

# KANSAS REGISTER

State of Kansas

**BILL GRAVES**  
Secretary of State

Vol. 6, No. 27

July 2, 1987

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State of Kansas  
**STATE BANK COMMISSIONER  
STATE BANKING BOARD**

**NOTICE OF MEETING**

The State Banking Board will meet at 10 a.m. Monday, July 27, 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. 005542

State of Kansas  
**SECRETARY OF STATE**

**1987 SESSION LAWS AVAILABLE**

The 1987 edition of the Session Laws of Kansas, which contains all new laws enacted by the 1987 Legislature, is available for purchase. The clothbound volume sells for \$20, which includes shipping.

Send orders, with payment, to Secretary of State, 2nd Floor, State Capitol, Topeka 66612-1594. An order form is located on the inside back cover of this issue of the Register.

Any questions should be directed to the Legislative Matters Division at (913) 296-4557.

BILL GRAVES  
Secretary of State

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

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

Notice is hereby given of the commencement of negotiations for engineering services for energy conservation measures at the University of Kansas, Lawrence. The project involves chiller replacement at Blake Hall.

Interested firms must be permitted by law to practice engineering in the state of Kansas.

Any questions or expressions of interest should be directed to James Modig, University of Kansas, Facilities Planning Office, Carruth-O'Leary Hall, Lawrence 66045, (913) 864-3431, prior to July 17.

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

Doc. No. 005537

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

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

Notice is hereby given of the commencement of negotiations for engineering services for energy conservation measures for seven buildings at the University of Kansas Medical Center in Kansas City.

Interested firms must be permitted by law to practice engineering in the state of Kansas.

Any questions or expressions of interest should be directed to Gerald Imming, University of Kansas Medical Center, Facilities Planning Office, Building No. 48, Kansas City 66103, (913) 588-5267, prior to July 17.

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

Doc. No. 005538

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Secretary of State  
2nd Floor, State Capitol  
Topeka, KS 66612-1594



Phone: (913) 296-3489

State of Kansas

LEGISLATURE

INTERIM COMMITTEE SCHEDULE

The following committee meetings have been scheduled during the period of July 6 through July 19:

Date	Room	Time	Committee	Agenda
July 8	514-S	10:00 a.m.	Special Committee on Federal and State Affairs	8th: Proposal No. 13 (Selected Corrections Programs and Parole) briefing and hearing. 9th: Proposal No. 14 (Liquor Taxes) briefing and hearing.
July 9	514-S	9:00 a.m.		
July 9	527-S	2:30 p.m.	Legislative Coordinating Council	Legislative matters.
July 9	519-S	10:00 a.m.	Special Committee on Judiciary	9th: Staff review of interim proposals. 10th: Hearing on Proposal No. 17 (Seizure and Forfeiture).
July 10	519-S	9:00 a.m.		
July 9	531-N	10:00 a.m.	Special Committee on Public Health and Welfare	Agenda to be determined.
July 10	531-N	9:00 a.m.		
July 13	514-S	10:00 a.m.	Joint Committee on Administrative Rules and Regulations	Agenda to be determined.
July 14	514-S	9:00 a.m.		
July 15	527-S	10:00 a.m.	Legislative Educational Planning Committee	Agenda to be determined.
July 16	527-S	9:00 a.m.		
July 15	519-S	10:00 a.m.	Special Committee on Transportation	Briefing and hearings on Proposal No. 32 (VIN Program Issues and Odometer Rollbacks).
July 16	519-S	9:00 a.m.		
July 16	529-S	10:00 a.m.	Joint Committee on Special Claims Against the State	16th: Visit correctional institutions in Lansing (pending LCC authorization). 17th: Hearing in Topeka on claims filed to date.
July 17	529-S	9:00 a.m.		

WILLIAM R. BACHMAN  
 Director of Legislative  
 Administrative Services

State of Kansas

**CONSUMER CREDIT COMMISSIONER****NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS**

A public hearing will be held at 10 a.m. Friday, July 17, at the office of the Consumer Credit Commissioner, Room 352, Landon State Office Building, 900 Jackson, Topeka, on temporary and permanent regulation 104-1-2. All interested parties may present oral comments at the hearing. Written comments may be sent to any of the following state agencies:

Consumer Credit  
Commissioner

Landon State Office Building  
900 Jackson, Room 352  
Topeka, KS 66612

Department of Credit Unions  
Landon State Office Building  
900 Jackson, Room 858  
Topeka, KS 66612

State Bank Commissioner  
700 Jackson, Suite 300  
Topeka, KS 66603

Savings and Loan Department  
Landon State Office Building  
900 Jackson, Room 509  
Topeka, KS 66612

The regulation to be adopted is as follows:

**104-1-2. Adjustable rate notes secured by a real estate mortgage or a contract for deed to real estate.** A creditor may use any interest-rate index that is readily verifiable by the borrower and is beyond the control of the creditor to adjust the interest rate on adjustable rate notes secured by a real estate mortgage or a contract for deed to real estate. Adjustments shall correspond directly to the movement of the index, subject to any rate-adjustment limitations that a creditor may provide. When the movement of the index permits an interest-rate increase, the creditor may decline to increase the interest rate by the indicated amount. The creditor may decrease the interest rate at any time.

Adjustments to the interest rate may be implemented through adjustments to the outstanding principal loan balance, loan term, payment amount, or any combination of the above.

The borrower shall not be charged any costs or fees in connection with regularly-scheduled adjustments to the interest rate, payment, outstanding principal loan balance, or loan term. (Authorized by and implementing K.S.A. 16-207d; effective, T-\_\_\_\_\_, \_\_\_\_\_; effective May 1, 1988.)

JUDITH K. STRINGER  
Consumer Credit Commissioner

Doc. No. 005544

State of Kansas

**ATTORNEY GENERAL****Opinion No. 87-89**

**Crimes and Punishments—Crimes Involving Violations of Personal Rights—Smoking in a Public Place.** Representative Jessie M. Branson, 44th District, Lawrence, June 18, 1987.

Penal statutes must be strictly construed. Since 1987 House Bill No. 2412 is penal in nature, the language granting total discretion must be given its ordinary meaning. Therefore, the proprietor or person in charge of the premises is free to designate any percentage of the premises as a smoking area, subject only to the limitations of any existing local regulation which are at least as stringent as those imposed by the act. Cited herein: 1987 House Bill No. 2412. JLM

**Opinion No. 87-90**

**State Boards, Commissions and Authorities—Athletic Commission; All-Sports Hall of Fame—Surcharge on Tickets for Certain Intercollegiate Athletic Events.** Representative Joe Knopp, 67th District, Manhattan, June 19, 1987.

Student activities passes purchased by a nonoptional activity fee and which provide admission to activities or events in addition to intercollegiate athletic events are exempt from the surcharge required in K.S.A. 1986 Supp. 74-2915, as amended by 1987 Senate Bill No. 183. Other student activities passes providing admission to intercollegiate athletic events and season tickets to such events are subject to the surcharge. Cited herein: K.S.A. 1986 Supp. 74-2915, as amended by 1987 Senate Bill No. 183. GE

**Opinion No. 87-91**

**State Departments; Public Officers and Employees—Public Officers and Employees; Open Public Meetings—Executive Sessions; Acquisition of Property.** Harold T. Walker, City Attorney, Kansas City, June 19, 1987.

Under the Kansas Open Meetings Act (KOMA), public bodies may recess into an executive session to discuss only those six subjects listed in the act. K.S.A. 75-4319(b)(6) provides that discussions concerning the acquisition of real property by a public body may take place in a closed meeting. Therefore, discussions relating to the sale of real property owned by a public body must be held in an open meeting. The procedures to be followed in conducting an executive session and in returning to open meeting are left to the discretion of the members of the body as the KOMA does not regulate the operation of executive sessions. Cited herein: K.S.A. 75-4317; K.S.A. 1986 Supp. 75-4318; K.S.A. 75-4319. RLN

**Opinion No. 87-92**

**Constitution of the State of Kansas—Executive—Governor's Duties for Legislature; Messages; Special Sessions; Adjournment.**

**Constitution of the State of Kansas—Legislative—Or-**

ganization and Sessions. Senator Eric Yost, 30th District, Wichita, June 19, 1987.

Although there is no constitutional limitation as to subject matter which may be considered by the Kansas Legislature when it is called into special session, the legislature may adopt a rule or resolution which would restrict the subject matter of bills which may be introduced during such a session. There is no constitutional limitation upon the length of a special session, and any such limitation included within a gubernatorial proclamation (calling the legislature into special session) would be of no legal effect. Bills and resolutions introduced, but not acted upon, during the 1987 regular session of the Kansas Legislature may not be carried over to a special session, and all bills and resolutions enacted during a special session must have been introduced during that session.

Joint Rule No. 4 of the Senate and House of Representatives of the State of Kansas prescribes deadlines for the introduction and consideration of bills by referring to a specific calendar day "of any regular session." Based upon that language, the rule would not seem to apply to a special session of the legislature. Cited herein: Kan. Const., Art. 1, § 5; Kan. Const., Art. 2, § 8. TRH

#### Opinion No. 87-93

**Personal and Real Property—Conveyances of Land—Adverse Possession Against Public Property.** Michael C. Hayes, Jefferson County Attorney, Oskaloosa, June 19, 1987.

In Kansas, title by adverse possession cannot be invoked against a governmental subdivision of the state by a private individual. BPA

#### Opinion No. 87-94

**Public Health—Alcoholism and Intoxication Treatment—Emergency Hospitalization; Authority of Law Enforcement Officer.**

**Probate Code—Care and Treatment for Mentally Ill Persons—Emergency Observation; Authority of Law Enforcement Officer.** John R. Stanley, Hamilton County Attorney, Syracuse, June 19, 1987.

In order to act under the emergency hospitalization provisions of K.S.A. 1986 Supp. 59-2908 or K.S.A. 65-4027, the officer need not observe first-hand all elements required for such hospitalization. Rather, the statutory purpose is best served by allowing the officer to act when the totality of circumstances, which necessarily include the officer's observations, indicate the necessity of emergency action.

Supplemental information may increase the reasonableness of such emergency action. Cited herein: K.S.A. 1986 Supp. 59-2902, 59-2908, 59-2909; 65-4003; K.S.A. 65-4027. JLM

#### Opinion No. 87-95

**Public Health—Examination, Registration and Regulation of Barbers—Schools or Colleges of Barbering; Approval by Board; Requirements.** Charles Lutz, Ad-

ministrative Officer, State Board of Barber Examiners, Topeka, June 19, 1987.

Pursuant to K.S.A. 65-1810, a school of barbering student must complete 1,500 hours of instruction in nine months, with a maximum of eight hours in a day. In our judgment, K.A.R. 61-3-17, which allows a student to make up lost time, adequately deals with time missed during the nine-month period. Additionally, while there is no formal definition of a full-time student in the statutes, in our opinion, for purposes of fulfilling the statutory requirements a full-time student is one that can complete the required hours of instruction in the time frame set by statute.

Because K.A.R. 61-3-22 prohibits the issuing of a permit to a night school, it is our opinion that a school that operates 8 a.m. to 5 p.m. cannot lawfully run a second shift. Proposed changes to the regulatory scheme, in our judgment, can be affected by adding the changes to pertinent existing regulations or by promulgating new regulations, provided the changes are appropriate, reasonable and within the statutory authority conferred by the legislature. Cited herein: K.S.A. 65-1810; K.A.R. 61-3-2; 61-3-8; 61-3-17; 61-3-22. GE

#### Opinion No. 87-96

**Labor and Industries—Kansas Acts Against Discrimination—Unlawful Discriminatory Practices; Application to Rotary Clubs.** Representative Jessie M. Branson, 44th District, Lawrence, June 23, 1987.

Rotary clubs which have (1) inclusive rather than exclusive membership practices, (2) meetings open to visitors, (3) business attributes such as extensive publishing activities and a complex structure and (4) important business advantages and opportunities are not the type of fraternal or social associations contemplated by K.S.A. 44-1002(h) and thus are not exempt from the Kansas Acts Against Discrimination, K.S.A. 44-1001 *et seq.* Cited herein: K.S.A. 44-1001; 44-1002; 44-1009; 44-1015; 44-1110; K.A.R. 21-46-2. JLM

ROBERT T. STEPHAN  
Attorney General

Doc. No. 005545

## State of Kansas

## DEPARTMENT ON AGING

NOTICE OF HEARINGS ON THE  
KANSAS STATE PLAN ON AGING

The Kansas Department on Aging (KDOA) will be holding three public hearings on the proposed fiscal year 1988-1989 Kansas State Plan on Aging. The hearing schedule is as follows:

- Tuesday, July 14, at 10 a.m. at the Hays Senior Center, 204 E. 8th, Hays
- Wednesday, July 15, at 9 a.m. at the Downtown Senior Center, 335 W. Lewis, Wichita
- Thursday, July 16, at 10:30 a.m. at the Overland Park Community Center, 6300 W. 87th, Overland Park

Copies of the proposed plan are available for review at area agencies on aging or at KDOA, 610 W. 10th, Topeka 66612, (913) 296-4986 or 1-800-432-3535.

Persons wishing to comment on the proposed plan should contact George A. Dugger at KDOA prior to the hearings. KDOA asks that a written copy of the comments be provided at the hearing. Depending upon the number of persons wishing to be heard, the time available for oral presentations may be limited. Written comments will be accepted through July 21.

ESTHER WOLF  
Secretary of Aging

Doc. No. 005536

## 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, JULY 13, 1987

#27268

University of Kansas Medical Center and University of Kansas—IMMUNO ASSAY KITS AND REAGENTS

#27440

Kansas Insurance Department—JANITORIAL SERVICE

TUESDAY, JULY 14, 1987

#25255

Fort Hays State University—REFUSE COLLECTION

#25258

Kansas State Industrial Reformatory—TWO-WAY RADIO EQUIPMENT MAINTENANCE

#27292

University of Kansas Medical Center—CLEANING COMPOUNDS AND JANITORIAL SUPPLIES

#27335

University of Kansas Medical Center, University of Kansas and Kansas State University—HAZARDOUS (LABORATORY) WASTE DISPOSAL SERVICE

#69576

University of Kansas—TRANSFORMER CORE AND COIL ASSEMBLY

WEDNESDAY, JULY 15, 1987

#A-5568

Topeka State Hospital—OVERHAUL THREE (3) TRANE MODEL #3E5B80 A/C COMPRESSORS IN BOISEN, RAPAPORT AND JARRETT BUILDINGS

#A-5664

University of Kansas Medical Center—HVAC SYSTEMS RENOVATION 1 DELP

#69591

Kansas State University—MICROCOMPUTER/PLOTTER/COPROCESSOR

#69592

Kansas State University—PLAIN PAPER COPIER

#69593

Department of Administration, Division of Information and Communication Systems—UPGRADE OF MATRIX SWITCH

THURSDAY, JULY 16, 1987

#A-0000 PR #009

University of Kansas—PROVIDE CAST-IN-PLACE CONCRETE FLOOR SLABS FOR EXISTING PRE-ENGINEERED METAL SHOP BUILDING

#A-5559

Winfield State Hospital and Training Center—FURNISH AND INSTALL SHEET VINYL IN CORRIDORS AND DAYROOM—TREATMENT BUILDING AND HOLLY BUILDING

#A-5586

Larned State Hospital—PAINTING OF BUILDING EXTERIORS, DILLON AND JENKINS

#69596

Wichita State University—MAINFRAME STORAGE SUBSYSTEM

#69597

University of Kansas Medical Center—ELECTRONIC EQUIPMENT AND SUPPLIES

#69604

Kansas State University—LUMINAIRES AND POLES

#69605

Kansas State University—APRONS

FRIDAY, JULY 17, 1987

#69607

Attorney General—SYSTEM 36 UPGRADE

MONDAY, AUGUST 3, 1987

#69574

State Corporation Commission—BILL'S COAL COMPANY, FORT SCOTT MINE PERMIT #82, Bourbon County

NICHOLAS B. ROACH  
Director of Purchases

Doc. No. 005549

**State of Kansas**  
**SOCIAL AND REHABILITATION SERVICES**  
**KANSAS CITIZENS' COMMITTEE ON**  
**ALCOHOL AND OTHER DRUG ABUSE**

**NOTICE OF MEETING**

The quarterly meeting of the Kansas Citizens' Committee on Alcohol and Other Drug Abuse will be held from 8:30 a.m. to 3:30 p.m. Friday, July 10, at the Valley Hope Alcoholism Treatment Center, 1816 N. 2nd, Atchison. The public is invited to attend.

JAMES A. MCHENRY, JR.  
 Commissioner, Alcohol and  
 Drug Abuse Services

Doc. No. 005550

**State of Kansas**  
**STATE CORPORATION COMMISSION**

**NOTICE OF HEARING**

The State Corporation Commission has directed that a hearing be held to consider the request of Texaco, Inc. for a one-year extension of the period of confidentiality on its Noel Poersch No. 1 well, located in the Southwest Quarter of the Southwest Quarter (SW SW) of Section 31, Township 05 South, Range 05 East, Washington County, Kansas.

The matter will be heard at 9 a.m. Thursday, July 30, in the hearing room of the Conservation Division offices, 300 Colorado Derby Building, 202 W. 1st, Wichita.

SHARI M. FEIST  
 Acting Director  
 Conservation Division

Doc. No. 005551

**State of Kansas**  
**STATE CORPORATION COMMISSION**

**NOTICE OF**  
**MOTOR CARRIER HEARINGS**

Applications set for hearing are to be heard at 9:30 a.m. before the State Corporation Commission, Docking State Office Building, fourth floor, Topeka, unless otherwise noticed.

This list does not include cases previously assigned hearing dates for which parties of record have received notice.

Questions concerning applications for hearing dates should be addressed to the State Corporation Commission, 4th Floor, Docking State Office Building, Topeka 66612, (913) 296-3808 or 296-2110.

Your attention is invited to Kansas Administrative Regulations (K.A.R.) 82-1-228, "Rules of Practice and Procedure Before the Commission."

Applications set for July 16, 1987

*Application for Certificate of Convenience and Necessity:*

Ernest E. Glidewell, dba ) Docket No. 155,589 M  
 Glidewell's Service )  
 P.O. Box 73 )  
 Pittsburg, KS 66762 )

Applicant's Attorney: None

*Wrecked, disabled, repossessed and replacement motor vehicles and trailers,*

Between points and places in Cherokee, Crawford, Labette, Montgomery, Neosho, Wilson, Bourbon, Allen, Woodson, Linn, Anderson, Coffey, Miami, Franklin and Johnson counties, Kansas.

Also,

Between points and places in Cherokee, Crawford, Labette, Montgomery, Neosho, Wilson, Bourbon, Allen, Woodson, Linn, Anderson, Coffey, Miami, Franklin and Johnson counties, Kansas, on the one hand, and points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

*Application for Certificate of Convenience and Necessity:*

Clay Hyder Trucking ) Docket No. 155,588 M  
 Lines, Inc. )  
 P.O. Box 1186 )  
 Auburndale, FL 33823 )

Applicant's Attorney: John Jandera, 1610 S.W. Topeka Blvd., Topeka, KS 66612

*Foodstuffs, including meats and meat by-products, and articles distributed by meat packinghouses,*

Between points and places in Kansas.

\*\*\*\*\*

*Application for Certificate of Convenience and Necessity:*

Jay Butler, dba ) Docket No. 155,585 M  
 Butler Trucking )  
 819 W. 11th )  
 Newkirk, OK 74647 )

Applicant's Attorney: None

*Livestock and grain,*

Between all points and places on and east of U.S. 83.

Also,

Between all points and places on and east of U.S. 83, on the one hand, and all points and places in the state of Kansas, on the other.

\*\*\*\*\*

(continued)

**Application for Certificate of Convenience and Necessity:**

Pauline Farmers ) Docket No. 155,587 M  
Co-operative Elevator )  
and Supply Association )  
5917 S. Topeka Blvd. )  
Topeka, KS 66609 )

Applicant's Attorney: None

*Grain, dry feed, dry feed ingredients, dry fertilizer, dry fertilizer ingredients, seed, fencing materials, steel articles, twine and salt,*

Between all points and places in the state of Kansas.

\*\*\*\*\*

**Application for Certificate of Convenience and Necessity:**

Rex Palmer, dba ) Docket No. 155,586 M  
Rex Palmer Trucking )  
Route 1, Box 63 )  
Plains, KS 67869 )

Applicant's Attorney: None

*Livestock, grain, feed and feed ingredients,*

Between all points and places in Meade, Seward, Haskell, Finney, Gray, Ford and Clark counties.

Also,

Between all points and places in the above described territory, on the one hand, and all points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

**Application set for July 21, 1987**

**Application for Transfer of Certificate of Convenience and Necessity:**

Donald L. Divine and ) Docket No. 144,566 M  
Daryl D. Brown, dba )  
B & D Body Shop & )  
Wrecker Service )  
416 W. 7th )  
Augusta, KS 67010 ) MC ID No. 120614

TO:

Daryl D. Brown, dba  
B & D Body Shop  
416 W. 7th  
P.O. Box 216  
Augusta, KS 67010

Applicant's Attorney: None

*Wrecked, disabled, repossessed and replacement motor vehicles and trailers,*

Between points in Butler County, Kansas, on the one hand, and on the other, all points in Kansas.

\*\*\*\*\*

ALFONZO A. MAXWELL  
Administrator  
Transportation Division

Doc. No. 005547

**State of Kansas**

**STATE CONSERVATION COMMISSION**

**NOTICE TO CONTRACTORS**

Sealed bids for the construction of a 23,000 and a 33,000 cubic foot detention dam, sites 4-3 and 4-4A in Jackson County, will be received by the Nemaha-Brown Watershed Joint District No. 7 in the district office until 2 p.m. July 16 and then will be publicly opened. Proposals will be issued upon request to all prospective bidders by calling (913) 364-4309. Copies of plans and specifications are available at the Nemaha-Brown Watershed District office, 125 W. 4th, Holton 66436.

KENNETH F. KERN  
Executive Director

Doc. No. 005539

(Published in the KANSAS REGISTER, July 2, 1987.)

**NOTICE OF BOND SALE**

**\$4,115,000**

**Internal Improvement Bonds**

Series "H" No. 1

Series "I" No. 1

Series "J" No. 1

City of Kansas City, Kansas  
(general obligation bonds payable from unlimited ad valorem taxes)

**Sealed Bids**

Sealed bids will be received by the city clerk of Kansas City, Kansas, on behalf of the governing body of the city in the office of the city clerk, Municipal Office Building, One Civic Center Plaza, Kansas City 66101, until 10 a.m. C.D.T. on Tuesday, July 7, 1987, for the purchase of \$4,115,000 aggregate principal amount of internal improvement bonds, Series "H" No. 1; "I" No. 1; and "J" No. 1, of the city hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the city at a council meeting to be held in the council chambers at 10 a.m. on such date.

**Bond Details**

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

Year	Series "H" No. 1	Series "I" No. 1	Series "J" No. 1	Total
1988	20,000	300,000	350,000	670,000
1989	20,000	300,000	350,000	670,000
1990	20,000	300,000	300,000	620,000
1991	20,000	300,000	300,000	620,000
1992	20,000	250,000	300,000	570,000
1993	20,000		200,000	220,000
1994	20,000		200,000	220,000
1995	20,000		200,000	220,000
1996	20,000		100,000	120,000
1997	20,000		70,000	90,000
1998	20,000			20,000
1999	20,000			20,000



2000	20,000			20,000
2001	20,000			20,000
2002	15,000			15,000
	295,000	1,450,000	2,370,000	4,115,000

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on January 1 and July 1 of each year, beginning on January 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 or upon earlier redemption 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 registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the city and the Kansas Attorney General. The bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

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

**Redemption of Bonds Prior to Maturity**

Bonds maturing in the years 1988 to 1994, inclusive, will become due without option of prior payment. At the option of the city, bonds maturing in the years 1995 to 2002, inclusive, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of bonds within the same maturity to be by lot by the city in such equitable manner as it may determine) on July 1, 1994, or on any interest payment date thereafter at par, plus accrued interest thereon to the date of redemption.

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

If the city elects to call any bonds for redemption and payment prior to the maturity thereof, the city shall give written notice of its intention to call and pay said bonds on a specified date, the same being described by number and maturity, said notice to be mailed by United States registered or certified mail addressed to the registered owners of said bonds, to the Kansas State Treasurer, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed not

less than 30 days prior to the date fixed for redemption. If any bond be called for redemption and payment as aforesaid, all interest on such bond will cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

**Conditions of Bids**

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No specified interest rate may exceed the index of treasury bonds published by the weekly Credit Markets in New York, New York, on the Monday preceding the day on which the bonds are sold, plus 2 percent. No rate specified shall be less than that specified for any earlier maturity. No bid of less than 100 percent of the principal amount of the bonds and accrued interest will be considered. Each bid must specify the total interest cost to the city during the term of the bonds on the basis of such bid, the premium, if any, offered by the bidder, the net interest cost to the city on the basis of such bid. Each bid must also specify the average annual net interest rate on the basis of such bid.

**Basis of Award**

The award of the bonds will be made on the basis of the lowest net interest cost to the city, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost on the bonds. 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 must be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body of the city will determine which bid, if any, will be accepted, and its determination will be final.

**Authority, Purpose and Security for the Bonds**

The bonds are being issued pursuant to and in full compliance with the constitution and laws of the state of Kansas, including K.S.A. 12-6a01 to 12-6a17, inclusive; K.S.A. 12-614 to 12-616, inclusive; K.S.A. 12-685 to 12-689, inclusive; K.S.A. 12-1736 to 12-1739, inclusive; K.S.A. 13-1026, and K.S.A. 75-6113, all as may be amended; and ordinances No. 65070 and 58656, for the purpose of paying the cost of certain sewer, street and bridge improvements, storm sewer inlet repair, animal shelter construction and a judgment against the city.

The internal improvement bonds, Series "H" No. 1, will be general obligations of the city, payable as to both principal and interest from special assessments levied upon the property benefited by such improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount on all the taxable tangible property, real and personal, within the territorial limits of the city.

The internal improvement bonds, Series "I" No. 1

(continued)

and Series "J" No. 1, will be general obligations of the city, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount on all the taxable tangible property, real and personal, within the territorial limits of the city.

#### Legal Opinion and Tax Exemption

In the opinion of Gaar & Bell, Overland Park, Kansas, bond counsel, assuming continued compliance by the city with the terms of the bond ordinance, under existing law, the interest on the bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the bonds.

The internal revenue code of 1986, as amended, imposes certain requirements which must be met subsequent to the issuance of the bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes. Non-compliance with such requirements could cause the interest on the bonds to be so included in federal gross income retroactive to the date of issue of the bonds. These requirements include, but are not limited to, limitations on the use of bond proceeds and restrictions on the yield which may be earned on the investment of bond proceeds and other amounts. In the ordinance authorizing the issuance of the bonds, the city will covenant to comply with the provisions of the code relating to the exclusion of the interest on the bonds from gross income for federal income tax purposes.

The city has not designated the bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the code.

Prospective purchasers of the bonds should be aware that (1) Section 265 of the code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the code), that portion of an owner's interest expense allocable to interest on the bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the bonds; (3) for taxable years beginning after December 31, 1986 and before January 1, 1992, interest on the bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the code; (4) for taxable years beginning after December 31, 1986, interest on the bonds

earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the code; (5) passive investment income, including interest on the bonds, may be subject to federal income taxation under Section 1375 of the code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income; and (6) Section 86 of the code requires recipients of certain Social Security and certain railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

A form of bond counsel's opinion is contained in the official statement of the city with respect to the bonds.

#### Delivery and Payment

The city will pay for printing the bonds and will deliver the same properly prepared, executed, and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company as may be suggested by the successful bidder and is acceptable to the city, without cost to 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 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 must be made in federal reserve funds, immediately subject to use by the city.

The number, type and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners must be submitted in writing by the successful bidder to the city and bond registrar no more than 10 days after the sale date. In the absence of such information, the city will deliver the bonds in the denominations of each maturity registered in the name of the successful bidder. The successful bidder shall make a bona fide public offering of the bonds, and, as a condition to the city's obligation to deliver the bonds, the successful bidder must furnish to the city, no more than 10 days after the sale date, a certificate acceptable to bond counsel (i) specifying the reoffering price at which a substantial amount (at least 10 percent of the bonds of each maturity) of the bonds was sold to the public (excluding bond houses, brokers and other intermediaries), and (ii) certifying as to the accuracy of such reoffering prices.

#### CUSIP Numbers

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 successful bidder thereof to accept delivery of and pay for the bonds in accordance with the terms of this notice. All expenses in relation to the assigning and printing of

CUSIP numbers on the bonds will be paid for by the city.

#### Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$82,300 payable to the order of the city, to secure the city for any loss resulting from the failure of the successful bidder to comply with the terms of his bid. No interest will be paid upon the deposit made by any bidder. Said check will be returned to the bidder if his bid is not accepted. If a bid is accepted, said check will be held by the city until the bidder has complied with all of the terms and conditions of his bid and this notice, at which time the check will 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 fails to deliver the bonds to the bidder in accordance with the terms and conditions of his bid and this notice, said check will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of his bid and this notice, the proceeds of such check will be retained by the city as and for liquidated damages.

#### Bid Forms

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

#### Submission of Bids

Bids must be submitted in sealed envelopes addressed to the city clerk and marked "Proposal for the Purchase of City of Kansas City, Kansas, Internal Improvement Bonds." Bids may be mailed or delivered in person and must be received by the city clerk prior to 10 a.m. C.D.T. on Tuesday, July 7, 1987, at the city clerk's office in the Municipal Office Building, One Civic Center Plaza, Kansas City, KS 66101.

#### Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the city for the year 1986 is \$450,720,073. The total general obligation bonded indebtedness of the city for purposes of determining statutory debt limitations, as of the date of the bonds, including the bonds being sold, is \$94,606,915. In addition, the city has outstanding \$27,788,992 of temporary notes, including temporary notes in the amount of \$3,998,292 which will be retired from the proceeds of the bonds, special assessment payments, federal grants and restricted sales tax revenue either prior to or after bonding. Of the city's total outstanding general obligation indebtedness in the amount of \$94,606,915, \$26,687,747 of outstanding bonds and \$6,147,842 of outstanding temporary notes are exempt from statutory debt limitations. A portion of the city's general obligation indebtedness has been refunded and defeased with cash or U.S. Government obligations. Notwithstanding the total amount of general obligation indebtedness of the city set forth above for the

purposes of determining the statutory debt limitations, the amount of general obligation indebtedness of the city including the bonds being sold which, as of the date of the bonds, remains to be retired from general ad valorem taxation and special assessments, is \$84,105,000, of which amount \$24,780,334 is exempt from statutory debt limitations.

The temporary note balance herein mentioned is scheduled for payment from the following funding sources: benefit district special assessment payments, \$2,904,300; general obligation bonds, \$19,597,892; federal grant, \$475,000; and restricted sales tax revenue, \$4,811,800 either prior to or after bonding. Collection and projection of restricted sales tax are as follows: 1984 actual \$2,763,428; 1985 actual \$4,866,539 (includes \$337,899 due from previous year); 1986 actual \$4,646,616; 1987 projected \$4,562,738; and 1988 projected \$4,706,018. Due to current economic conditions, the previous projection of revenue for 1986 of \$4,825,000 resulted in actual collection of \$4,646,616 and previous projection for 1987 of \$5,116,250 has been revised to \$4,562,738. The unencumbered cash balance of restricted sales tax as of June 1, 1987 is \$3,883,879.61.

#### Bond Ratings

The city has applied to Moody's Investors Service, Inc. and Standard and Poor's Corporation for a rating on the bonds. The city's outstanding general obligation bonds are rated "A-1" by Moody's and "AA" by Standard and Poor's.

#### Official Statement

The city has prepared an official statement dated June 18, 1987, copies of which may be obtained from the city's finance director. Upon the sale of the bonds, at the request of the successful bidder, the city will furnish the successful bidder with a reasonable number of copies thereof without additional cost. Additional copies may be ordered by the successful bidder at his expense.

#### Additional Information

Additional information regarding the bonds may be obtained from the undersigned finance director.

Dated June 18, 1987.

CITY OF KANSAS CITY, KANSAS  
David T. Isabell, Finance Director  
Municipal Office Building  
One Civic Center Plaza  
701 N. 7th  
Kansas City, KS 66101  
(913) 573-5270

Doc. No. 005543

(Published in the KANSAS REGISTER, July 2, 1987.)

**NOTICE OF BOND SALE  
\$150,000**

**Unified School District 247  
Crawford County, Kansas  
General Obligation Bonds  
Series 1987 (Capital Outlay Fund)**

**Sealed Bids**

Sealed bids for the purchase of \$150,000 principal amount of general obligation bonds, Series 1987, of Unified School District 247, Crawford County, Kansas, hereinafter described, will be received by the undersigned clerk of Unified School District 247 on behalf of the district at the office of the Board of Education, 504 S. Highway 7, Cherokee, until 5 p.m. C.D.T. on Monday, July 13, 1987. All bids will be publicly opened and read at 8 p.m. C.D.T. at said 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 the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated July 15, 1987, and will become due serially on July 1 in the years as follows:

Year	Principal Amount
1988	\$50,000
1989	50,000
1990	50,000

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 July 1 and January 1 in each year, beginning on January 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 date.

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

**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 the index of treasury bonds published by the weekly 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 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 bid 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.

**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 school building necessary for the district's purposes together with all things necessary and incidental thereto. The bonds will be general obligations of the district payable as to both principal and interest 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" under Section 265 of the code.

#### 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 district, 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 district with the provisions of the resolution 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 district 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 August 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 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. 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 district and bond registrar not later than 4 p.m. C.D.T. on August 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 August 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 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 2 percent of the bid (\$3,000) 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 condition of this notice, said check shall be returned to the

(continued)

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 shall 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 and 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 the Unified School District 247 administrative office, 504 S. Highway 7, Cherokee, Crawford County, Kansas, and must be received by the undersigned prior to 5 p.m. C.D.T. on Monday, July 13, 1987.

#### Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the district (including motor vehicle valuation and motor vehicle dealers' inventory valuation) for the year 1986 is \$13,084,642. The total general obligation bonded indebtedness of the district at the date hereof, including this proposed issue of bonds, is \$150,000.

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

Dated June 26, 1987.

UNIFIED SCHOOL DISTRICT 247  
Willia Burdette, District Clerk  
504 S. Highway 7  
Cherokee, KS 66724

Doc. No. 005548

(Published in the KANSAS REGISTER, July 2, 1987.)

### NOTICE OF BOND SALE

\$319,853.93

General Obligation Bonds

Series A, 1987

of the

City of Solomon, Kansas

(general obligation bonds payable  
from unlimited ad valorem taxes)

#### Sealed Bids

Sealed bids will be received by the undersigned, city clerk of the city of Solomon, Kansas, on behalf of the governing body at the City Hall, 116 W. Main, P.O. Box 273, Solomon, until 8 p.m. C.D.T. on Monday, July 13, 1987, for the purchase of \$319,853.93 principal amount of general obligation bonds, Series A, 1987, of the city hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

#### Bond Details

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, except one bond in the denomination of \$4,853.93, dated July 1, 1987, and becoming due serially on December 1 in the years as follows:

Year	Principal Amount
1988	\$14,853.93
1989	25,000.00
1990	25,000.00
1991	30,000.00
1992	30,000.00
1993	35,000.00
1994	35,000.00
1995	40,000.00
1996	40,000.00
1997	45,000.00

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on June 1 and December 1 in each year, beginning on June 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), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the city and the Kansas Attorney General.

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



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

The number and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar at least two weeks prior to the closing date. In the absence of such information, the city will deliver one bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the city at least one week prior to the closing date. A certificate setting forth such initial reoffering price to the public shall be furnished to the city by the original purchaser at closing.

#### **Redemption of Bonds Prior to Maturity**

Bonds maturing in the years 1988 to 1994, inclusive, shall become due without option of prior payment. At the option of the city, bonds maturing in the years 1995 and thereafter may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of bonds within the same maturity to be by lot by the city in such equitable manner as it may determine) on December 1, 1994, or on any interest payment date thereafter at the redemption price of 101 percent (expressed as a percentage of the principal amount), plus accrued interest to the redemption date.

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 the 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 owners of said bonds, to 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 bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

#### **Conditions of Bids**

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate shall exceed a rate equal to the index of treasury 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 3 percent. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid shall specify the total interest cost to the city during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid, all certified by the bidder to be correct, and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid shall also specify the average annual net interest rate to the city on the basis of such bid.

#### **Basis of Award**

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

#### **Authority, Purpose and Security**

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

#### **Legal Opinion and Tax Exemption**

All matters incidental to the authorization and issuance of the bonds are subject to the approval of Gaar & Bell, Wichita, Kansas, bond counsel.

In the opinion of bond counsel, assuming continued compliance by the city with the terms of the bond ordinance, under existing law, the interest on the bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative

(continued)

minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the city comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the bonds in order that interest thereon be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be so included in gross income retroactive to the date of issuance of the bonds. The city has covenanted to comply with all such requirements. Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the bonds.

Prospective purchasers of the bonds should be aware that (i) Section 265 of the code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the bonds; (iii) for taxable years beginning after December 31, 1986 and before January 1, 1992, interest on the bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the code; (iv) for taxable years beginning after December 31, 1986, interest on the bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the code; (v) passive investment income, including interest on the bonds, may be subject to federal income taxation under Section 1375 of the code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income; and (vi) Section 86 of the code requires recipients of certain Social Security and certain railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

The bonds are exempt from intangible personal property taxes levied by Kansas counties, cities or townships.

#### **Qualified Tax-Exempt Obligations**

The city will covenant to take such actions as are necessary to designate the bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the code), a deduction is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest on the bonds.

A form of bond counsel's opinion is contained in the official statement of the city with respect to the bonds.

#### **Delivery and Payment**

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

#### **Good Faith Deposit**

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

#### **CUSIP Numbers**

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

#### **Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Bond Bid." Bids may be submitted by mail or delivered in person to the undersigned at the City Hall and must be received by the undersigned prior to 8 p.m. C.D.T., on July 13, 1987.

#### **Official Statement**

The city will prepare an official statement dated July 1, 1987, copies of which may be obtained from the city clerk. Upon the sale of the bonds, the city will



furnish the successful bidder with a reasonable number of copies thereof without additional cost upon request. Additional copies may be ordered by the successful bidder at his expense.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the city, for the year 1986, is as follows:

Equalized assessed valuation of taxable tangible property.....	\$1,308,989
Tangible valuation of motor vehicles.....	\$ 382,648
Equalized assessed tangible valuation for computation of bonded debt limitations....	<u>\$1,691,637</u>

The total general obligation indebtedness of the city as of the date of the bonds, including the bonds being sold, is \$761,586.60. Temporary notes in the principal amount of \$344,500 will be retired out of proceeds of the bonds and other available funds.

Additional Information

Additional information regarding the bonds may be obtained from the city clerk.  
Dated June 8, 1987.

CITY OF SOLOMON, KANSAS  
By Sharon A. Nelson  
City Clerk  
City Hall  
116 W. Main  
P.O. Box 273  
Solomon, KS 67480  
(913) 655-3311

Doc. No. 005540

(Published in the KANSAS REGISTER, July 2, 1987.)

NOTICE OF REDEMPTION  
City of Wichita, Kansas  
Industrial Revenue Bonds  
Series L I, 1974  
(MFY Industries, Inc.)

Notice is hereby given by the city of Wichita, Kansas, pursuant to Section 3 of Ordinance No. 33-395, that pursuant to the provisions of Section 3, Paragraph 3, of such ordinance and Section 30, "Tenant's Option to Purchase the Facility" of the lease and agreement dated August 1, 1974 between the city, as landlord, and MFY Industries as tenant, the city will redeem and does hereby call for redemption and payment on July 31, 1987, \$190,000 principal amount of the Series L I, 1974, industrial revenue bonds of the city of Wichita, Kansas (MFY Industries, Inc.) at a price equal to the principal amount thereof plus accrued interest thereon to August 1, 1987, plus \$75 per each \$5,000.

The bonds to be redeemed and the serial numbers of the bonds of redemption are the following:

170	160	150	140
169	159	149	139
168	158	148	138
167	157	147	137
166	156	146	136
165	155	145	135
164	154	144	134

163	153	143	133
162	152	142	
161	151	141	

On August 1, 1987, the bonds described above will be due and payable at The Peoples Bank, Main at 3rd St., Pratt, KS 67124, upon presentation and surrender of the bonds together with any and all coupons maturing subsequent to August 1, 1987. From and after August 1, 1987, interest on the aforesaid bonds will cease to accrue.

Dated June 22, 1987.

City of Wichita, Kansas  
The Peoples Bank  
Paying Agent, Trustee  
and Fiscal Agent

Doc. No. 005541

State of Kansas  
SOCIAL AND REHABILITATION SERVICES  
TEMPORARY ADMINISTRATIVE  
REGULATIONS

Article 4.—PUBLIC ASSISTANCE  
PROGRAM

30-4-54. Citizenship, alienage and residence. (a) Definition. "Resident" means any person who is living in the state voluntarily, with no intention of presently moving from the state, and who is not living in the state for a temporary purpose. A child shall be a resident if living in the state. For ADC, residence shall be established for persons who have entered the state with a job commitment or who are seeking employment in the state.

(b) Citizenship and alienage. Each applicant or recipient shall be a citizen of the United States or an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law, except that an alien granted permanent residence status pursuant to P.L. 99-603, the Immigration Reform and Control Act of 1986, shall be ineligible for assistance for a five-year period beginning on the date the alien is granted temporary residence status.

(c) Residence. Each applicant or recipient shall be a resident of the state of Kansas. Temporary absence from the state, with subsequent returns to the state, or intent to return when the purposes of the absence have been accomplished, shall not interrupt continuity of residence. Residence shall be obtained until abandoned or established in another state. The effective date of this regulation shall be May 1, 1987. (Authorized by K.S.A. 39-708c; implementing K.S.A. 39-708c, 39-709, 39-719b; effective May 1, 1981; amended, T-88-10, May 1, 1987.)

30-4-80. Eligibility factors specific to the ADC-FC program. Each child, as defined in K.A.R. 30-4-72, shall meet the following eligibility requirements. (a) General eligibility requirements. Each child shall meet the general eligibility requirements of K.A.R.

(continued)

30-4-50 except that the provisions of K.A.R. 30-4-54(b) shall not be applicable to a child who has been granted temporary or permanent residence under the provisions of P.L. 99-603, the Immigration Reform and Control Act of 1986.

(b) Removed from the home of a relative. The child was removed from the home of a relative, as a result of a judicial determination, or the child lived with the relative within six months before the month in which the proceedings were initiated and had been placed in a foster home or child care facility as a result of this determination.

(c) Receiving ADC. The child received assistance under ADC in or for the month in which court proceedings leading to the determination to remove the child from the relative's home were initiated, or would have received assistance if application had been made. An otherwise eligible child who meets the temporary or permanent residence provisions of P.L. 99-603 shall not be denied assistance under this provision.

(d) Court order. A written order of commitment shall be issued giving the secretary care, custody, and control of the child.

(e) Case plan. The child shall have a case plan designed to achieve placement in the least restrictive setting available and in close proximity to the parents' home. The case plan shall be consistent with the best interest and special needs of the child.

(f) Administrative review. The child's status shall be reviewed periodically but not less than once every six months. The review shall be open to the participation of the parents of the child. The review shall be conducted by a panel of appropriate persons; the panel shall include at least one person who is not responsible for the case management of either the child or the parents under review. The administrative review shall determine the future status of the child including whether the child be: returned to the parent; continued in foster care for a specified period; placed for adoption; or continued in foster care on a permanent or long-term basis.

(g) Living arrangement. The child shall be living in a foster family home or a private nonprofit child care facility. The home or facility shall be approved for placement. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended, E-82-11, June 17, 1981; amended May 1, 1982; amended, T-83-17, July 1, 1982; amended May 1, 1983; amended, T-88-10, May 1, 1987.)

**30-4-91. Eligibility factors specific to the transitional GA (TGA) program.** (a) Each applicant or recipient shall meet the applicable general eligibility requirements set forth in K.A.R. 30-4-51, 30-4-52, 30-4-53, 30-4-54, 30-4-55, 30-4-56, 30-4-57, 30-4-58, 30-4-59, 30-4-60, and 30-4-61, and the specific eligibility requirements set forth below to be eligible for TGA.

(1) Each applicant or recipient who is eligible for a federal program or GAU, and the spouse of the applicant or recipient, shall be ineligible for TGA if the

applicant or recipient has been rendered ineligible for a federal program or GAU due to a voluntary action on the part of the applicant or recipient.

(2) (A) Each applicant or recipient who is voluntarily unavailable for employment and the spouse of the applicant or recipient shall be ineligible for TGA. This provision shall not be applicable to persons who are attending high school on a full-time basis or who are participating in an agency-approved, work-related activity. This paragraph (A) shall expire July 1, 1987.

(B) Each applicant or recipient who is voluntarily unavailable for employment and the spouse of the applicant or recipient shall be ineligible for TGA. This provision shall not be applicable to a person who is attending high school on a full-time basis or is participating in an agency-approved, work-related activity. Assistance under this provision may not be denied solely because a person is participating in post-secondary education or training activities during other than normal working hours. This paragraph (B) shall become effective July 1, 1987.

(3) The needs of the applicant or recipient and the spouse of the applicant or recipient shall be included in the same assistance plan, if living together, except as provided in K.A.R. 30-4-90(a)(5). This paragraph (3) shall become effective July 1, 1987.

(b) Assistance shall be limited to a maximum of one month in a 12-month period of time. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective, T-84-8, March 29, 1983; effective May 1, 1984; amended May 1, 1985; amended, T-87-15, July 1, 1986; amended, T-87-44, Jan. 1, 1987; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-4-101. Standards for persons in own home, other family home, specialized living, commercial board and room, or commercial room-only living arrangements.** A monetary standard addresses the costs of day to day expenses and certain special expenditures. (a) Basic standard. The basic standards are set forth below. The basic standards include \$5.00 per person as an energy supplement.

PERSONS IN PLAN			
1	2	3	4
\$118.00	\$189.00	\$253.00	\$307.00

For each additional person, add \$48.00.

(b) Shelter standard. A standard has been established for shelter based on location in the state. The county shelter standards are set forth below.

Standard.	Group I	Group II	
	\$76.00	\$86.00	
Allen	Anderson	Logan	
Barber	Atchison	Lyon	
Bourbon	Barton	Marshall	
Chase	Brown	McPherson	
Chautauqua	Cheyenne	Miami	
Cherokee	Clark	Mitchell	
Comanche	Clay	Morris	
Cowley	Cloud	Nemaha	
Crawford	Coffey	Ness	
Edwards	Decatur	Norton	
Elk	Dickinson	Osborne	
Finney	Doniphan	Ottawa	
Greenwood	Ellis	Phillips	
Harper	Ellsworth	Pottawatomie	
Labette	Ford	Rawlins	

Marion	Geary	Republic
Meade	Gove	Rice
Montgomery	Graham	Rooks
Neosho	Grant	Rush
Pratt	Greeley	Russell
Reno	Hamilton	Saline
Stafford	Haskell	Scott
Stanton	Hodgeman	Sheridan
Summer	Jackson	Smith
Wilson	Jewell	Stevens
Woodson	Kearny	Thomas
	Kingman	Trego
	Lane	Wabaunsee
	Lincoln	Wallace
	Linn	Washington
		Wichita

<i>Standard.</i>	<i>Group III</i>	<i>Group IV</i>	<i>Group V</i>
	\$97.00	\$109.00	\$135.00
	Franklin	Butler	Harvey
	Gray	Douglas	Johnson
	Kiowa	Jefferson	
	Morton	Leavenworth	
	Pawnee	Osage	
	Seward	Riley	
	Sherman	Sedgwick	
		Shawnee	
		Wyandotte	

The effective date of this regulation shall be May 1, 1987. This regulation shall expire July 1, 1987. (Authorized by K.S.A. 39-708c; implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-11, June 17, 1981; amended, E-82-19, Oct. 21, 1981; amended May 1, 1982; amended, T-83-17, July 1, 1982; amended May 1, 1983; amended, T-85-19, July 1, 1984; amended May 1, 1985; amended, T-86-19, July 1, 1985; amended, T-86-42, Jan. 1, 1986; amended May 1, 1986; amended, T-87-15, July 1, 1986; amended, T-88-2, Feb. 1, 1987; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-4-102. Standards for children in foster care.**

The standards below shall be used for children in foster care. (a) The cost of care for any child placed in a care facility other than a foster family home shall be as established by the secretary.

(b) The foster care standard shall be used in ADC and GAU only if an approved service plan is on file which documents that the child is temporarily absent from the home because of illness of another member of the household or incarceration of the caretaker.

(c) The residential standard shall be used only if an approved service plan is on file which documents that the child is temporarily absent from the home because of basic education or training, if the training results in gainful employment.

*Standards for Foster Family Care*

	<i>Monthly Rate</i>	<i>Daily Rate</i>
Infant through 4 years	\$177.00	\$ 5.81
5 through 11 years	\$239.00	\$ 7.86
12 years and older	\$303.00	\$ 9.96

The effective date of this regulation shall be May 1, 1987. This regulation shall expire July 1, 1987. (Authorized by K.S.A. 39-708c; implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-11, June 17, 1981; amended May 1, 1982; amended, T-83-17, July 1, 1982; amended, T-84-8, April 1, 1983; amended, T-84-9, May 1, 1983; amended, T-84-11, July 1, 1983; amended May 1, 1984; amended, T-85-19, July 1, 1984; amended May 1, 1985; amended,

T-86-19, July 1, 1985; amended, T-86-42, Dec. 18, 1985; amended May 1, 1986; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

**30-4-111. Applicable income.** (a) Applicable income shall be the amount of earned and unearned income to be subtracted from the budgetary requirements in determining the budgetary deficit.

(b) Applicable earned income for persons included in the assistance plan shall equal: gross earned income or the adjusted gross earned income from self-employment, less the following items:

- (1) Seventy-five dollars for each employed person; and
- (2) reasonable and not excessive expenses for child care or expenses for the care of an incapacitated person. The amount of dependent care to be deducted shall not exceed \$160.00 per person for full time employment or \$110.00 for part time employment. The dependent shall be included in the assistance plan before the deduction is allowed.

(c) Gross earned income or the adjusted gross income from self-employment shall not be reduced when the recipient:

- (1) has failed to file the monthly status report form without good cause;
- (2) has terminated employment or has reduced earnings without good cause within a period of not less than 30 days preceding the payment month; or
- (3) has refused without good cause to accept a bona fide offer of employment within the 30-day period preceding the payment month.

(d) For self-employed persons, adjusted gross earned income equals gross earned income less cost of the production of the income. Income-producing costs include only those expenses directly related to the actual production of income. The following guidelines shall be used by the agency in calculating the cost of the production of the income:

(1) The intent of the public assistance program shall not be to pay debts, set up an individual in business, subsidize a nonprofit activity, or to treat income on the basis of IRS policies.

(2) Any losses suffered from self-employment shall not be deducted from other income nor may a net loss of a business be considered as an income-producing cost.

(3) If a business is being conducted from a non-home location, business space and utilities shall be considered as income-producing costs.

(4) If a business is being conducted from a person's own home, shelter and utility costs shall not be considered as income-producing costs unless they are clearly distinguishable from the home operation.

(5) Any payments that increase the equity in equipment, vehicles, or other property shall not be considered as an income-producing cost.

(6) If equipment, vehicles, or other property is being purchased on an installment plan, the actual interest paid may be considered as an income-producing cost.

(7) Depreciation on equipment, vehicles, or other

(continued)

property shall not be considered as an income-producing cost.

(8) Insurance payments on equipment, vehicles, or other property shall be allowed if such payments are directly related to the business.

(9) Inventories and supplies that are reasonable and required for the business shall be considered as income-producing costs.

(10) Wages and other mandated costs related to wages paid by the applicant or recipient shall be considered as income-producing costs.

(e) In ADC, ADC-FC, APW beginning with the sixth month of pregnancy provided there is apparent ADC eligibility in the month in which the child is expected to be born, GA-FC and for children receiving GA, the applicable earned income shall be further reduced by the ADC earned income disregards by subtracting \$30.00 and  $\frac{1}{3}$  of the remainder, for:

(1) Applicants who had received assistance in one of the four preceding months and who had not had the disregards applied to their income for the periods of time specified in paragraph (2) of this subsection; and

(2) recipients. The disregards shall continue for a period of time not to exceed four consecutive months for the  $\frac{1}{3}$  disregard and 12 consecutive months for the \$30.00 disregard. The earned income disregard shall not be reinstated for a recipient until the expiration of 12 consecutive months during which the individual did not receive cash assistance. If the client would have been eligible to receive the earned income disregard in any month, but did not receive it due to the client's failure to comply with an eligibility or procedural requirement, the month shall be counted in determining the four and 12 consecutive month periods.

(f) Applicable earned and unearned income of a stepparent or the parent of a minor parent not included in the assistance plan or of an alien who is a parent of an ADC child and who is excluded from the assistance plan due to the provisions of P.L. 99-603, the Immigration Reform and Control Act of 1986. In determining eligibility and the amount of payment, the applicable income to be counted shall equal: gross income or the adjusted gross income of the self-employed less the following items:

(1) Seventy-five dollars of earned income;

(2) the standards for budgetary requirements of the above referenced persons and dependents in the same household who are claimed by such persons for internal revenue service purposes and who are not in the assistance plan;

(3) amounts paid by such persons not living in the same household and claimed as dependents for internal revenue service purposes; and

(4) alimony or child support payments to individuals not living in the household which are made by such persons.

(g) For a legally responsible person in the home who is not included in the assistance plan, all nonexempt, unearned income and gross earnings, or adjusted gross earnings of the self-employed, shall be considered without the application of any income disregards, unless otherwise prohibited by law.

(h) Attribution of a sponsor's income to the alien. The income of an alien's sponsor shall be considered in determining eligibility and the amount of payment for the alien as prescribed by the secretary of health and human services and as approved by the secretary of social and rehabilitation services.

(i) Applicable, unearned income of persons included in the assistance plan. All net, unearned income shall be applicable, unless exempted. The effective date of this regulation shall be May 1, 1987. (Authorized by K.S.A. 39-708c; implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-19, Oct. 21, 1981; amended May 1, 1982; amended, T-83-17, July 1, 1982; amended May 1, 1983; amended, T-85-26, Oct. 15, 1984; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

#### Article 5.—PROVIDER PARTICIPATION, SCOPE OF SERVICES, AND REIMBURSEMENTS FOR THE MEDICAID (MEDICAL ASSISTANCE) PROGRAM

**30-5-70. Payment of medical expenses for eligible recipients.** (a) Program recipients shall be eligible for the payment of specific medical expenses as follows:

(1) Payment of medicare (title XVIII) premiums and deductibles and co-insurance amounts for services covered in the medicaid program. Recipients who are ineligible for program coverage because they have a spenddown shall also be eligible for the payment of the medicare (title XVIII) premium expense. For cash recipients, including SSI recipients, age 65 or older, payment of the medicare (title XVIII) premium shall begin with the month of approval for medicaid, excluding any months of prior eligibility. For recipients under age 65 who are eligible for medicare after receiving retirement and survivor's disability insurance for 24 consecutive months, payment of the medicare (title XVIII) premium shall begin with the 25th month. For all other recipients, payment of the medicare (title XVIII) premium shall begin with the second month following the month of approval for medicaid, excluding any months of prior eligibility.

(2) payment of premiums of health maintenance organizations which are approved by the agency; and

(3) payment of other allowable medical expenses incurred in the current eligibility base period in excess of any co-pay or spenddown requirements.

(b) The scope of services to be provided recipients and the payment for those services shall be as set forth in articles 5 and 10 of this chapter, subject to the following limitations.

(1) Payment for a particular medical expense shall be denied if it is determined that:

(A) The recipient failed to utilize medical care available through other community resources, including public institutions, veterans administration benefits, and those laboratory services that are available at no charge through the state department of health and environment;

(B) a third party liability for the medical expense has been established and is available;

(C) the recipient fails to make a good faith effort to establish a third party liability for the medical expense or fails to cooperate with the agency in establishing the liability. Payment of a medical expense may be delayed pending the outcome of a determination concerning third party liability;

(D) the expense is not covered or is only partially covered by an insurance policy because of an insurance program limitation or exclusion;

(E) the recipient failed to notify the provider of services of the recipient's eligibility for the program;

(F) the service is cosmetic, pioneering, experimental, or a result of complications related to such procedures;

(G) the service is related to transplant procedures which are noncovered by the medicaid/medikan program;

(H) the service was provided by a provider not designated as a lock-in provider for any recipient who is locked into designated providers due to abuse or participation in a primary care network. This limitation shall not apply to emergency services or services not provided by the primary care network; or

(I) the service was provided by an unlicensed provider when licensure is a requirement to participate in the medicaid/medikan program.

(2) Payment for out-of-state services shall be limited to:

(A) Payment on behalf of recipients living near a state border, where medical services are normally provided by medical vendors that are located in the bordering state and within 50 miles of the state border, except for community mental health center services, alcohol and drug abuse services or partial hospitalization programs;

(B) emergency services rendered outside the state;

(C) nonemergency services for which prior approval by the agency has been given. Authorization from the agency shall be obtained before making arrangements for the individual to obtain the out-of-state services;

(D) services provided by independent laboratories;

(E) services provided in the state by out-of-state durable medical equipment and medical supply providers, if there is a provider service representative located in the state; and

(F) services provided to foster care recipients.

(3) Payment liability for services rendered to a person who is mandated to receive inpatient treatment for tuberculosis and who is not otherwise eligible for participation in the program shall be limited to services related to the treatment.

(4) Each claim for payment shall be submitted within six months of the date of service and in accordance with K.A.R. 30-5-65.

(5) For the time period May 1, 1987 through June 30, 1987, the scope of services for adult non-medicare (non-title XIX) program recipients shall be limited to the following services:

(A) Inpatient hospital services as set forth in K.A.R. 30-5-151, except that services shall be limited to \$225.00 per person per state fiscal year;

(B) physician office visits not to exceed eight visits per calendar year;

(C) community mental health center services as set forth in K.A.R. 30-5-154;

(D) home health services as set forth in K.A.R. 30-5-157;

(E) pharmacy services as set forth in K.A.R. 30-5-158;

(F) family planning services as set forth in K.A.R. 30-5-168; and

(G) partial hospitalization services as set forth in K.A.R. 30-5-169.

(6) The scope of services for adult medicaid (title XIX) program recipients shall be limited as set forth in K.A.R. 30-5-156, 30-5-160, and 30-5-161. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-11, June 17, 1981; modified, L. 1982, ch. 469, May 1, 1982; amended, T-84-8, March 29, 1983; amended May 1, 1983; amended, T-84-9, March 29, 1983; amended May 1, 1984; amended May 1, 1985; amended May 1, 1986; amended, T-87-15, July 1, 1986; amended, T-87-44, Jan. 1, 1987; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-5-81b. The basis of reimbursement for hospital services.** (a) General hospitals; inpatient services. For covered services rendered to program recipients, each general hospital shall be reimbursed on the basis of a prospective per diem rate pursuant to the provisions of K.A.R. 30-5-81q through 30-5-81t except as set forth below. On or after January 1, 1987, each general hospital shall be reimbursed with a quarterly premium. The premium shall be calculated individually for each hospital by multiplying its number of medicaid/medikan discharges in the immediately preceding state fiscal year by a fixed percentage of its current rate. The fixed percentage shall be determined on an annual basis by the secretary.

(b) General hospitals; outpatient services. For covered services rendered to program recipients, each general hospital shall be reimbursed based on the reimbursement methodology for comparable services rendered by non-hospital providers. For laboratory and radiology services, each general hospital shall be reimbursed its customary charges not to exceed the range maximum set forth in K.A.R. 30-5-85a plus 2%.

(c) General hospitals; long term care in swing bed hospitals. For covered services rendered to program recipients, each general hospital shall be reimbursed pursuant to 42 CFR 447.251 through 447.256, 447.271, and 447.280, revised October 1, 1984, which are adopted by reference.

(d) Special hospitals. Each special hospital shall be reimbursed the lesser of reasonable costs or customary charges for covered services rendered to program recipients.

(e) New hospitals. A newly constructed hospital which was not in operation for a full year during the hospital's fiscal year ending in 1981, or an existing hospital which served less than five Kansas medicaid recipients during the hospital's fiscal year ending in 1981 shall be considered a new hospital.

(continued)

(f) Hospitals which are determined to have a disproportionate number of low income patients with special needs shall be reimbursed at an additional 1% of their per diem rate for the year in which a disproportionate number of low income patients with special needs occurs. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended, E-82-6, May 1, 1981; modified, L. 1982, ch. 469, May 1, 1982; amended May 1, 1983; amended, T-84-7, March 29, 1983; amended May 1, 1984; amended, T-85-24, Sept. 18, 1984; amended May 1, 1985; amended, T-86-19, July 1, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-5-83a. Reimbursement for ambulatory surgical centers.** Reimbursement shall be made as a fee for service established by the secretary. No fee shall be paid in excess of reasonable cost or charges, whichever is less. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended May 1, 1983; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

**30-5-87a. Reimbursement for early and periodic screening, diagnosis and treatment (EPSDT).** (a) Reimbursement for screening and appropriate referral shall be made as a fee for service established by the secretary. No fee shall be paid in excess of reasonable cost or charges, whichever is less.

(b) Reimbursement for diagnosis and treatment shall follow the guidelines established for all other provider groups in the program. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

**30-5-100. Scope of dental services.** (a) Dental services shall be covered for EPSDT participants.

(b) Limitations.

(1) Prior authorization shall be required for designated services.

(2) Prior authorization shall be required for dental treatment plans estimated to exceed, during a calendar year, the range maximum established by the secretary. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended May 1, 1983; amended, T-84-7, May 1, 1983; amended May 1, 1984; amended May 1, 1986; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

**30-5-106a. Reimbursement for ambulance services.** Reasonable fees as related to customary charges shall be paid for ambulance services. However, no fee shall be paid in excess of the range maximum. The range of charges shall provide the base for computations. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1981; amended May 1, 1983; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

## Article 6.—MEDICAL ASSISTANCE PROGRAM—CLIENTS' ELIGIBILITY FOR PARTICIPATION

**30-6-54. Citizenship, alienage, and residence.** (a) Definition. "Resident" means any person who is living in the state voluntarily, with no intention of presently moving from the state, and who is not living in the state for a temporary purpose. A child shall be a resident if living in the state. In addition, residence shall be established for medicaid eligibles who have entered the state with a job commitment or who are seeking employment.

(b) Citizenship and alienage. Each applicant or recipient shall be:

(1) A citizen of the United States;

(2) an alien lawfully admitted for permanent residence;

(3) an alien otherwise permanently residing in the United States under color of law; or

(4) an alien who has been granted temporary or permanent residence status pursuant to P.L. 99-603, the Immigration Reform and Control Act of 1986.

An otherwise eligible alien who does not qualify under the above provisions shall be eligible for emergency medical care pursuant to P.L. 99-509, the Omnibus Budget Reconciliation Act of 1986.

(c) Residence. Each applicant or recipient shall be a resident of Kansas. The individual shall be living in the state and not receiving assistance from another state. Temporary absence from the state with subsequent returns to the state, or intent to return when the purposes of the absence have been accomplished, shall not interrupt continuity of residence. Residence shall be retained until abandoned or established in another state.

For institutionalized individuals, the following criteria shall be used to determine residency.

(1) Any person placed by a state agency in an out-of-state institution shall retain residence in the state making the placement.

(2) Any person who is under age 21 or who became incapable of intent before age 21 shall be determined to have the same residence as the parent or legal guardian.

(3) Any person who became incapable of intent on or after age 21 shall remain a resident of the state in which the person is physically residing.

(4) Any other person shall be regarded as a resident of the state in which the person is living with the intention to remain there permanently or for an indefinite period. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-6-65. Automatic eligibles.** To be automatically eligible for medical assistance, each person shall meet the general eligibility requirement of K.A.R. 30-6-63 and shall be: (a) Legally entitled to and receiving SSI benefits and shall meet the general eligibility requirements of residence;



- (b) legally entitled to and receiving state supplemental payments from Kansas related to SSI;
- (c) determined by SSA to retain recipient status, although not currently receiving an SSI benefit;
- (d) receiving public assistance, excepting TGA and emergency assistance, pursuant to article 4 of this chapter. Such recipients shall meet the general eligibility requirement of K.A.R. 30-6-55(d);
- (e) not receiving public assistance for one of the following reasons:
  - (1) The person is eligible for less than \$10.00 of public assistance;
  - (2) the amount of recovery of an overpayment is greater than the budget deficit; or
  - (3) the person is eligible using prospective budgeting, but ineligible due to retrospective accounting of income;
- (f) included in the assistance plan of a family which was receiving ADC, ADC-FC, or APW in at least three of the six months immediately preceding the month in which the family became ineligible for ADC, ADC-FC, or APW and which became ineligible solely because of increased earned income or increased hours of employment. Such recipients shall meet the general eligibility requirement of K.A.R. 30-6-55(d). Automatic eligibility for the medical assistance program shall continue for the four months immediately subsequent to the last month in which the family was eligible and legally entitled to receive ADC, ADC-FC, or APW as long as a family member is employed and the family and the person remains ineligible for ADC, ADC-FC, or APW solely because of increased earned income or increased hours of employment. The receipt of an extra pay check due to an additional pay period within a calendar month shall not constitute an increase in earnings;
- (g) included in the assistance plan of a family which was receiving ADC, ADC-FC, or APW in at least three of the six months immediately preceding the month in which the family became ineligible for ADC, ADC-FC, or APW as a result, in whole or in part, of collection or increased collection of support. Such recipients shall meet the general eligibility requirement of K.A.R. 30-6-55(d). Automatic eligibility for the medical assistance program shall continue for the four months immediately subsequent to the last month in which the family was eligible and legally entitled to receive ADC, ADC-FC, or APW as long as the family remains ineligible for ADC, ADC-FC, or APW due to such collection or increased collection of support;
- (h) mandated to receive inpatient treatment for tuberculosis;
- (i) one who is not a public assistance recipient but is receiving maintenance payments from youth services;
- (j) included in the assistance plan of a family which became ineligible for ADC, ADC-FC, or APW solely because of the termination of the earned income disregards as provided in K.A.R. 30-4-111(e). Automatic eligibility for the medical assistance program shall continue for the nine months immediately subsequent to the last month in which the family was eligible and legally entitled to receive ADC, ADC-FC, or APW;

- (k) a non-ADC eligible child who is under 18 years of age and who meets the ADC income and resource requirements pursuant to article 4 of this chapter;
- (l) a child born to a mother eligible for and receiving medicaid at the time of birth for a period of up to one year. The child shall remain eligible so long as such mother remains eligible for medicaid and the child remains in the same household with the mother;
- (m) a child receiving foster care payments under title IV-E, regardless of the state making payment
- (n) a child for whom an adoption assistance agreement under title IV-E is in effect, even if assistance payments are not being made or the adoption assistance agreement was entered into with another state. Automatic eligibility begins when the child is placed for adoption even if an interlocutory decree of adoption or a judicial decree of adoption has not been issued; or
- (o) a child for whom a non-title IV-E adoption assistance agreement is in effect between the state and the adoptive parents and who cannot be placed without medical assistance because the child has special needs for medical or rehabilitative care. The effective date of this regulation shall be May 1, 1987. (Authorized by and implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-19, Oct. 21, 1981; amended May 1, 1982; amended, T-84-8, March 29, 1983; amended May 1, 1983; amended, T-84-9, March 29, 1983; amended May 1, 1984; amended, T-85-26, Oct. 15, 1984; amended, T-85-34, Dec. 19, 1984; amended May 1, 1985; amended, T-86-19, July 1, 1985; amended May 1, 1986; amended, T-87-5, May 1, 1986; amended, T-87-15, July 1, 1986; amended, T-87-29, Nov. 1, 1986; amended, T-87-44, Jan. 1, 1987; amended, T-88-10, May 1, 1987.)

**30-6-103. Determined eligibles; protected income levels.** (a) Independent living.

- (1) The protected income level for persons in independent living arrangements shall be based on the total number of persons in the assistance plan and the legally responsible persons in the family group who are not included in the plan.
- (2) The protected income levels for independent living shall also be used when an applicant or recipient:
  - (A) Enters a medicaid-approved facility;
  - (B) is absent from the home for medical care for a period not to exceed three months to allow for maintaining their independent living arrangements; or
  - (C) is in the home- and community- based services program.
- (3) The following table shall be used to determine the protected income level for persons in independent living.

PERSONS IN INDEPENDENT LIVING (Per Month)			
1	2	3	4
\$341.00	\$433.00	\$460.00	\$470.00

The protected income level for additional persons shall be the sum of the basic standard for a like public  
(continued)

assistance family plus the maximum state shelter standard.

(b) Institutional living arrangements. For persons residing in institutional settings, the protected income level shall be \$25.00 except as noted in paragraph (2) of subsection (a).

(c) Specialized living arrangements. The protected income level for persons residing in approved, specialized living arrangements, including adult family homes, home- and community-based congregate care facilities, and child care facilities, shall be as established by the secretary. The effective date of this regulation shall be May 1, 1987. This regulation shall expire July 1, 1987. (Authorized by and implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-11, June 17, 1981; amended, E-82-19, Oct. 21, 1981; amended May 1, 1982; amended, T-83-17, July 1, 1982; amended May 1, 1983; amended, T-84-11, July 1, 1983; amended, T-84-36, Dec. 21, 1983; amended May 1, 1984; amended, T-85-34, Dec. 19, 1984; amended May 1, 1985; amended, T-86-19, July 1, 1985; amended, T-86-42, Jan. 1, 1986; amended May 1, 1986; amended, T-87-15, July 1, 1986; amended, T-88-2, Feb. 1, 1987; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

**30-6-111. Applicable income.** Applicable income means the amount of earned and unearned income which is compared with the appropriate protected income level to establish financial eligibility. (a) Non-SSI. Applicable earned income shall be determined as follows:

(1) Applicable earned income for persons included in the assistance plan and, except as noted in subparagraph (a)(4) of this section, for all legally responsible persons in the home who are excluded from the assistance plan shall equal gross earned income, or the adjusted gross earned income from self-employment, less the following items:

(A) Seventy-five dollars for each employed person; and

(B) reasonable and not excessive expenses for child care or expenses for the care of an incapacitated person. The amount of dependent care to be deducted shall not exceed \$160.00 per person for full time employment or \$110.00 for part time employment. The dependent shall be included in the assistance plan before the deduction is allowed.

(2) Gross earned income, or the adjusted gross income from self-employment, shall not be reduced when the recipient:

(A) Has terminated employment or reduced earnings without good cause within 30 days preceding the month of eligibility; or

(B) has refused without good cause to accept a bona fide offer of employment within the 30-day period preceding the month of eligibility.

(3) For self-employed persons, adjusted gross earned income shall equal gross earned income less cost of the production of the income. Income-producing costs shall include only those expenses directly related to the actual production of income. These costs shall be verified. The following guidelines shall be used by the agency in calculating the cost of the production of the income:

(A) The intent of the medical assistance program is not to subsidize the payment of debts, the setting up of an individual in business, or a nonprofit activity, or to treat income on the basis of IRS policies.

(B) Any losses suffered from self-employment shall not be deducted from other income nor shall the net loss of a business be considered as an income-producing cost.

(C) If a business is being conducted from a non-home location, business space and utilities may be considered as income-producing costs.

(D) If a business is being conducted from a person's own home, shelter and utility costs shall not be considered as income-producing costs unless it is verified that they are clearly distinguishable from the home operation.

(E) Any payments that increase the equity in equipment, vehicles, or other property shall not be considered as an income-producing cost.

(F) If equipment, vehicles, or other property is being purchased on an installment plan, the actual interest paid may be considered as an income-producing cost.

(G) Depreciation on equipment, vehicles, or other property shall not be considered as an income-producing cost.

(H) Insurance payments on equipment, vehicles, or other property shall be allowed if such payments are directly related to the business.

(I) Inventories and supplies that are reasonable and required for the business may be considered as income-producing costs.

(J) Wages and other mandated costs related to wages paid by the applicant or recipient may be considered as income-producing costs.

(4) In determining eligibility and the amount of payment, the applicable earned and unearned income of a stepparent or the parent of a minor parent not included in the assistance plan or of an alien who is a parent of an ADC child and who is excluded from the assistance plan due to the provisions of P.L. 99-603, the Immigration Reform and Control Act of 1986, shall equal gross income less the following items:

(A) Seventy-five dollars of earned income;

(B) the protected income level for the stepparent or the parent of a minor parent and for dependents in the same household who are claimed by the stepparent or the parent of a minor parent for internal revenue service purposes and who are not in the assistance plan;

(C) amounts paid by the stepparent or the parent of a minor parent to persons not living in the same household and who are claimed as dependents for internal revenue service purposes; and

(D) alimony or child support payments to individuals not living in the household which are made by the stepparent or the parent of a minor parent.

(5) Attribution of a sponsor's income to the alien. The income of an alien's sponsor shall be considered in determining eligibility and the amount of payment for the alien as prescribed by the secretary of health and human services.



(b) SSI. Applicable earned income shall be determined as follows:

(1) Wages. The applicable earned income shall be gross income less income disregards, if applicable.

(2) Self-employment. The applicable earned income shall be the adjusted gross income less income disregards, if applicable. The principles set forth in paragraph (a)(2) of this regulation in regard to adjusted gross income shall be applicable to calculations made pursuant to this paragraph.

(c) SSI income disregards.

(1) The following disregards shall apply to persons in independent living or in the home- and community-based service program:

(A) The first \$20.00 of any nonexempt, unearned income; and

(B) an applicable earned income disregard calculated as follows: gross earned income minus any portion of the unearned income disregard that exceeds monthly earned income plus \$65.00 of monthly earned income plus  $\frac{1}{2}$  times the remainder of the monthly earned income equals applicable earned income disregard.

(2) The following disregards shall apply to persons in long term care who are employed:

(A) Seventy-five dollars, if employed full time; and

(B) fifty dollars, if employed part time.

(d) Applicable unearned income of persons included in the assistance plan. All net, unearned income shall be applicable unless exempted in accordance with K.A.R. 30-6-112 and 30-6-113. Regulation K.A.R. 30-6-111 in effect immediately prior to May 1, 1987 shall expire on July 1, 1987. The provisions set out in subparagraph (a)(4) shall be effective May 1, 1987. All other provisions, including subparagraph (a)(4), shall be in effect on and after July 1, 1987. (Authorized by and implementing K.S.A. 39-708c, 39-709; effective May 1, 1981; amended, E-82-19, Oct. 21, 1981; amended May 1, 1982; amended May 1, 1983; amended May 1, 1984; amended, T-85-26, Oct. 15, 1984; amended May 1, 1985; amended, T-86-9, May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-88-10, May 1, 1987.)

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