided, That no expenditures may be made from this account unless 1987 Senate Bill No. 435 is enacted and provides a program for health care services for the medically indigent: Provided further, That no expenditures may be made from this account except upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto."

This line item was included by the Legislature pending the passage of 1987 Senate Bill No. 435 concerning a health care program for certain medically indigent clients of the Department of Social and Rehabilitation Services. That bill was not passed by the 1987 Legislature. Therefore, the funds cannot be utilized for any other purpose.

The following portion of Section 47(a) has been line-item vetoed:

	Fiscal Year 1987	Fiscal Year 1988
"Additional operating expenditures — personnel services		\$10,000

Provided, That all expenditures from this account shall be for operating expenditures associated with a classification and compensation study of nonjudicial personnel of the judicial branch."

I concur with the intent of the legislature that classification and compensation of nonjudicial personnel should correspond to that for executive branch personnel. The amount (\$10,000) provided to conduct the required analysis and assure conformance is however inadequate. Further, the analysis should determine the level of funding required to implement improvements for non-judicial personnel, not a predetermined amount arrived at without careful study. I cannot sanction executive overview of nonjudicial salaries without adequate planning and funding.

The following portion of Section 51(b) has been line-item vetoed:

"Water supply storage assurance fund	No limit
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Today I have approved House Substitute for Senate Bill No. 394 which provides for a loan from the Pooled Money Investment Board. The loan proceeds are to be placed in the water supply storage assurance fund. The provisions in House Substitute for Senate Bill No. 394 relating to interest on the loan are inadequate. The result of these interest provisions is that the Pooled Money Investment Board would receive no interest on any portion of the loan proceeds that are expended. My action in vetoing the appropriation for the water supply storage assurance fund will assure that no expenditures are made without properly addressing the inadequate interest provisions.

Section 59 has been vetoed in its entirety.

Section 59 provides \$88,784 in state general funds for the first installment payment on Kansas State Fair grandstand improvements totaling \$761,000. The funds are for improvements not directly related to parimutuel racing, but the appropriation assumes that the nonprofit corporation formed to operate parimutuel activities on State Fair properties would finance these improvements at the same time it finances fairgrounds improvements needed for parimutuel racing. The state would then repay the nonprofit corporation through annual appropriations.

I object to linking the financing of needed grandstand improvements with possible parimutuel racing improvements. The future of parimutuel racing on the state fairgrounds is uncertain, and many questions have yet to be answered. The terms of the proposed agreement between the State Fair Board and the nonprofit corporation, the legal basis for an outside party to make capital improvements to Fair Board property, and the extent of the state's financial liability in the event a racing venture using state facilities fails are important matters. These matters should be carefully considered in legislative hearings and authorizing legislation, rather than by attaching an open-ended proviso to an appropriations bill.

I have signed Substitute for Senate Bill No. 73 which enacts the Kansas Development Finance Authority Act. The Finance Authority is authorized to provide financing for capital improvement projects at state agencies after proper executive and legislative review. Even though I have vetoed section 59, the Kansas Development Finance Authority Act provides a mechanism to move forward on needed grandstand renovations.

Dated May 15, 1987.

MIKE HAYDEN
Governor

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