

# KANSAS REGISTER



State of Kansas

**BILL GRAVES**  
Secretary of State

Vol. 7, No. 2

January 14, 1988

Pages 23-38

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State of Kansas

**KANSAS INSURANCE DEPARTMENT****NOTICE OF HEARING**

A formal hearing will be conducted at 9:30 a.m. Monday, January 25, in the offices of the Kansas Commissioner of Insurance, 420 S.W. 9th, Topeka, to determine whether the application for the proposed acquisition of control of Independent Investment Corporation and its subsidiary, Home State Life Insurance Company, Wichita, by London Insurance Group, Phoenix, Arizona, should be approved by the Commissioner of Insurance in accordance with the provisions of K.S.A. 40-3301 *et seq.*

All interested parties may attend and will be given the opportunity to hear the details of the proposed acquisition, to present either oral or written testimony in favor of or in opposition to the transaction, and to ask any questions relative to the transaction.

**FLETCHER BELL**  
Commissioner of Insurance

Doc. No. 006119

State of Kansas

**KANSAS INSURANCE DEPARTMENT****NOTICE OF HEARING**

A formal hearing will be conducted at 2 p.m. Monday, January 25, in the offices of the Kansas Commissioner of Insurance, 420 S.W. 9th, Topeka, to determine whether the application for the proposed acquisition of Home State Life Insurance Company, Wichita, by American Underwriters Life Insurance Company, Phoenix, Arizona, and Casualty Underwriters Insurance Company, Salt Lake City, Utah, should be approved by the Commissioner of Insurance in accordance with the provisions of K.S.A. 40-3301 *et seq.*

All interested parties may attend and will be given the opportunity to hear the details of the proposed acquisition, to present either oral or written testimony in favor of or in opposition to the transaction, and to ask any questions relative to the transaction.

**FLETCHER BELL**  
Commissioner of Insurance

Doc. No. 006118

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Topeka, KS 66612-1594



Phone: (913) 296-3489

## State of Kansas

**UNIVERSITY OF KANSAS****NOTICE TO BIDDERS**

Sealed bids for items listed below will be received by the University of Kansas Purchasing Office, Lawrence, until 2 p.m. C.S.T. on the date indicated and will then be publicly opened. Interested bidders may call (913) 864-3416 for additional information.

**Thursday, January 28, 1988**  
#88 0488

Distributed Common LISP Computer System consisting of three (3) Common LISP Central Processing Unit Workstations and a color graphics upgrade, with ETHERNET Network System connecting above with existing unit.

**GENE PUCKETT, C.P.M.**  
Director of Purchasing

Doc. No. 006117

## State of Kansas

**STATE HISTORICAL SOCIETY  
HISTORIC SITES BOARD OF REVIEW****NOTICE OF MEETING**

The Kansas Historic Sites Board of Review will meet Saturday, February 6, in Classroom B at the Kansas Museum of History, 6425 S.W. 6th, Topeka. Agenda items include election of officers and evaluation of the following properties for nomination to the National Register of Historic Places and the Register of Historic Kansas Places:

Eclipse School, .5 mile north and 1.5 miles east of Troy, Doniphan County

Frank and Nelle Benedict House, 923 Tennessee, Lawrence, Douglas County (State Register only)

William Priestly House, 1505 Kentucky, Lawrence, Douglas County

The board will also review a draft of a proposed thematic nomination of Kansas Post Office Artwork (1936-1942) and provide an advisory opinion on eligibility to the State Historic Preservation Officer and the U.S. Postal Service. Post offices included in the draft nomination are located in Anthony, Augusta, Belleville, Burlington, Caldwell, Council Grove, Eureka, Fredonia, Halstead, Herington, Hoisington, Horton, Hutchinson, Kingman, Lindsborg, Neodesha, Oswego, Russell, Sabetha, and Seneca. The draft also includes former post offices in Salina and Wichita.

**JOSEPH W. SNELL**  
Executive Director

Doc. No. 006109

## State of Kansas

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

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

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

The following appointments were filed January 5 through January 7:

**Office of the Governor**

**Tracie Mattivi**, 8417 Santa Fe Drive, Suite 106, Overland Park 66212. Constituent Service Representative to the Governor. Effective December 17, 1987. Serves at the pleasure of the Governor.

**John Strickler**, 1523 University Drive, Manhattan 66502. Special Assistant on Environment and Natural Resources to the Governor. Effective July 1, 1987. Serves at the pleasure of the Governor.

**Governor's Task Force on the  
Future of Rural Communities**

(Effective December 29, 1987. Serve at the pleasure of the Governor.)

**John Jay Armstrong**, Box 117, Muscotah 66058.  
**Michael L. Baughn**, Box 147, Brewster 67732.  
**Sara Beezley**, P.O. Box 352, Girard 66743.  
**John Blythe**, 2321 Anderson Ave., Manhattan 66506.

**Dane Britton**, 306 Kunkle Drive, Ellsworth 67439.  
**Sam Brownback**, Secretary of Agriculture, State Board of Agriculture, 109 W. 9th, Topeka 66612.

**Don Concannon**, 120 W. 6th, Hugoton 67951.  
**Richard Diamond**, Mankato 66956.  
**Dr. William Eberle**, Kansas State University, Umberger Hall, Room 125, Manhattan 66506.

**Gary K. Hayzlett**, P.O. Box 66, Lakin 67860.  
**Dana Hummer**, 3301 S.W. Arnold Ave., Topeka 66614.

**Harold G. Kraus**, Route 2, Box 108, Hays 67601.  
**Harland Priddle**, Secretary of Commerce, Department of Commerce, 5th Floor, Capitol Tower, 400 W. 8th, Topeka 66612.

**David Schirmer**, Route 1, Holton 66436.  
**Nancy Scott**, 1633 N. Meridian, Wichita 67203.  
**Sarah Shear**, 516 Dakota St., Sabetha 66534.

**BILL GRAVES**  
Secretary of State

## State of Kansas

**STATE HISTORICAL SOCIETY  
STATE RECORDS BOARD****NOTICE OF MEETING**

The Kansas State Records Board will meet at 10 a.m. Thursday, January 21, in the conference room on the fourth floor of the Memorial Building, 120 W. 10th, Topeka. The board will consider requests from state agencies submitting proposals for disposition of non-current government records.

In addition, general administrative matters and other business will be discussed.

EUGENE D. DECKER  
State Archivist

Doc. No. 006108

## State of Kansas

**SOCIAL AND REHABILITATION SERVICES****FAMILY AND CHILDREN  
TRUST FUND SOLICITATION**

Application kits will be available for the programs listed below from the SRS area offices beginning January 19:

**Program I—Continuation Grants.**

The programs currently receiving first, second or third year trust fund grants are eligible to apply for second, third or fourth year grants. All of these applicants will be subject to the trust fund guidelines being issued January 19. Each program will be notified of the maximum amount of funds available to them in 1988.

**Program II—New Community-Based Child Abuse and Neglect and Family Abuse Prevention Grants.**

Approximately five to 10 new programs will be funded in dollar amounts ranging from \$500 to \$20,000.

Applications for Program I and Program II must be submitted to the SRS area office no later than 5 p.m. March 11. Late applications will not be considered. Final award decisions will be made by the Children and Youth Advisory Committee. Successful applicants will be notified about June 15.

Pre-submission conferences will be held in Wichita on Tuesday, February 2 and in Kansas City on Friday, February 5.

Questions regarding this notification should be directed to the SRS area office chief of social services or to David O'Brien of SRS/Youth Services, (913) 296-4649.

ROBERT C. BARNUM  
Commissioner, Youth Services

Doc. No. 006121

## State of Kansas

**ATTORNEY GENERAL****Opinion No. 87-189**

**Schools—Organization, Powers and Finances of Boards of Education—Changing Use of Schools; Disposition of Senior Class Funds.** Robert Christensen, Chapin & Penny, Attorneys, Medicine Lodge, December 31, 1987.

The senior class funds of a high school class which is merged with another school within the same district should be distributed in accordance with the nature of the property interest claimed by the students. If the students have a legitimate expectation of receiving benefits from the fund, then the moneys should be distributed to the schools actually attended. Otherwise, the moneys should be distributed to the district's senior class as designated by the board. Cited herein: K.S.A. 72-8205; 72-8213; 72-8233. MWS

**Opinion No. 87-190**

**Taxation—Mortgage Registration and Intangibles; Mortgage Registration—Exemption Therefrom.** Myrtilla E. Zeigler, Wabaunsee County Register of Deeds, Alma, December 31, 1987.

Executory contracts for the sale of real estate which have the characteristics described in K.S.A. 79-3101 are mortgages of real property for purposes of the mortgage registration fee statutes. Federal land banks, which are exempt from all but real estate taxes assessed by the state, are thus exempt from the payment of mortgage registration fees upon the filing of such contracts. Similarly, production credit associations, as instrumentalities of the United States government, are exempt from mortgage registration fee requirements. Cited herein: K.S.A. 79-3101; 12 U.S.C.A. §§ 2055, 2098 (West Supp. 1987). JLM

**Opinion No. 87-191**

**Intoxicating Liquors and Beverages—Licensing and Related Provisions; City Option—Retailer's License; Amtrack.** Tom Hanna, Director, Alcoholic Beverage Control Division, Topeka, December 31, 1987.

Amtrack may sell alcoholic beverages in Kansas only if licensed to do so by the Director of the Division of Alcoholic Beverage Control. Any license granted by the director is subject to continued eligibility, compliance with all relevant statutes and rules and regulations, and any required local authorization. While current law may make it impractical for Amtrack to obtain a license to sell alcoholic beverages in Kansas, the legislature may provide for temporary membership in class B clubs located on railroads such as it has for class B clubs located in hotels or municipal airports. Cited herein: K.S.A. 41-2601, as amended by L. 1987, ch. 182, § 60; K.S.A. 41-2702, as amended by L. 1987, ch. 182, § 98; L. 1987, ch. 182, §§ 87, 88, 89; Kan. Const., Art. 15, § 10. JLM

ROBERT T. STEPHAN  
Attorney General

Doc. No. 006116

## State of Kansas

**KANSAS ADVOCACY AND PROTECTIVE SERVICES, INC.****NOTICE OF MEETING**

The Kansas Advocacy and Protective Services will conduct its governing board meeting at 6:30 p.m. Monday, January 25, at the Jayhawk Tower, 700 Jackson, Topeka. For further information, call (KANS-A-N) 567-8670 or (913) 776-1541.

JOAN STRICKLER  
Executive Director

Doc. No. 006125

(Published in the *Kansas Register*, January 14, 1988.)

**Geary County and  
Riley County, Kansas**

**Public Notice**

Geary County and Riley County, Kansas, hereby announce their sponsorship of a statewide program to reduce home loan financing costs. The counties have established a mortgage credit certificate program which will entitle first-time him/her and borrowers of qualifying home improvement and rehabilitation loans to a federal income tax credit. A tax credit is a direct reduction of taxes due. Under the program a homebuyer would receive a mortgage credit certificate entitling homebuyers to reduce their taxes by 25 percent of the amount of interest paid on their home loan. The tax credit is available each year that the borrower continues to live in the home financed under the program.

In order to qualify for the program, federal law requires that a homebuyer satisfy each of the following guidelines:

**1. First-Time Homebuyer.** Each homebuyer must be a first-time homebuyer. Any person who has not owned his/her principal residence at any time during the three years prior to closing a loan under the program is considered a first-time homebuyer. This requirement does not apply to qualifying home improvement and rehabilitation loans.

**2. Income.** Because the program benefits low and moderate income persons, federal law imposes limitations on the gross income of homebuyers. In most areas of the state of Kansas the current limit on gross income is \$34,500. The following areas are subject to higher limits on income: Ellis County—\$34,960; Finney County—\$34,615; Ford County—\$34,845; Grant County—\$35,190; Lyon County—\$35,995; Seward County—\$36,455; Sumner County—\$35,765; Thomas County—\$35,075; Kansas City metropolitan area—\$38,985; Topeka metropolitan area—\$37,375; and Wichita metropolitan area—\$40,250. Gross income includes salary and wages, including overtime, as well as dividends, alimony, public assistance, social security, unemployment compensation and investment income and profits.

**3. Purchase Price.** In addition to income, federal law also imposes limitations on the purchase price of homes financed under the program. In most areas of the state of Kansas, the maximum purchase price for a new home is \$66,690 and for an existing home is \$50,220. Higher price limits apply in the Wichita (\$94,140 for new; \$67,770 for existing) and the Kansas City (\$76,320 for new; \$68,040 for existing) metropolitan areas. The purchase price limitation does not apply to qualifying home improvement loans.

**4. Principal Residence.** The homebuyer must occupy the home financed under the program as his/her principal residence within 60 days after the financing is provided. A principal residence is a home occupied primarily for residential purposes. A principal residence does not include a home used as an investment property, as a recreation home or a home 15 percent or more of the total area of which is used in a trade or business.

**5. New Mortgage.** The mortgage loan financed in connection with issuance of a mortgage credit certificate is required to be a new mortgage and may not replace a prior mortgage on the home (whether or not previously repaid).

**6. Program Area.** In order to be eligible for a certificate, the home financed under the program must be located in (i) the unincorporated areas of Geary or Riley counties, (ii) a city that has entered into agreement with the counties allowing the program in the city, or (iii) the unincorporated areas of a county that has entered into such an agreement with the counties. A list of participating cities and counties will be available by March 1, 1988, and will be updated thereafter as necessary.

Under the program, Mortgage Credit Certificates will be issued to eligible borrowers throughout the state on a first-come first-served basis. The certificates are available in connection with any type of mortgage loan, including fixed rate and adjustable rate mortgages. Any lending institution is eligible to provide loans under this program. If you desire that your community make this program available to its citizens, advise your city or county clerk of your wishes.

Applications for Mortgage Credit Certificates and additional information about the program will be available after March 1, 1988, at the addresses listed below. Information and applications are *not* available through the counties directly, but only at the addresses below.

After March 1, 1988, please call or write: Security Bank of Kansas City, One Security Plaza, P.O. Box 1250, Kansas City, KS 66117, Attn: Craig Cunningham, (913) 621-8430; FirstBank, F.S.B., 701 Poyntz Ave., P.O. Box 610, Manhattan, KS 66502, Attn: Trust Department, (913) 537-0200; and George K. Baum & Company, Program Administrator, P.O. Box 26363, Kansas City, MO 64196, Attn: Melinda Harris, (913) 474-1100.

Doc. No. 006122

**State of Kansas  
DEPARTMENT OF TRANSPORTATION**

**NOTICE TO CONTRACTORS**

Sealed proposals for the construction of road and bridge work in the following Kansas counties will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m. C.S.T. February 4, 1988, and then publicly opened:

**DISTRICT ONE—Northeast**

**Atchison**—116-3 K-3114-01—K-116, 7 miles east of the Jackson-Atchison county line east to U.S. 59, 9.0 miles, overlay. (State Funds)

**Brown**—73-7 K-3113-01—U.S. 73, from 1.5 miles north of FAS 66 north to the Kansas-Nebraska state line, 5.4 miles, recycling. (State Funds)

**Doniphan**—7-22 K-2920-01—K-7, from the west junction of U.S. 36 north to the Nebraska state line, 13.1 miles, overlay. (State Funds)

**Douglas/Shawnee**—40-106 K-3421-01—U.S. 40, from the east city limits of Topeka, east to the west city limits of Lawrence, 20.8 miles, slurry seal. (State Funds)

**Nemaha**—9-66 K-2921-01—K-9, from the south junction of K-63 east to the east city limits of Wetmore, 13.1 miles, overlay. (State Funds)

**Nemaha**—9-66 K-2922-01—K-9, from K-187 east to the north junction of K-63, 5.0 miles, overlay. (State Funds)

**DISTRICT THREE—Northwest**

**Gove/Sheridan**—23-106 K-3399-01—K-23, from the junction of K-23 Spur north to the south city limits of Hoxie, 16.5 miles, recycling. (State Funds)

**Gove/Logan**—40-106 K-3400-01—U.S. 40 through Gove and Logan counties, 38.0 miles, recycling. (State Funds)

**Graham**—283-33 K-2992-01—U.S. 283, from 0.1 mile south of the north city limits of Hill City north to the Graham-Norton county line, 13.4 miles, overlay. (State Funds)

**Graham/Rooks**—106 K-3401-01—K-18 and U.S. 24 in Graham County and U.S. 24 and K-258 in Rooks County, 25.2 miles, overlay. (State Funds)

**Osborne**—24-71 K-3424-01—U.S. 24, from the north junction of U.S. 281 east to the Osborne-Mitchell county line, 11.0 miles, overlay. (State Funds)

**Rawlins**—36-77 K-2986-01—U.S. 36, from the Rawlins-Decatur county line west, 8.1 miles, overlay. (State Funds)

**DISTRICT FOUR—Southeast**

**Anderson**—59-2 K-2996-01—U.S. 59, from the Allen-Anderson county line north to the south junction of U.S. 169, 15.2 miles, recycling. (State Funds)

**Bourbon**—69-6 K-3117-01—U.S. 69, from the Crawford-Bourbon county line north to the south city limits of Fort Scott, 9.6 miles, recycling. (State Funds)

**Cherokee/Labette**—160-106 K-3415-01—U.S. 160, from 0.6 mile west of the Labette-Cherokee county line east to the junction of U.S. 69, 19.5 miles, recycling. (State Funds)

**Labette**—59-50 K-2998-01—U.S. 59, from the Okla-

homa-Kansas state line north to the east junction of K-96, 12.2 miles, recycling. (State Funds)

**DISTRICT SIX—Southwest**

**Finney**—23-28 K-3014-01—K-23, from the west junction of K-23 and K-156 north to the Lane-Finney county line, 14.1 miles, overlay. (State Funds)

**Finney**—83-28 K-3019-01—U.S. 83, from the southeast end of the Arkansas River bridge south, 7.9 miles, recycling. (State Funds)

**Grant**—160-34 K-3126-01—U.S. 160, from the east city limits of Ulysses east to the Grant-Haskell county line, 14.2 miles, overlay. (State Funds)

**Hamilton**—50-38 K-3119-01—U.S. 50, from the west junction of K-27 in Syracuse east to the Hamilton-Kearny county line, 12.4 miles, overlay. (State Funds)

**Kearny**—25-47 K-3015-01—K-25, from the Grant-Kearny county line north to the south city limits of Lakin, 16.1 miles, overlay. (State Funds)

**Scott**—83-86 K-3123-01—U.S. 83, from the Finney-Scott county line north to the south city limits of Scott City, 14.3 miles, recycling. (State Funds)

**Seward**—83-88 K-3124-01—U.S. 83, from the four lane divided and two lane north of Liberal north to FAS 933, 8.0 miles, overlay. (State Funds)

**Stevens**—56-95 K-3122-01—U.S. 56, from the Morton-Stevens county line north and east to the west city limits of Hugoton, 11.4 miles, overlay. (State Funds)

**Wichita**—102 K-3397-01—K-96 and K-25 in Wichita County, 26.4 miles, overlay. (State Funds)

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

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

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

**HORACE B. EDWARDS**  
Secretary of Transportation

Doc. No. 006086

## State of Kansas

DEPARTMENT OF ADMINISTRATION  
DIVISION OF ARCHITECTURAL SERVICESNOTICE OF COMMENCEMENT  
OF NEGOTIATIONS FOR  
ENGINEERING SERVICES

Notice is hereby given of the commencement of negotiations for engineering services for mechanical and electrical modifications to Room 204 in Whitesitt Hall at Pittsburg State University. The total estimated construction cost is \$35,000 and the mechanical and electrical portion of the total cost is estimated to be \$11,000. The engineer selected will be working as a consultant to the university architectural staff in the preparation of construction documents.

Any questions or expressions of interest should be directed to Norman D. Moody, Division of Architectural Services, 625 Polk, Topeka 66603, (913) 233-9367, prior to January 29.

EDWARD A. DE VILBISS, AIA  
Director, Division of  
Architectural Services

Doc. No. 006123

## 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.S.T. on the date indicated, and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information.

Monday, January 25, 1988

#27128

Department of Health and Environment and  
statewide—FAMILY PLANNING  
PHARMACEUTICAL AND SUPPLIES  
(Supplemental Items)

#27158

University of Kansas Medical Center—  
RADIOPHARMACEUTICALS AND RIA KITS  
(Supplemental Items)

#27393

Kansas Correctional Industries—LIQUID  
DETERGENT CONCENTRATE

#72477

University of Kansas—FUEL OIL

Tuesday, January 26, 1988

#A-5870

Kansas State University—RETROFITTING PCB  
ELECTRICAL TRANSFORMERS, various buildings—  
Jardine Terrace

#27451

Kansas Correctional Industries—ONE-GALLON  
POLYETHYLENE JUGS AND FIVE-GALLON  
CONTAINERS

#27456

Statewide—POTATO CHIPS AND RELATED  
PRODUCTS

#27762

University of Kansas Medical Center—LIQUID  
LAUNDRY SUPPLIES

#72458

University of Kansas Medical Center—TISSUE  
CULTURE APPARATUS

#72460

Department of Transportation—MOBILE  
SHELVING

#72468

Department of Corrections, Surplus Property—  
USED VEHICLES

Wednesday, January 27, 1988

#27474

University of Kansas Medical Center—MARCH  
(1988) MEAT PRODUCTS

#27583

Statewide—AUTOMOTIVE SPARK PLUGS

#72461

Department of Transportation—AUTOMATED  
DELAMINATION DETECTING DEVICE

#72470

Norton State Hospital—KITCHEN EQUIPMENT

#72471

University of Kansas—NAS DASD FOR  
MAINFRAME

Thursday, January 28, 1988

#27497

Department of Transportation and Department of  
Revenue—REPRODUCTION ROOM SUPPLIES

#27515

Statewide—FROZEN FOODS

#27524

University of Kansas—MARCH (1988) MEAT  
PRODUCTS

#72476

University of Kansas Medical Center—  
ULTRAMICROTOME

#72478

Department of Human Resources—ZIP CODE  
SOFTWARE FOR MAINFRAME

#72482

Kansas State University—PLOT COMBINE

Friday, January 29, 1988

#27503

Statewide—GRAPHIC ARTS FILM AND  
SUPPLIES

#27517

Statewide—SPICES AND MISCELLANEOUS  
GROCERIES

#27544

University of Kansas Medical Center and other state  
agencies—ELECTRO MEDICAL SUPPLIES  
(CLASS 16)

Tuesday, February 16, 1988

#72275-A

Department of Health and Environment—AIR  
MONITORING EQUIPMENT

NICHOLAS B. ROACH  
Director of Purchases

Doc. No. 006120

State of Kansas  
**DEPARTMENT OF ADMINISTRATION**  
**EMPLOYEE AWARD BOARD**

**NOTICE OF MEETING**

The Employee Award Board will meet at 2 p.m. Friday, January 22, in the Division of Personnel Services, Room 951-S, Landon State Office Building, 900 S.W. Jackson, Topeka.

BEN BARRETT  
 Chairperson

Doc. No. 006124

(Published in the *Kansas Register*, January 14, 1988.)

**NOTICE OF BOND SALE**  
**\$155,000**

**General Obligation Natural Gas System Bonds**  
**Series A, 1988**  
**of the City of Bunker Hill, Kansas**

**Date, Time and Place of Receiving Sealed Bids**

The undersigned, city clerk of the city of Bunker Hill, Kansas, will receive sealed bids on behalf of the governing body of the city at City Hall, Bunker Hill, until 7 p.m. C.S.T. Tuesday, January 19, 1988, for the purchase of \$155,000 principal amount of general obligation natural gas system bonds, Series A, 1988, of the city as hereinafter described. All bids will be publicly opened and read and acted upon by the governing body at said time and place. No oral or auction bids for the bonds will be considered.

**Description of Bonds**

The bonds shall consist of fully registered certificated bonds in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of bonds maturing in each year; will bear a dated date of January 1, 1988; and shall mature serially on April 1 in each of the years and in the amounts as follows:

Principal Amount	Year of Maturity
\$ 5,000	1990
5,000	1991
10,000	1992
10,000	1993
10,000	1994
10,000	1995
10,000	1996
10,000	1997
10,000	1998
15,000	1999
15,000	2000
15,000	2001
15,000	2002
15,000	2003

The bonds will bear interest from the abovesaid dated date at rates which will be determined upon the public sale thereof as heretofore provided, and said interest will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 1988.

**Payment of Principal and Interest; Registration**

The principal of the bonds shall be payable in lawful money of the United States of America at the principal office of the Kansas State Treasurer (the paying agent and bond registrar) to the registered owners thereof upon presentation of bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America by mailing of check or draft of the paying agent to the registered owners of the bonds as their names appear on the registration books maintained by the bond registrar as of the 15th day of the month next preceding the interest payment dates.

The fees of the bond registrar for registration and transfer of the bonds shall be paid by the city, and it shall also pay for printing of a reasonable supply of blank registered bond certificates for that purpose. Any additional costs or fees that might be incurred in the secondary market, except the bond registrar's fees, shall be the responsibility of owners of the bonds.

**Initial Registration**

The number and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the initial registered owners of the bonds shall be submitted in writing to the bond registrar by the successful bidder not later than Monday, January 25, 1988. In the event such information is not furnished by such date, the bonds will be delivered one bond per maturity registered in the name of the successful bidder.

An original purchaser's certificate, which sets forth the initial reoffering price to the public, will be furnished to the successful bidder by bond counsel, and such certificate must be completed and returned no later than the date of delivery of the bonds.

**Redemption of Bonds**

Bonds maturing April 1, 1990 through April 1, 1993, inclusive, are not subject to call for redemption prior to their respective maturities.

Bonds maturing April 1, 1994 and thereafter are callable at the option of the city prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date on and after April 1, 1993, the date being so set for redemption and payment being referred to as the "redemption date," at a redemption price equal to 102 percent of the principal amount thereof, plus accrued interest to the redemption date.

Notice of any call for redemption shall be given in writing to the bond registrar and paying agent not less than 60 days before the redemption date, and the bond registrar and paying agent shall give written notice of such redemption to the registered owners of the bonds not less than 30 days before the redemption date. Notice of any call for redemption and payment shall also be published one time in the official newspaper of the state of Kansas and in the official newspaper of the city not less than 30 days before the redemption date.

Prior to the redemption date, the city shall deposit with the paying agent sufficient funds to pay the



bonds so called at the redemption price set forth above and all unpaid and accrued interest thereon to the redemption date. Upon the deposit of said funds, and the giving of notice in the form and manner hereinbefore specified, bonds thus called for redemption shall cease to bear interest from and after the redemption date.

#### Conditions of Bidding

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidder, subject to the conditions of this paragraph. The same rate of interest shall apply to all bonds of the same maturity. Each interest rate specified shall be in an even multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. No interest rate shall exceed the maximum interest rate allowed by Kansas law, said rate being equal to the index of treasury bonds published by Credit Markets in New York, New York, on the Monday next preceding the date on which the bonds are sold, plus 2 percent. No bid of less than the entire par value of the bonds and accrued interest thereon from the dated date to the date of delivery will be considered, and no supplemental interest payments will be authorized. Each bid must state the total interest cost to the city during the life of the bonds on the basis of the bid; the premium, if any, offered by the bidder for the bonds; the net interest cost to the city on the basis of the bid; and the average annual interest rate on the bonds on the basis of the bid. Each bid shall be certified by the bidder to be correct, and the city will be entitled to rely on such certificate of correctness.

#### Bid Form; Good Faith Deposit

Bids shall be submitted on an official bid form which may be obtained from the city, and shall be submitted in sealed envelopes, plainly marked "Bond Bid," addressed to the City Council, City Hall, P.O. Box 86, Bunker Hill, KS 67626, Attention: Kathy E. Cook, City Clerk. Bids may be submitted by mail or delivered in person, and must be received by the city clerk no later than the date and time hereinbefore specified.

Each bid shall be accompanied by a good faith deposit in the form of a certified or cashier's check payable to the order of the city for an amount equal to 2 percent of the total amount of the bonds (being the sum of \$3,100). If a bid is accepted, said deposit will be held by the city until the bidder shall have complied with all of the terms and conditions of this notice and of the bid. In the event a bidder whose bid is accepted shall default in the performance of any of the terms and conditions of this notice or of the bid, said deposit shall be retained by the city as and for liquidated damages. If a bid is accepted, but the city shall fail to deliver the bonds to the bidder in accordance with the terms and conditions hereof, said deposit shall be returned to the bidder. No interest will be paid upon the successful bidder's deposit. The deposits of the unsuccessful bidders will be promptly returned.

#### Award of Bonds

The bonds will be awarded to the bidder whose

proposal results in the lowest net interest cost to the city, which will be determined by deducting 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 identical bids for the lowest net interest cost are received, the governing body shall determine which bid, if any, shall be accepted, and such determination shall be final. The city reserves the right to reject any and all bids, and to waive any irregularities in a submitted bid.

#### Delivery of Bonds

The bonds, duly printed, executed and registered, will be furnished and paid for by the city, and will be delivered to the successful bidder on or about Thursday, January 28, 1988, at any bank in the state of Kansas or in the city of Kansas City, Missouri, at the expense of the city. Delivery elsewhere will be made at the expense of the successful bidder. The successful bidder will also be furnished with a transcript of proceedings evidencing authorization and issuance of the bonds, and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in Federal Reserve funds, immediately available for use by the city.

#### CUSIP Identification Numbers

It is not expected that CUSIP identification numbers will be printed on the bonds since the issue does not meet the CUSIP Service Bureau's minimum size guidelines for the assignment of CUSIP numbers.

#### Official Statement

The city will prepare an official statement relating to the bonds, copies of which may be obtained from the city clerk or from the city's financial adviser. Upon the sale of the bonds, the city will furnish the successful bidder with a reasonable number of copies of the official statement, without cost, upon request. Copies in excess of a reasonable number may be ordered at the successful bidder's expense.

#### Authority, Purpose and Security for Bonds

The bonds are being issued under the authority of K.S.A. 12-834 *et seq.* and were approved by a majority of the electors of the city on November 4, 1986. The bonds will be issued pursuant to a bond ordinance which will be adopted by the governing body immediately after the bonds are awarded to the successful bidder. Proceeds from the bonds will be used to pay a portion of the total cost of purchasing, constructing and extending works for the purpose of supplying the city and its inhabitants with natural gas. The remainder of the cost will be paid from the proceeds of a grant which has been awarded to the city by the Kansas Department of Commerce.

The bonds and the interest thereon will constitute general obligations of the city, payable as to both

(continued)

principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the city.

#### Legal Opinion and Tax Exemption

All matters incidental to authorization and issuance of the bonds are subject to the approving opinion of Hinkle, Eberhart, Elkouri, bond counsel, Wichita, Kansas. Bond counsel's opinion will be printed on the reverse side of each bond, and a manually signed original will be furnished without expense to the successful bidder concurrently with delivery of the bonds. All fees and expenses of bond counsel will be paid by the city.

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 is: (i) excludable from gross income for federal income tax purposes; and (ii) 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. The exclusion mentioned in the preceding clause (i) is subject to compliance by the city with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to issuance of the bonds in order for the interest on the bonds to qualify for such exclusion. 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 thereof. The city will covenant to comply with all such requirements. Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the bonds.

Prospective bidders for purchase 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) of the code 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 prior to January 1, 1992, interest earned on the bonds 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 earned on the bonds 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 more 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 railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. The foregoing categories of prospective bondowners should consult their own tax advisers as to the applicability of any of these consequences.

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

#### Assessed Valuation and Bonded Indebtedness

The assessed valuation of taxable tangible property within the city, for the year 1987, is as follows:

Assessed valuation of taxable tangible property .....	\$280,880
Taxable value of motor vehicles .....	30,232
Equalized assessed tangible valuation for computation of bonded debt limitations ...	\$311,112

Upon issuance and delivery of the bonds described herein, the total outstanding general obligation bonded indebtedness of the city will be \$174,000. The city currently has temporary notes outstanding in the amount of \$125,000 for the gas system project, but will pay and redeem said notes from proceeds of the bonds.

#### Additional Information

Additional information regarding the bonds may be obtained from the city clerk or from the city's financial adviser, Mid-Continent Investments, Inc., 333 Century Plaza Building, Wichita, KS 67202, Attention: David Malone, Vice President, (316) 262-5161.

Dated December 30, 1987.

CITY OF BUNKER HILL, KANSAS

By Kathy E. Cook, City Clerk

City Hall

P.O. Box 86

Bunker Hill, Kansas 67626

(913) 483-3711

Doc. No. 006115

## State of Kansas

DEPARTMENT OF HEALTH  
AND ENVIRONMENTTEMPORARY ADMINISTRATIVE  
REGULATIONSArticle 4.—MATERNAL AND CHILD HEALTH  
PRESCHOOL CHILDREN  
REPORTING OF CERTAIN CONDITIONS

**28-4-525. Definitions.** (a) "Diagnosed condition" shall mean those conditions in preschool children under six years of age that indicate mental retardation, or a handicap or chronic condition and that are required to be reported under K.A.R. 28-4-527.

(b) "Child" shall mean a preschool youth under six years of age.

(c) "International classification of diseases, 9th Revision, March, 1980 (ICD-9)" means the coding of diseases by number as used by the United States national center for health statistics to compile national health statistics. (Authorized by and implementing L. 1987, Ch. 229, Sec. 7; effective, T-88-56, Dec. 16, 1987.)

**28-4-526. Reporting of diagnosed conditions in preschool children.** (a) Primary care physicians shall report conditions defined in K.S.A. 28-4-527 within one month of making a diagnosis on forms provided by the secretary of health and environment. Such forms shall include the diagnosed child's current county of residence, name, birthdate, mother's county of residence at time of birth, sex, birth order of multiples, race, diagnosis and ICD-9 number, service objectives, service providers and target dates of service and parental consent authorization. (Authorized by L. 1987, Ch. 229, Sec. 7; implementing L. 1987, Ch. 229, Sec. 2; effective, T-88-56, Dec. 16, 1987.)

**28-4-527. Diagnoses to be reported.** (a) Children with the following diagnosed conditions shall be reported:

- (a) Infections and parasitic diseases.
- (1) 010-011.9, Pulmonary tuberculosis;
  - (2) 015-015.9, Tuberculosis of the bones;
  - (3) 045-046.9, Polio and slow virus infections of central nervous system;
  - (4) 054.4-054.49, Herpes simplex with ophthalmic complications;
- (b) Neoplasms.
- (1) 140-239.9, Malignant neoplasms.
- (c) Endocrine, nutritional, metabolic, immunity.
- (1) 243.0, Congenital hypothyroidism;
  - (2) 245.2-245.3, Chronic lymphocytic and fibrous thyroiditis;
  - (3) 260-269.9, Nutritional deficiencies;
  - (4) 270-275.9, Disorders of transport or metabolism of amino acids, or both, carbohydrates, lipids, plasma proteins, minerals;
  - (5) 277-277.9, Other and unspecified disorders of metabolism, including cystic fibrosis and porphyria;
  - (6) 279-279.9, Disorders involving the immune mechanism;

- (d) Disease of the blood and blood-forming organs.
  - (1) 282-282.9, Hereditary hemolytic anemias;
  - (2) 284-284.9, Aplastic anemia;
  - (3) 286-286.9, Coagulation defects, including AHG deficiency, Christmas disease and VonWillebrand's disease;
  - (4) 288-288.9, Diseases of white cells;
  - (e) Mental disorders.
    - (1) 299-299.9, Psychoses with origin specific to childhood;
    - (2) 301.23, Gilles de la Tourette's disorder;
    - (3) 315-315.9, Specific delays in development;
    - (f) Mental retardation.
      - (1) 317-319, Mental retardation;
      - (g) Diseases of the nervous system and sense organs.
        - (1) 320-320.9, Bacterial meningitis;
        - (2) 321.2, Meningitis due to virus NEC;
        - (3) 322-322.9, Meningitis of unspecified causes;
        - (4) 323, Encephalitis, myelitis and encephalomyelitis;
        - (5) 323.5-323.7, Encephalitis following immunization procedures, post infection and toxicities;
        - (6) 330-331.9, Cerebral degenerations usually manifest in childhood including communicating and obstructive hydrocephalus, Reye's syndrome and other cerebral degeneration;
        - (7) 334-336.9, Spinocerebellar and anterior horn cell and other diseases of the spinal cord;
        - (8) 341-341.9, Other demyelinating diseases of the central nervous system;
        - (9) 342-344.9, Hemiplegia, cerebral palsy and other paralytic syndromes;
        - (10) 345-345.9, Epilepsy;
        - (11) 348-348.9, Other conditions of the brain, including porencephalic cyst;
        - (12) 358.0, Myasthenia gravis;
        - (13) 359-359.9, Muscular dystrophies and other myopathies;
        - (14) 360.2-360.29, Degenerative disorders of globe;
        - (15) 362.2-362.29, Other proliferative retinopathy, including retrolental fibroplasia;
        - (16) 362.7-362.89, Hereditary retinal dystrophies and other retinal disorders;
        - (17) 365.14, Glaucoma of childhood;
        - (18) 366.0, Infantile, juvenile and presenile cataracts;
        - (19) 368.0-368.03, Amblyopia ex anopsia;
        - (20) 369-369.9, Moderate, severe and profound impairment of the eyes;
        - (21) 371-371.6, Corneal opacity and other disorders of cornea;
        - (22) 377-377.9, Disorders of optic nerve and visual pathways;
        - (23) 378-378.9, Strabismus and other disorders of binocular eye movements;
        - (24) 383-383.9, Mastoiditis and related conditions;
        - (25) 385-385.9, Other disorders of middle ear and mastoid including adhesive middle ear disease;
        - (26) 389-389.0, Hearing loss;
        - (h) Diseases of the circulatory system.

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- (1) 398-398.99, Chronic rheumatic pericarditis, diseases of cardiac valves and other endocardial structures and other rheumatic heart disease;
- (2) 403-403.9, Hypertensive renal disease;
- (3) 404-404.9, Hypertensive heart and renal disease;
- (4) 425-425.9, Cardiomyopathy;
- (5) 426-427.9, Conduction disorders and dysrhythmia;
- (6) 429.3, Cardiomegaly.
- (i) Diseases of the respiratory system.
  - (1) 478.74, Stenosis of larynx;
- (j) Diseases of digestive system.
  - (1) 551.3, 552.3, 553.3, Diaphragmatic hernia;
  - (2) 571.4-571.49, Chronic hepatitis;
  - (3) 579-579.9, Intestinal malabsorption;
- (k) Diseases of the genitourinary system.
  - (1) 581-582.9, Nephrotic syndrome and chronic glomerulonephritis;
  - (2) 583-583.9, Nephritis and nephropathy, not specified as acute or chronic;
  - (3) 585, Chronic renal failure;
  - (4) 591, Hydronephrosis;
  - (5) 593.5, Hydroureter;
  - (6) 593.7, Vesicoureteral reflux;
  - (7) 596-596.9, Other disorders of bladder;
- (l) Diseases of the musculoskeletal system and connective tissue.
  - (1) 710-710.9, Diffuse diseases of connective tissue;
  - (2) 714.0, Rheumatoid arthritis;
  - (3) 714.2, Other rheumatoid arthritis with visceral or systemic involvement;
  - (4) 714.3-713.33, Juvenile chronic polyarthritis;
  - (5) 721-721.91, Spondylosis and allied disorders;
  - (6) 730.1-730.9, Chronic osteomyelitis;
  - (7) 736-736.9, Other acquired deformities of limbs;
  - (8) 737.30, Scoliosis and kyphoscoliosis, idiopathic;
  - (9) 737.31-737.32, Resolving or progressive infantile idiopathic scoliosis;
  - (10) 737.34, Thoracogenic scoliosis;
  - (11) 737.4-737.9, Curvature of spine associated with other conditions;
- (m) Congenital anomalies.
  - (1) 740-740.2, Anencephalus and similar anomalies;
  - (2) 741-741.9, Spina bifida;
  - (3) 742-742.9, Other congenital anomalies of nervous system;
  - (4) 743-743.9, Congenital anomalies of eye, including cataracts;
  - (5) 744.0-744.09, Anomalies of ear causing impairment of hearing;
  - (6) 747-747.9, Other congenital anomalies of circulatory system;
  - (7) 749-749.25, Cleft palate and cleft;
  - (8) 754.3-754.35, Congenital dislocation of hip;
  - (9) 754-754.9, Certain congenital musculoskeletal deformities;
  - (10) 755-755.9, Other congenital anomalies of limbs;
  - (11) 756-756.9, Other congenital musculoskeletal anomalies;
  - (12) 758-758.9, Chromosomal anomalies;
  - (13) 759-759.9, Other and unspecified congenital anomalies;
- (n) Certain conditions originating in the perinatal period.
  - (1) 762-762.9, Fetus or newborn affected by complications of placenta, cord and membranes;
  - (2) 765-765.1, Disorders relating to short gestation and unspecified low birthweight;
  - (3) 766-766.2, Disorders relating to long gestation and high birthweight;
  - (4) 767-767.9, Birth trauma;
  - (5) 758.5-768.9, Birth asphyxia;
  - (6) 769, Respiratory distress syndrome;
  - (7) 772-772.9, Fetal and neonatal hemorrhage;
  - (8) 775, Endocrine and metabolic disturbances specific to the fetus and newborn;
  - (9) 777.1, Meconium obstruction;
  - (10) 777.6, Perinatal intestinal perforation;
  - (11) 779-779.2, Convulsions, other and unspecified cerebral irritability and cerebral depression, coma and other abnormal cerebral signs in newborn;
- (o) Injury and poisoning.
  - (1) 905-905.9, Late effects of musculoskeletal and connective tissue injuries;
  - (2) 906-906.9, Late effects of injuries to the nervous system;
  - (3) 907-907.9, Late effects of injuries to the nervous system;
  - (4) 908-908.9, Late effects of other and unspecified injuries;
  - (5) 940-949.5, Burns greater than forty percent;
  - (6) 950-951.9, Injury to optic nerve and pathways;
  - (7) 981, Toxic effect of petroleum products;
  - (8) 982-982.8, Toxic effect of solvents other than petroleum-based;
  - (9) 983-983.9, Toxic effect of corrosive aromatics, acids and caustic alkalis;
  - (10) 984-984.9, Toxic effect of lead and its compounds;
  - (11) 985-985.9, Toxic effect of other metals;
  - (12) 989-989.9, Toxic effect of other substances, chiefly nonmedicinal as to source;
  - (13) 994.0, Effects of lightning;
  - (14) 994.1, Drowning and nonfatal submersion;
  - (15) 994.7, Asphyxiation and strangulation; and (Authorized by L. 1987, Ch. 229, Sec. 7; implementing L. 1987, Ch. 229, Sec. 4; effective, T-88-56, Dec. 16, 1987.)

**28-4-528. Confidentiality of information.** (a) Information required to be reported in accordance with K.A.R. 28-4-527 shall not be disclosed except as provided in L. 1987, Ch. 229, Sec. 4 and amendments thereto. (Authorized by L. 1987, Ch. 229, Sec. 7; implementing L. 1987, Ch. 229, Sec. 4; effective, T-88-56, Dec. 16, 1987.)

**28-4-529. Parental consent.** (a) Primary care physicians shall obtain permission from the child's parent or guardian prior to making the report.

(b) The parent or guardian shall give signed consent on the reporting forms proscribed in K.A.R. 28-4-526.

(c) In the event that a parent or guardian desires to remove the records of his or her child, the parent or guardian shall notify the secretary in writing. The

parent or guardian shall receive written verification that the child's records have been removed and destroyed. (Authorized by and implementing L. 1987, Ch. 229, Sec. 7; effective, T-88-56, Dec. 16, 1987.)

STANLEY C. GRANT, Ph.D.  
Secretary of Health  
and Environment

Doc. No. 006113

**State of Kansas**  
**DEPARTMENT OF REVENUE**  
**TEMPORARY ADMINISTRATIVE**  
**REGULATIONS**

**Article 24.—RETAIL LIQUOR EXCISE TAX**

**92-24-9. Definitions.** As used in this article these terms shall have the following meanings. (a) Licensee means a holder of a class A or class B license, drinking establishment license, or caterer license issued by the director of alcoholic beverage control.

(b) "Director" means the director of taxation or the duly authorized designee of the director of taxation.

(c) "Retail liquor excise tax" means the tax imposed by K.S.A. 79-41a02, and amendments thereto.

(d) "Source record" means:

(1) A dated customer service check or ticket;  
(2) a dated cash register tape, if coded to reflect the required information; or

(3) an equivalent of the check, ticket or tape in a form approved by the director. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-10. Registration certificates; application; display; revocation.** (a) Application for a registration certificate shall be made upon a form furnished by the director. The application shall state the name of the applicant as specified on the applicant's license and the address at which the applicant proposes to engage in business. For a caterer, the address shall be the place where the principal place of business is located. Each application for a registration certificate shall be accompanied by a copy of the applicant's license. If the applicant owes any retail liquor excise tax, penalty or interest at the time of making application, payment shall be made before issuance of the registration certificate.

(b) A separate registration certificate shall be required for each license and the licensee shall conspicuously display the registration certificate on the premises. The licensee shall immediately report any change of location, name or form of ownership of the licensed establishment to the director.

(c) The registration certificate of any licensee may be revoked by the secretary for any violation of the provisions of this article or the provisions of K.S.A.

79-41a02 et seq. and amendments thereto after providing due notice and an opportunity for a hearing in accordance with K.A.R. 92-1-1 through 92-1-8 and amendments thereto. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119, 79-41a06, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 121; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-11. Application of tax.** (a) The retail liquor excise tax shall apply to the gross receipts derived from the sale of any ingredients for drinks containing alcoholic liquor, whether mixed by the licensee or sold separately. The tax shall also apply to charges that are incidental to charges for drinks containing alcoholic liquor including:

(1) service, corkage, cooling, and serving charges;  
(2) fees or charges for the use of equipment owned by the licensee incidental to the serving of drinks containing alcoholic liquor; and

(3) gratuities, except gratuities which are voluntarily given by the consumer or are separately stated on a source record and are entirely distributed to employees of the licensee in a form other than wages, salaries or other compensation.

(b) When a single fee or charge is made for alcoholic liquor provided by a licensee in connection with room rental, soft drinks, water, and ice, the entire fee or charge, less the amount normally charged for the room rental, is taxable. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-13. Assumption of tax by licensee prohibited.** (a) A licensee shall not advertise, hold out or state to the public or to any consumer, directly or indirectly, that:

(1) The retail liquor excise tax, or any part of the tax, will be assumed or absorbed by the licensee;

(2) the tax will not be considered as an element in the price to the consumer; or

(3) the tax, or any part of the tax, will be refunded if it is added to the price to the consumer.

(b) The tax may be included in the stated drink price only if the licensee conspicuously posts a sign provided by the director on the licensed premises stating that drink prices include retail liquor excise tax. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-15. Records required.** (a) Each licensee shall keep records and books of all sales subject to retail liquor excise tax, together with invoices, bills of

(continued)

lading, sales records, copies of bills of sale, source records, daily summaries and other pertinent papers and documents. The records shall show:

(1) The amount charged consumers for drinks containing alcoholic liquor and the amount charged consumers for all other items;

(2) purchases;

(3) breakage, spillage and mistakes; and

(4) liquor removed from inventory for:

(A) Use in preparation of food; and

(B) consumption by the licensee or the licensee's employees.

(b) Each licensee shall make the books, records, and other papers and documents available for inspection by the secretary of revenue or the secretary's authorized representative for a period of three years from the last day of the calendar year or of the fiscal year of the licensee, whichever comes later, to which they pertain. The licensee shall maintain the books, records and other documents on the licensed premises unless written approval is received from both the director and the director of alcoholic beverage control to maintain them at another location. (Authorized by and implementing K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-16. Source record requirements.** (a) Each licensee shall record on a source record the following information:

(1) Each individual serving of a drink containing alcoholic liquor, or the unit of serving used if the drink is not served as an individual separate serving, and the price charged for the drink;

(2) identification of each individual separate serving or other unit served as to the kind of drink; and

(3) the date of the transaction.

The licensee shall record the information in a clear manner. The licensee may use a system of symbols or code, if the meaning is printed on the source record or on another document maintained on the licensed premises.

(b) For the purpose of subsection (a)(3), drinks containing alcoholic liquor sold after 12:00 midnight and before 2:00 a.m. shall be deemed to have been sold on the preceding day.

(c) Source records shall be maintained in sequence by date. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-17. Daily summary.** Each licensee shall prepare a daily summary of all information required to be recorded on source records, including the sale or service of drinks containing alcoholic liquor. The daily summary shall also show the number of servings, and the kind of drink. Proper identifying symbols or

codes may be used in preparing the daily summary. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-18. Licensee's inventory; sales slips.** A licensee shall not possess in inventory on the licensed premises any alcoholic liquor not covered by a sales slip provided by the retailer or wholesaler in accordance with the requirements of K.A.R. 14-3-35 and amendments thereto. Each sales slip shall be maintained by the licensee for the period prescribed by K.A.R. 92-24-15 and amendments thereto, and shall be available and subject to inspection in accordance with the provisions of K.A.R. 92-24-15 and amendments thereto. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-19. Price listing statements.** Each licensee shall keep a price listing statement listing the current, normal retail selling price charged for each drink containing alcoholic liquor served by the licensee. The statement shall list the price for each individual serving and for any other unit of serving served by the licensee. Whenever any price listing statement is updated by the club licensee, the outdated price listing statement shall have recorded on it the period of time for which it was effective. The licensee shall maintain the outdated price listing statement for the period prescribed by K.A.R. 92-24-15 and amendments thereto, and the price listing statement shall be available and subject to inspection in accordance with the provisions of K.A.R. 92-24-15 and amendments thereto. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02 as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-20.** (Authorized by K.S.A. 1982 Supp. 79-41a03; implementing K.S.A. 1982 Supp. 79-41a02, 79-41a03; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; revoked, T-88-58, Dec. 16, 1987.)

**92-24-21. Report of alcoholic liquor lost through theft or disaster.** Each licensee shall prepare a written report for the director setting out the number and size of containers and the brand, proof, age and category of alcoholic liquor lost through theft or disaster. A theft of alcoholic liquor shall be reported to the proper police or sheriff's department and shall be substantiated by

the report of the police or sheriff's department. A disaster causing a loss of alcoholic liquor shall be reported to the director and shall be substantiated by an affidavit of an investigative employee of the department of revenue. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-22. Determination of tax liability; presumption of taxable disposition.** (a) When examining the tax account of any licensee, the correct amount of retail liquor excise tax shall be determined by the director on the basis of returns filed with the director, or upon any records or information which are available or which are obtained from the licensee or any retailer who furnished alcoholic liquor to the licensee.

(b) If the director finds that the licensee has failed to maintain or make available adequate records required by K.A.R. 92-24-15 through 92-24-21 and amendments thereto, or by K.S.A. 41-2601 et seq. and amendments thereto, the correct amount of the tax may be determined from any available source or records. The tax liability of the licensee may be estimated by using any available record for any period for which the licensee has failed to maintain records or file a return.

(c) In determining the tax liability of any licensee, it shall be presumed that the disposition of all alcoholic liquor purchased by the licensee is taxable unless the contrary is established. The burden of proving the contrary shall be upon the licensee and shall be established through authentic records.

(d) When retail liquor excise tax is not separately specified upon the source records of the licensee, tax liability shall be determined upon the total gross receipts derived from the sale of alcoholic liquor. Deductions for tax included within stated drink prices shall not be allowed unless the licensee has posted a sign in compliance with the provisions of K.A.R. 92-24-13 and amendments thereto. (Authorized by K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; implementing K.S.A. 79-41a02, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 118, 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-23. Bond.** (a) Each applicant making application for a new license or for renewal of an existing license shall post or have posted with the department of revenue a bond in an amount equal to three months' average retail liquor excise tax liability or \$1,000, whichever is greater, at the time of the application. New applicants who have no previous tax experience may estimate their expected retail liquor excise tax liability projected over a 12 month period and submit a bond in an amount equal to 25% of the projected tax

liability or \$1,000, whichever is greater. A certificate of registration shall not be issued until the bond requirement is satisfied.

(b) Bond requirements may be satisfied through surety bonds purchased from a corporate surety, escrow bond agreements or posting of cash bonds.

(c) The secretary of revenue may at any time require additional bond if the existing bond is not sufficient to satisfy the three months' average liability of the club licensee. (Authorized by and implementing K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

**92-24-24. Duty of club licensees discontinuing business.** Each licensee discontinuing business is required to notify the director, return its retail liquor excise tax registration certificate for cancellation and preserve all business records within this state until the director issues a receipt indicating that the taxes reported have been paid. (Authorized by and implementing K.S.A. 79-41a03, as amended by 1987 House Sub. for Sub. Senate Bill 141, Sec. 119; effective, T-83-30, Oct. 25, 1982; effective May 1, 1983; amended, T-88-58, Dec. 16, 1987.)

HARLEY T. DUNCAN  
Secretary of Revenue

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