

# Kansas Register

Bill Graves, Secretary of State

Vol. 11, No. 22

May 28, 1992

Pages 839-898

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**PUBLISHED BY**  
**Bill Graves**  
**Secretary of State**  
**2nd Floor, State Capitol**  
**Topeka, KS 66612-1594**  
**(913) 296-2236**



**Register Office:**  
**235-N, State Capitol**  
**(913) 296-3489**

State of Kansas

**Kansas Planning Council on  
Developmental Disabilities Services**

**Notice of Meeting**

The Kansas Planning Council on Developmental Disabilities Services will meet at 9 a.m. Thursday, June 18, in Room 452-West, Docking State Office Building, 915 S.W. Harrison, Topeka.

John F. Kelly  
Executive Director

Doc. No. 012035

State of Kansas

**State Conservation Commission**

**Notice to Contractors**

Sealed bids for the construction of a 23,000 cubic yard detention dam, Site B-69 in Atchison County, will be received by the Delaware Watershed Joint District No. 10 at the district office, 125 W. 4th, Holton 66436, until 2 p.m. June 18 and then opened. A copy of the invitation for bids and plans and specifications can be obtained at the district office, (913) 364-4309.

Kenneth F. Kern  
Executive Director

Doc. No. 012052

State of Kansas

**Department of Wildlife  
and Parks**

**Request for Comments**

Pursuant to requirements of the National Environmental Policy Act of 1969, the Kansas Department of Wildlife and Parks announces the release of a draft environmental assessment entitled "Webster State Park Boat Ramp Breakwater Development." The project proposes to create a breakwater to protect a boat ramp and cove area. This project will increase the safety of the existing ramp and provide additional shore access for anglers.

Interested groups and individuals are encouraged to provide comments regarding this assessment to: Federal Aid Coordinator, Kansas Department of Wildlife and Parks, Suite 502, Landon State Office Building, 900 S.W. Jackson, Topeka 66612. Review copies may be requested from the above address or by calling (913) 296-2281. Persons with a hearing impairment may contact the department using the Kansas Relay Center at 1-800-766-3777. Written comments should be received by 5 p.m. June 12.

Jack Lacey  
Secretary of Wildlife  
and Parks

Doc. No. 012056

State of Kansas

**State Conservation Commission**

**Notice to Contractors**

Sealed bids for the construction of a 49,500 cubic yard detention dam, Site G-12 in Anderson County, will be received by the Pottawatomie Creek Watershed Joint District No. 90 at the Soil Conservation Service Office, 6th and Elm, Garnett 66032, until noon June 16. Bids will be opened at 1:30 p.m. on June 16 at the Town Hall Center, 125 W. 5th, Garnett, (913) 448-3796. A copy of the invitation for bids and plans and specifications can be obtained at the district office, (913) 448-3642.

Kenneth F. Kern  
Executive Director

Doc. No. 012036

State of Kansas

**Department of Commerce**

**Notice of HUD HOME Program Workshops**

Workshops relating to the federal HUD HOME Program will be conducted during June and July. During these inservices, HOME staff will disseminate information to potential HOME Program subgrantees. HOME Program components to be emphasized during the workshops include homeowner rehabilitation, tenant assistance, and homeowner first-time buyers. Applications will be available during the program sessions. The Office of Housing will begin accepting applications July 13.

Dates and locations for the HOME Program workshop include:

- June 30 Garden City Community College  
801 Campus Drive  
1 p.m.
- July 2 Hays Public Library  
1205 Main  
9:30 a.m.
- July 7 Parsons Municipal Auditorium  
112 S. 17th  
1 p.m.
- July 10 Franklin County Annex  
1400 Main  
9 a.m.

Interested parties are encouraged to attend. Perspective grantees include for-profits, non-profits, developers, and community housing development organizations. For further information, contact Barbara Cowdin or Ruby McDavis at (913) 296-2686.

Laura Nicholl  
Secretary of Commerce

Doc. No. 012034

State of Kansas

## Attorney General

## Opinion No. 92-63

**Cities and Municipalities—Buildings, Structures and Grounds; Redevelopment of Central Business District Areas—Special Obligation Tax Increment Bonds; Payments in Lieu of Taxes.** Mary F. Carson, Bond Counsel for the City of Edwardsville, Kansas, Overland Park, May 14, 1992.

K.S.A. 12-1770 *et seq.*, when read in its entirety, authorizes cities to grant 10-year tax exemptions to improved property within redevelopment districts. Such an exemption is consistent with the act's stated purpose found in K.S.A. 12-1770 to "promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of central business district areas of cities, blighted areas located within cities and enterprise zones located within cities, thus promoting the general welfare of the citizens of the state. . . ." Payment in lieu of taxes are contractual in nature and origin and should not be treated as part of the tax increment on improved redevelopment property. Such obligations are a matter of contract and should not be characterized as a statutorily imposed tax. Cited herein: K.S.A. 12-1740; 12-1770; 12-1771; 12-1742; 12-1774; 12-1775; 12-1778; 79-201 *Second*. REF

## Opinion No. 92-64

**Constitution of the State of Kansas—Bill of Rights—Liberty of Press and Speech; Ban on Funeral Picketing.**

**Amendments to the Constitution of the United States—Amendment I—Freedom of Religion, Speech and Press; Ban on Funeral Picketing.** Representative Darrell Webb, 97th District, Wichita, Representative Jan Pauls, 102nd District, Hutchinson, May 18, 1992.

The funeral picketing act is content-neutral, leaves open ample alternative channels of communication and can be read to be narrowly tailored to serve a significant government interest. As such, it is a valid restriction on the time, place and manner of otherwise protected speech. Cited herein: 1992 Senate Bill No. 626, § 4; U.S. Const., Amend. I. JLM

## Opinion No. 92-65

**Taxation—Aggregate Tax Levy Limitations—Suspension of Statutory Fund and Levy Limitations; Fund Levy Limit Adjustments; Hospital Districts.** Scott A. Eads, Counsel for Hospital District No. 1 of Sumner County, Wichita, May 18, 1992.

Hospital District No. 1 of Sumner County is a taxing subdivision for purposes of K.S.A. 79-5021 *et seq.*, the tax lid law. Thus, the hospital districts' fund and aggregate levy limitations were suspended by K.S.A. 1991 Supp. 79-5022(a), any increase in its fund levy limitations is subject to K.S.A. 1991 Supp. 79-5022(c) and it has the authority to exempt itself from the provisions of the tax lid law pursuant to K.S.A. 1991 Supp. 79-5036(c). Cited herein: K.S.A. 19-101b; K.S.A. 1991

Supp. 79-5021; 79-5022; 79-5032; 79-5036; K.S.A. 80-2516. JLM

## Opinion No. 92-66

**Elections—Independent and Other Nomination Certificates; Terms of Office; Filling Vacancies—Independent Nominations; Petitions; Candidates for President and Vice-President; Substitution of Vice-Presidential Candidate.** John R. Wine, Jr., General Counsel, Secretary of State's Office, Topeka, May 18, 1992.

Any person who has been nominated for the office of vice-president may cause such person's name to be withdrawn from nomination by filing a request in writing with the Secretary of State. A vacancy in a party nomination for vice-president may be filled by the party committee of the state provided the vacancy occurs after a primary election. Because Kansas statutes provide for substitution of party nominations for vice-president, a procedure must be made available for substitution of independent nominations for vice-president. Cited herein: K.S.A. 1991 Supp. 25-306b; K.S.A. 25-615; K.S.A. 1991 Supp. 25-616; K.S.A. 25-2501; 25-2503; 25-2504; 25-3901; K.S.A. 1991 Supp. 25-3905; L. 1968, ch. 406, §§ 2, 7; L. 1981, ch. 165, § 6; L. 1984, ch. 139, §§ 3, 4; Kan. Const., Bill of Rights, §§ 1, 2; U.S. Const., Amend. XII; U.S. Const., Amend. XIV. RDS

## Opinion No. 92-67

**Counties and County Officers—County Attorney—Duties; Juvenile Matters.**

**Counties and County Officers—County Commissioners; County Counselor—Duties; Juvenile Matters.** R. Douglas Sebelius, Norton County Attorney, Norton; Daniel C. Walter, Norton County Counselor, Norton, May 18, 1992.

In counties that have hired a county counselor pursuant to K.S.A. 19-247, matters which are deemed to be criminal or quasi-criminal in nature, such as juvenile offender proceedings, are the responsibility of the county attorney; matters which are deemed to be civil in nature, such as child in need of care, forfeiture, determination of habitual traffic offenders, mental illness, alcoholism or intoxication, and habeus corpus matters, are the responsibility of the county counselor. However, due to the fact that the county counselor is usually appointed with the idea that the individual will only advise the board of county commissioners and handle contract issues, and that issues requiring trial work shall be the duty of the county attorney, it is reasonable that some counties which have a county attorney and a county counselor may wish to enter into a contract wherein the county attorney would handle all duties except advising the board of county commissioners and contractual matters. Cited herein: K.S.A. 8-285; 8-286; 19-247; 19-248; 19-702; 19-704(a); 19-716; 21-3105; 38-1501; 38-1510; 38-1554; 38-1561; 38-1601; K.S.A. 1991 Supp. 38-1602; K.S.A. 60-1507; K.S.A. 1991 Supp. 65-4171. MJS

Robert T. Stephan  
Attorney General

Doc. No. 012057

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 7 p.m. Monday, June 1, at the Kansas Expocentre, One Expocentre Drive, Topeka. For more information, call (913) 776-1541.

Joan Strickler  
Executive Director

Doc. No. 012037

State of Kansas

**Board of Adult Care Home Administrators**

**Notice of Meeting**

The Board of Adult Care Home Administrators will meet at 9:30 a.m. Friday, June 5, in Room 108 of the Landon State Office Building, 900 S.W. Jackson, Topeka.

Cathy Rooney, Director  
Health Occupations Credentialing

Doc. No. 012038

State of Kansas

**Department of Health and Environment**

**Notice Concerning Kansas Water Pollution Control Permits**

In accordance with state regulations 28-16-57 through 63, 28-18-1 through 4, and the authority vested with the state by the administrator of the U.S. Environmental Protection Agency, tentative permits have been prepared for discharges to the waters of the United States and the state of Kansas for the applicants described below. The tentative determinations for permit content are based on preliminary staff review, applying the appropriate standards, regulations, and effluent limitations of the state of Kansas and the EPA, and when issued will result in a state water pollution control permit and national pollutant discharge elimination system authorization to discharge subject to certain effluent limitations and special conditions.

**Public Notice No. KS-92-109**

Name and Address of Applicant	Waterway	Type of Discharge
Clearview City W.T.P. c/o MNSB Properties, Inc. P.O. Box 631 Clearview City, KS 66019 Johnson County, Kansas	Kansas River via Kill Creek via unnamed tributary	Secondary wastewater treatment facility
Kansas Permit No. C-KS89-0001		Fed. Permit No. KS-0047384
Description of Facility: This facility is designed for the treatment of domestic sewage. This is an existing facility. Proposed effluent		

limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f), and are water quality limited.

**Public Notice No. KS-AG-92-47/49**

Name and Address of Applicant	Legal Description	Receiving Water
Carl and Linda Crocker L C Turkeys Route 1, Box 1725 Chetopa, KS 67336	NW/4 Section 13, Township 35S, Range 22E, Cherokee County	Neosho River Basin

Kansas Permit No. A-NECK-P008

The proposed facility will have capacity for approximately 33,000 turkeys.

Wastewater Control Facilities: Dry litter waste will be contained in a covered storage for subsequent application to agricultural land for beneficial use. Waste storage capacity will be provided to meet minimum requirements.

Compliance Schedule: A livestock waste management plan for the facility shall be developed. The plan shall cover, but not be limited to, the following items: handling and disposal equipment for both solid and liquid wastes, land application practices used to protect against runoff and leaching, waste application rates based on crop nutrient utilization, and identification of adequate land areas for application of all wastes. The waste management plan shall be based on accepted principles, methodologies and data for waste characteristics and crop utilization. The plan shall be submitted to the department within six months following receipt of detailed requirements. The approved plan will become part of this permit.

Name and Address of Applicant	Legal Description	Receiving Water
Paul Patterson P.O. Box 142 Independence, KS 67301	NW/4 Section 16, Township 33S, Range 14E, Montgomery County	Verdigris River Basin

Kansas Permit No. A-VEMG-S038

The proposed facility will have capacity for approximately 500 swine.

Waste Control Facilities: Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Storage capabilities will be provided in excess of minimum requirements.

Compliance Schedule: Dewatering and irrigation equipment shall be obtained through purchase or written rental agreement, within 60 days of issuance of this permit, with minimum capacity to meet the requirements specified in Section A, Permit Limitations.

Name and Address of Applicant	Legal Description	Receiving Water
Simon Dairy Farm Box 179 Colwich, KS 67030	NE/4 Section 3, Township 26S, Range 2W, Sedgwick County	Arkansas River Basin

Kansas Permit No. A-ARSG-M029

The dairy has capacity for approximately 250 cattle and a contributing drainage area of approximately 2 acres. This is an existing facility.

Pollution Control Facilities: Dairy parlor wastewater is impounded in an earthen lagoon with 65,000 cubic foot capacity. Manure wastes and runoff from a concrete holding lot are impounded in a concrete pit and a steel, ceramic-lined structure with holding capacity of 50,400 cubic feet. One acre of open dirt lots are cleaned monthly with runoff water filtered through a 160 foot wide grass buffer before entering Big Slough Creek.

Compliance Schedule: the 3,000 gallon tankwagon utilized for dewatering of waste storage and application of wastes to land marginally meets minimum capacity requirements. If monitoring reports and inspections reveal the facility is not being maintained in compliance with permit conditions, additional equipment and waste management plan will be required.

If inspections indicate routine cleaning of dirt lots with grass filtration of runoff is not providing adequate pollution control to protect Big Slough Creek, upgraded pollution controls will be required.

(continued)

Public Notice No. KS-PT-92-5/6

Name and Address of Applicant	POTW	Type of Discharge
Landoll Corporation Shop 10 Facility 1700 May St. Marysville, KS 66508	Marysville MWWTP	Process wastewater

Marshall County, Kansas  
Kansas Permit No. P-BB13-0001

Description of Facility: This facility manufactures airplane deicers, centerfold trucks, agricultural tillage implements, and lowboy trailers. Conversion coating (phosphatizing) is performed on steel prior to painting the steel at this location. The three sources of regulated wastes include the three stage, automatic phosphating operation, the manual (spray) operation and waterfall paint booths.

Name and Address of Applicant	POTW	Type of Discharge
Landoll Corporation 604 Alston Facility 1700 May St. Marysville, KS 66508	Marysville MWWTP	Process wastewater

Marshall County, Kansas  
Kansas Permit No. P-BB13-0002

Description of Facility: This facility manufactures airplane deicers, centerfold trucks, agricultural tillage implements, and lowboy trailers at the Shop 10 facility. Only electroplating of various metal parts exit at the Alston plant.

\*\*\*\*\*

Written comments on the proposed determinations may be submitted to Bethel Spotts or Angela Buie (agricultural permits), Permit Clerk, Kansas Department of Health and Environment, Division of Environment, Bureau of Water, Forbes Field, Topeka 66620. All comments received prior to June 27 will be considered in the formulation of final determinations regarding this public notice. Please refer to the appropriate public notice number (KS-92-109, KS-AG-92-47/49 or KS-PT-92-5/6) and the name of applicant as listed when preparing comments.

If no objections are received, the Secretary of Health and Environment will issue the final determinations. If response to this notice indicates significant public interest, a public hearing may be held in conformance with state regulation 28-16-61 (28-46-21 for UIC). Media coordination (newspapers, radio) for publication and/or announcement of the public notice or public hearing is handled by the Kansas Department of Health and Environment.

The application, proposed permit, including proposed effluent limitations and special conditions, fact sheets as appropriate, comments received, and other information are on file and may be inspected at the Kansas Department of Health and Environment offices, Building 740, Forbes Field, Topeka, from 8 a.m. to 4:30 p.m. Monday through Friday. The documents are available upon request at the copying cost assessed by KDHE. Additional copies of this public notice also may be obtained at the Division of Environment.

Azzie Young  
Secretary of Health  
and Environment

Doc. No. 012069

State of Kansas

Kansas State University

Notice to Bidders

Sealed bids for the items listed below will be received by the Kansas State University Purchasing Office, Manhattan, until 2 p.m. local time on the date indicated and then will be publicly opened. Interested bidders may call (913) 532-6214 or FAX (913) 532-5632 for additional information.

Tuesday, June 2, 1992

#20158

Media development system

William H. Sesler  
Director of Purchasing

Doc. No. 012053

State of Kansas

Department of Health  
and Environment

Request for Proposals

The Kansas Department of Health and Environment announces a request for proposals for community grants for early intervention services to infants and toddlers with disabilities and their families. Proposals should include a service plan, budget and narrative, and appendix documenting community agreements for service provision. Federal funds through Part H of PL 99-457 are available July 1, 1992.

Recommendations regarding awards will be made to the Director of Health by an interagency team and will be based on how Kansas can best achieve an equitable distribution of service coverage statewide. Allocation of funds will be partially determined by projected numbers of children and families to be served within a defined geographical area. Contracts with KDHE will be required and are contingent upon receipt of Part H federal funding through the U.S. Office of Special Education Programs.

Applications must be postmarked no later than June 26 or may be hand-delivered no later than 4:30 p.m. June 26.

Additional information and application materials may be requested by contacting Marnie Campbell, Coordinator, Infant-Toddler Services, Kansas Department of Health and Environment, 10th Floor, Landon State Office Building, 900 S.W. Jackson, Topeka 66612-1290, (913) 296-6135; (800) 332-6262 V/TDD.

Azzie Young  
Secretary of Health  
and Environment

Doc. No. 012046

State of Kansas

**Private Industry Council**

**Public Notice**

The Kansas Private Industry Council administering the Job Training Partnership Act (JTPA) in Service Delivery Area III seeks solicitation of comprehensive proposals to contract with any group, agency or institution, public or private, to develop an occupational training vendor list.

The contract period for the proposed services will be for program year 1992 (July 1, 1992 to June 30, 1993) and program year 1993 (July 1, 1993 to June 30, 1994).

Agencies wanting to submit a proposal may do so by contacting the Kansas Private Industry Council, Inc., SDA III, 717 Gateway Centre II, 4th and State Ave., Kansas City, KS 66101, (913) 371-1607.

The deadline for submission of proposals is 3 p.m. Friday, June 19.

Ann Conway  
Executive Director

Doc. No. 012039

State of Kansas

**Secretary of State**

**Notice of Hearing on Proposed  
Administrative Regulations**

A public hearing will be conducted at 10 a.m. Monday, June 29, in the conference room of the Secretary of State's Office, Room 231-N, State Capitol, Topeka, to consider proposed amendments to Kansas Administrative Regulation 7-32-1, pertaining to law book prices. This regulation is proposed for adoption on a temporary and a permanent basis.

K.A.R. 7-32-1 increases shipping costs for Kansas Statutes Annotated, Kansas Administrative Regulations, Session Laws of Kansas and permanent journals of the House and Senate. There will be minimal economic impact on persons purchasing the volumes.

This 30-day notice of public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed regulation. Comments may be submitted prior to the hearing to John R. Wine, Jr., General Counsel, Office of the Secretary of State, 2nd Floor, State Capitol, Topeka 66612.

All interested parties will be given a reasonable opportunity at the hearing to present their views. It may be necessary to request each participant to limit any oral presentation to five minutes.

Copies of the regulation and its fiscal impact statement may be obtained at the address above or by calling (913) 296-2114.

Bill Graves  
Secretary of State

Doc. No. 012055

State of Kansas

**Kansas Commission on Children,  
Youth and Families**

**Notice of Meeting**

The Kansas Commission on Children, Youth and Families will meet from 9 a.m. to noon Friday, June 5, at Social and Rehabilitation Services Staff Development, Feldman Building, Room B, 300 S.W. Oakley, State Complex West, Topeka.

Robert Harder  
Chairman

Doc. No. 012045

State of Kansas

**Private Industry Council**

**Public Notice**

The Kansas Private Industry Council for the Job Training Partnership Act in Service Delivery Area III seeks solicitations of comprehensive proposals to conduct an independent financial and compliance audit of recipients of funds under Title IIA, IIB, EDWAA (dislocated workers) and 6 percent technical assistance. The audit must determine whether the financial statements of the audited entity fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles applicable to government agencies. The audit also must determine whether the audited entity has complied with applicable laws and regulations as set forth by Public Law 97-300, October 13, 1982, the Job Training Partnership Act.

A multiple year contract is contemplated, subject to the annual review and recommendation of the PIC Finance Committee and the satisfactory negotiation of terms. The initial audit will cover the funding period July 1, 1991 to June 30, 1992 for all funds, except the IIA 6 percent funds.

The PIC reserves the right to accept or reject any proposal. The PIC also reserves the right to negotiate with any and all potential auditors.

A pre-bid conference will be held at 9 a.m. Friday, June 5, at the PIC office. Questions regarding the audit will be answered only at this meeting.

Proposals are to be submitted to the PIC office by 4 p.m. Friday, June 26. Proposal packets may be secured from the PIC office by contacting: Renee Lieb, Fiscal Coordinator, Kansas Private Industry Council, SDA III, 717 Gateway Center II, 4th and State Ave., Kansas City, KS 66101, (913) 371-1607.

Ann Conway  
Executive Director

Doc. No. 012062

## 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 officers are listed in the Directory of County Officers. Both directories are published by the Secretary of State's office.

The following appointments were filed May 11-22:

**District Judge, 10th Judicial District,  
Division No. 1**

**Peter V. Ruddick**, 11705 Penrose, Olathe 66061. Term expires when a successor is elected and qualifies according to law. Succeeds Herbert W. Walton.

**Kansas Commission on Education Restructuring  
and Accountability**

(Established by 1992 House Bill 2763)

**Larry Jones**, 1531 N. Spring Drive, Wichita 67208. Appointed by the House Minority Leader.

**Dave King**, 10716 W. 121st, Overland Park 66213. Appointed by the House Minority Leader.

**Richard Parker**, Willowbrook, Hutchinson 67502. Appointed by the House Minority Leader.

**State Grain Inspection Department**

**Lee Hamm**, Director, Route 1, Pratt 67124. Subject to Senate confirmation. Serves at the pleasure of the Governor. Succeeds Thomas D. Wilson, resigned.

**Kansas Sports Hall of Fame  
Board of Trustees**

**Steve A. McDonald**, 3912 S.W. 43rd, Topeka 66610. Term expires April 30, 1996. Succeeds Dev Nelson.

**Northwest Kansas Regional Library System**

**Henry Daxon**, Gove 67736. Term expires June 30, 1994. Succeeds Cheryl Coberly, resigned.

**Marie Peterson**, HC 1, Box 54, Monument 67747. Term expires June 30, 1993. Reappointment.

**State Board of Pharmacy**

**Hoyt A. Kerr**, Pharmacist Member, 5863 S.W. 27th, Topeka 66614. Term expires April 30, 1995. Reappointment.

**Real Estate Appraisal Board**

**Robert C. Gardner**, Appraiser Member, P.O. Box 12608, Kansas City 66112. Effective July 1, 1992. Term expires June 30, 1995. Succeeds Virginia Craig.

**State Board of Tax Appeals**

**Fred J. Hirsch**, First District Appointee, Route 4, Beloit 67420. Effective July 1, 1992. Subject to Senate confirmation. Term expires June 30, 1996. Succeeds Jayne Aylward.

**Nancy B. Parrish**, Second District Appointee, 3732 S.E. Tomahawk, Topeka 66605. Effective July 1, 1992. Subject to Senate confirmation. Term expires June 30, 1996. Succeeds Charles Laird.

**State Board of Veterinary Medical Examiners**

**Audrey B. McCaig**, 5430 S.W. Sena Drive, Topeka 66604. Effective July 1, 1992. Term expires June 30, 1996. Succeeds David Holbrook.

**Bill Graves**  
Secretary of State

## State of Kansas

**Department of Health  
and Environment**

**Permanent Administrative  
Regulations**

**Article 53.—CHARITABLE HEALTH CARE  
PROVIDERS**

**28-53-1. Definitions.** (a) "Agreement" means a written understanding between the department and a charitable health care provider regarding the rendering of professional services to medically indigent persons.

(b) "Department" means the Kansas department of health and environment.

(c) "Federally qualified health center" means a center which meets the requirements for federal funding under 42 USC section 1396d(1) of the public health service act, and which has been designated as a "federally qualified health center" by the federal government.

(d) "Indigent health care clinic" means an outpatient medical care clinic designed to provide care to the medically indigent under the medical direction of a qualified person licensed to practice medicine and surgery and licensed by the Kansas board of healing arts.

(e) "Local health department" means county, city-county and multi-county public health units established under the authority of K.S.A. 65-201.

(f) "Secretary" means the secretary of the Kansas department of health and environment. (Authorized by and implementing K.S.A. 1991 Supp. 75-6120; effective April 1, 1991; amended July 13, 1992.)

**28-53-2. Agreement.** (a) Each person applying for an agreement shall submit a completed application to the department on forms prescribed by the secretary.

(b) An agreement may be terminated by the secretary or the charitable provider with 30 days advanced written notice to the department. Failure of the provider to maintain proper licensure by the appropriate professional licensing agency shall constitute immediate cancellation of the agreement. (Authorized by and implementing K.S.A. 1991 Supp. 75-6120; effective April 1, 1991; amended July 13, 1992.)

**Azzie Young**  
Secretary of Health  
and Environment



## State of Kansas

## Board of Accountancy

Permanent Administrative  
Regulations

## Article 4.—PERMITS TO PRACTICE

**74-4-7. Continuing education requirements.** (a)(1)

Each applicant for renewal of a permit to practice as a certified public accountant in Kansas shall have completed a 40-hour program of acceptable continuing education during each year within the biennium period for renewal.

(2) Each applicant for renewal of a permit to practice as a licensed municipal public accountant in Kansas shall have completed a 16-hour program of acceptable continuing education during each year within the biennium period. At least eight of the 16 hours shall be in the area of municipal accounting or auditing.

(b) Standards used to determine acceptable continuing education.

(1) One hour of credit shall be granted for each 50 minute period attended. Partial hours shall not be counted.

(2) Hours devoted to preparation by a lecturer or discussion leader for formal programs shall be computed at a maximum of one and a half hours for each contact hour of presentation. No time devoted to preparation by a participant shall be counted.

(3) Hours served as a lecturer or discussion leader shall be included to the extent they contribute to the professional competence of the applicant. Repetitious presentations shall not be counted unless it can be demonstrated that the program content involved was substantially changed and the change required significant additional study or research.

(4) Only one-half of the total continuing education hours per year required for permit renewal may be satisfied by instruction or service as a lecturer or discussion leader.

(c) The board may make exceptions to the requirements of subsection (a) for reasons of health, military service, foreign residence, retirement, or for other good cause determined by the board.

(d) Any applicant for renewal of a permit to practice as a CPA may carry over up to a maximum of 20 hours of continuing education earned in the 12 month period preceding July 1 of each year. (Authorized by and implementing K.S.A. 1-310(e), K.S.A. 75-1119(a); effective E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended July 13, 1992.)

## Article 5.—CODE OF PROFESSIONAL CONDUCT

**74-5-2. Definitions.** The following definitions are applicable wherever such terminology is used in the rules of conduct: (a) "Board" means the Kansas state board of accountancy.

(b) "Certified public accountant," or "CPA," means a holder of a Kansas certificate as a certified public accountant and firms registered with the board to practice certified public accountancy.

(c) "Client" means any person or persons or any entity that retains a certified public accountant or a registered firm for the performance of professional services.

(d) "Enterprise" means any person or persons or entity, whether organized for profit or not, for which a certified public accountant provides services.

(e) "Firm" means a proprietorship, partnership or professional corporation or association engaged in the practice of public accounting.

(f) "Financial statements" means:

(1) the statements and related footnotes that purport to show financial position at a particular point in time or changes in financial position over a period of time;

(2) the statements which use a cash or other incomplete basis of accounting; and

(3) the balance sheets, statements of income, statements of retained earnings, statements of cash flow, and statements of changes in owners' equity. Incidental financial data included in management advisory services reports to support recommendations to a client and tax returns and supporting schedules do not, for this purpose, constitute financial statements. The required affidavit or signature on tax returns prepared by a certified public accountant shall not constitute an opinion regarding financial statements.

(g) "Practice of public accountancy" means offering to perform or performing for a client one or more types of services involving the use of accounting or auditing skills, or one or more types of management advisory or consulting services, including financial planning, preparation of tax returns or furnishing of advice on tax matters, while stating or implying that one is a certified public accountant. Use of the term "public accountant" shall not be interpreted as implying that one is a "certified" public accountant.

(h) "Professional services" means any services performed or offered to be performed by a certified public accountant in the course of the practice of public accountancy.

(i) "Public communication" means a communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card or directory.

(j) "Licensed municipal public accountant," or "LMPA," means a holder of a permit issued under the laws of Kansas to practice as a municipal public accountant.

(k) "Personal Financial Planning" means the ongoing process of designing financial strategies and making planning decisions that are intended to implement goals, including assisting clients by organizing data, performing analyses, providing suggestions and recommendations, assisting in decision making, and facilitating the implementation of planning decisions.

(l) "Contingent fee" is any fee established for the performance of any services pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such services. Fees fixed by courts or other

(continued)

public authorities, or in tax matters which are determined based on the results of judicial proceedings or the findings of governmental agencies are not regarded as being contingent. (Authorized by and implementing K.S.A. 1-202(c)(1), K.S.A. 75-1119(a); effective Jan. 1, 1974; amended May 1, 1978; amended May 1, 1979; amended May 1, 1985; amended July 22, 1991; amended July 13, 1992.)

**74-5-103. Commissions and Referral Fees.** A certified public accountant shall not pay a commission or offer any item of value to a third party to obtain a client. (a) A certified public accountant may pay or accept a commission for the sale of services or products recommended or sold by the CPA to a client provided:

(1) The CPA or the CPA's firm does not perform for the client:

(A) an audit or review of a financial statement;

(B) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence; or

(C) an examination of prospective financial information.

This prohibition applies during the period covered by any historical financial statement involved in the services listed in (a); and

(2) The certified public accountant who receives the commission complies with (1) above and informs the client in writing at the time the sale or recommendation is made of the amount and reason for the commission.

This regulation shall not be construed to prohibit or require disclosure to clients concerning the sale of computer hardware or software.

(b) A certified public accountant may accept or pay a referral fee for the sale of services or products to a client provided:

(1) The CPA or the CPA's firm does not perform for the client:

(A) an audit or review of a financial statement;

(B) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence; or

(C) an examination of prospective financial information.

This prohibition applies during the period in which the CPA or the CPA's firm is engaged to perform any of the services listed above and during the period covered by any historical financial statement involved in any such listed services;

(2) The certified public accountant who receives the referral fee complies with (1) above and informs the client in writing at the time the sale or recommendation is made of the amount and reason for the referral fee; and

(3) The CPA who pays the referral fee complies with (1) above and discloses to the client, in writing, within 30 days after the referral is made, the amount of and reason for the referral fee.

(c) In the area of personal financial planning the CPA must comply with (a) or (b) above and have attained the designation of accredited personal financial specialist (APFS) conferred by the specialization accreditation board of the American institute of certified public accountants; or attained other personal financial planning designations requiring similar testing, education and experience requirements as may be approved by the board of accountancy.

In the case of commissions or referral fees associated with transactions regulated by the investment advisor's act of 1940, state or federal agencies may require other additional registration or licensing.

(d) This regulation also does not prohibit payments for the purchase of all, or a material part, of an accounting practice, or retirement payments to personnel formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons. (Authorized by and implementing K.S.A. 1-202(c)(1); effective May 1, 1978; amended July 13, 1992.)

**74-5-104. Contingent fees.** (a) A certified public accountant shall not offer or perform any professional services for a contingent fee, or receive such a fee from a client for whom the CPA or the CPA's firm performs or prepares:

(1) an audit or review of a financial statement;

(2) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence;

(3) an examination of prospective financial information; or

(4) an original or amended tax return or claim for a tax refund.

This prohibition applies during the period covered by any historical financial statements involved in the services listed in (a).

(b) For purposes of this regulation: (1) Preparation of an original or amended tax return or claim for a tax refund includes giving advice on events which have occurred at the time the advice is given if such advice is directly relevant to determining the existence, character, or amount of a schedule, entry, or other portion of a return or claim for refund.

(2) A fee is considered determined based on the findings of governmental agencies if the CPA can demonstrate a reasonable expectation at the time of a fee arrangement, of substantive consideration by an agency with respect to the CPA's client. Such an expectation is deemed not reasonable in the case of preparation of original tax returns.

(3) A fee is not considered contingent and the work may be performed if: (A) A CPA represents a client in an examination by a revenue agent of the client's federal or state income tax return;

(B) A CPA files an amended federal or state income tax return claiming a tax refund based on a tax issue that is either the subject of a test case, involving a different taxpayer, or with respect to which the taxing authority is developing a position;

(C) A CPA files an amended federal or state income tax return, or refund claim, claiming a tax refund in an amount greater than the threshold for review by the joint committee on internal revenue taxation (\$1 million at March 1991) or state taxing authority;

(D) A CPA requests a refund or either overpayments of interest or penalties charged to a client's account or deposits of taxes improperly accounted for by the federal or state taxing authority in circumstances where the taxing authority has established procedures for the substantive review of such refund; requests;

(E) A CPA requests, by means of "protest" or similar document, consideration by the state or local taxing authority of a reduction in the "assessed value" of property under an established taxing authority review process for hearing all taxpayer arguments relating to assessed value; or

(F) A CPA represents a client in connection with obtaining a private letter ruling or influencing the drafting of a regulation or statute.

(4) A contingent fee would not be permitted if a CPA prepared an amended federal or state income tax return for a client claiming a refund of taxes because a deduction was inadvertently omitted, rather than there being a question as to the propriety of the deduction, from the return originally filed.

(5) A CPA's fees may vary depending on the complexity of services rendered. (Authorized by and implementing K.S.A. 1-202(c)(1); effective May 1, 1978; amended July 13, 1992.)

**74-5-202. Auditing standards.** A certified public accountant or a licensed municipal public accountant shall not permit his or her name to be associated with financial statements in such a way as to imply that the accountant is acting as an independent certified public accountant or licensed municipal public accountant with respect to the financial statements unless the accountant has complied with applicable, generally accepted auditing standards as interpreted by statements on auditing standards issued by the American institute of certified public accountants in Volumes A and B, dated June 1, 1991, and the minimum standard audit program of the Kansas state municipal accounting board. Any accountant who does not conform to those standards shall provide justification for such a departure. (Authorized by and implementing K.S.A. 1-202(c)(1) and K.S.A. 75-1119(a); effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Dec. 31, 1990; amended July 13, 1992.)

**74-5-203. Accounting principles.** (a) A certified public accountant or a licensed municipal public accountant shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if the financial statements contain any departure from those accounting principles that has a material effect on the financial statements taken as a whole. However, any certified public accountant or licensed municipal public account-

ant may express such an opinion if the accountant can demonstrate that, due to unusual circumstances, the financial statement would otherwise have been misleading. In those cases, the accountant's report shall describe the departure, the approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(b) For purposes of this regulation, "generally accepted accounting principles" are considered to be pronouncements issued by the financial accounting standards board in its general and industry standards publications, dated June 1, 1991. (Authorized by and implementing K.S.A. 1-202 (c)(1) and K.S.A. 75-1119(a); effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Dec. 31, 1990; amended July 13, 1992.)

Glenda S. Moore  
Executive Secretary

Doc. No. 012044

## State of Kansas

### State Corporation Commission

#### Notice of Hearing

The State Corporation Commission has directed that a hearing be conducted (pursuant to K.S.A. 1991 Supp. 55-603, 55-604, 55-703 and K.S.A. 55-703a) to allow the following to show cause as to why their basic proration orders should not be dissolved:

- In the matter of the application for a gas spacing order for a common source of supply of gas in the Mississippi formation in an area in Pawnee County, Kansas, affecting all of Sections 19 and 20; N/2 of Section 29; N/2 of Section 30, Township 22 South, Range 19 West; and the SE/4 of Section 24 and NE/4 of Section 25, Township 22 South, Range 20 West, Pawnee County, Kansas. Docket No. 84,897-C (C-14,555).
- In the matter of the application for an order establishing a well spacing pattern and well location restrictions in the Mississippi formation being a separate common source of supply underlying Sections 27, 28, 29, 32, 33 and 34, Township 25 South, Range 18 West, Edwards County, Kansas, affecting all of Sections 28, 29, 32, 33 and 34, and all of Sections 27, except the NE/4, Township 25 South, Range 18 West, Edwards County, Kansas. Docket No. 116,291-C (C-19,142).
- In the matter of establishing rules and regulations relating to the sale and conservation of natural gas in the Britton Mississippi Gas Pool of Edwards County, Kansas, affecting all of Sections 3, 4, 5, 8, 9, 10, 15, 16, 17, and the N/2 of Section 20, 21 and 22, Township 25 South, Range 17 West, Edwards County, Kansas. Docket No. 74,966-C (C-11,385).
- In the matter of establishing rules and regulations relating to the production, sale and conservation of

(continued)

- natural gas in the Nich Morrow Pool of Stanton County, Kansas, affecting Sections 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, Township 30 South, Range 39 West, Stanton County, Kansas. Docket Nos. 69,310-C (C-9503) and 91,290-C (C-15,982).
- In the matter of establishing a well spacing pattern in the Morrow Oil Reservoir of the Rothfelder Field, Scott County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting all of Sections 7 and 18, and the NW/4 of Section 19, Township 20 South, Range 33 West; and the SE/4 of Section 12, the E/2 of Section 13, and the NE/4 of Section 24, Township 20 South, Range 34 West, Scott County, Kansas. Docket No. 72,686-C (C-10,656).
  - In the matter of establishing a well spacing pattern in the Cherokee Oil Reservoir of the Rothfelder Field, Scott County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting all of Sections 7 and 18 and the NW/4 of Section 19, Township 20 South, Range 33 West; and the SE/4 of Section 12, the E/2 of Section 13, and the NE/4 of Section 24, Township 20 South, Range 34 West, Scott County, Kansas. Docket No. 73,094-C (C-10,787).
  - In the matter of establishing a well spacing pattern in the Mississippi Reservoir of the Buda Field, Ness and Hodgeman counties, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting the W/2 of Section 26, all of Sections 27, 34, 35 and the SE/4 and W/2 of Section 36, Township 20 South, Range 26 West; and the S/2 of Section 31, Township 20 South, Range 25 West, Ness County, Kansas; and the W/2 of Section 01 and all of Sections 2, 3 and 4, Township 21 South, Range 26 West, Hodgeman County, Kansas. Docket No. 70,885-C (C-10,067).
  - In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Dumler Field, Ness County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting all of Sections 1, 2, 3, 10, 11, 12, 13, and 15, and the N/2 of Section 14 and the N/2 of Section 22, Township 17 South, Range 26 West; and the W/2 of Sections 6, 7 and 18, and the NW/4 of Section 19, Township 17 South, Range 25 West, Ness County, Kansas. Docket No. 69,348-C (C-9528).
  - In the matter of establishing rules and regulations relating to the production, sale and conservation of crude oil in the Mississippi Oil Reservoir in the Opliger Field in Ness County, Kansas, affecting the SE/4 and W/2 of Section 8 and Sections 7, 9, 16, 17, 18, 19, 20 and 21, Township 17 South, Range 23 West, Ness County, Kansas. Docket Nos. 71,387-C (C-10,200) and 82,580-C (C-13,856).
  - In the matter of establishing a well spacing pattern in the Mississippi (Warsaw) Oil Reservoir of the Osgood Field, Ness County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting all of Sections 16, 17 and 21, Township 16 South, Range 23 West, Ness County, Kansas. Docket No. 76,866-C (C-11,948).
  - In the matter of the application for an order establishing rules and regulations relating to the formation of drilling units, well spacing, and location, production, sale and conservation of oil in the Mississippi formation in certain lands in Ness County, Kansas, affecting the S/2 of Section 19; the SW/4 of Section 20; the W/2 of Section 29; all of Sections 30 and 31, and the W/2 of Section 32, Township 20 South, Range 24 West; and the E/2 of Section 36, Township 20 South, Range 25 West, Ness County, Kansas. Docket No. 85,581-C (C-14,744).
  - In the matter of the application for an order establishing a well spacing pattern and well location restrictions in the Pawnee Valley-Cherokee Pool, being a separate common source of supply in the Pawnee Valley Field, Ness County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting the W/2 of Section 15; all of Section 16; E/2 of Section 17; E/2 of Section 20; all of Section 21; and the W/2 of Section 22, Township 20 South, Range 23 West, Ness County, Kansas. Docket No. 87,225-C (C-15,101).
  - In the matter of establishing a well spacing pattern in the Lansing-Kansas City Oil Reservoir of the Prairie Ridge Field, Ness and Lane counties, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting Sections 7, 18, 19 and 20, Township 16 South, Range 26 West, Ness County, Kansas. Docket No. 78,581-C (C-12,546).
  - In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Prairie Ridge Field in Ness and Lane counties, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting all of Sections 7, and 18, Township 16 South, Range 26 West, Ness County, Kansas; and all of Section 12, Township 16 South, Range 27 West, Lane County, Kansas. Docket No. 77,511-C (C-12,181).
  - In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Riverside Field, Ness County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting Sections 12 and 13, Township 20 South, Range 23 West; and Sections 7 and 18, Township 20 South, Range 22 West, Ness County, Kansas. Docket No. 77,372-C (C-12,154).
  - In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Steffen West Field, Ness and Hodgeman counties, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting the SE/4 and W/2 of Section 25, E/2 of Section 26, E/2 of Section 35 and all of Section 36, Township 20 South, Range 21 West, Ness County, Kansas; and the N/2 of Section 1; and the N/2 of Section 2, Township 21 South, Range 21 West, Hodgeman County, Kansas. Docket Nos. 79,118-C (C-12,683) and 82,606-C (C-13,871).
  - In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Steffen Field, Pawnee, Ness and Hodgeman counties, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting the NW/4 and E/2 of Section 19 and all of Sections 20, 21, 28, 29, 30, 31, 32, 33, Township 20 South, Range 20 West; and the

N/2 of Sections 5 and 6, Township 21 South, Range 20 West, Pawnee County, Kansas. Docket Nos. 74,004-C (C-11,079) and 83,530-C (C-14,176).

- In the matter of the application for an order establishing rules and regulations relating to the formation of drilling units, well spacing and location, production, sale and conservation of oil and gas in the Mississippi formation in the Steffen Northwest Mississippi Oil Pool, Ness County, Kansas, affecting all of Section 24 and the NE/4 of Section 25, Township 20 South, Range 21 West, Ness County, Kansas; and the SW/4 of Section 19, Township 20 South, Range 20 West, Pawnee County, Kansas. Docket Nos. 83,530-C (C-14,176) and 74,004-C (C-11,079).
- In the matter of the application for an order establishing rules and regulations relating to the formation of drilling units, well spacing and location, production, sale and conservation of oil in the Fort Scott formation in certain lands in Ness County, Kansas, affecting the S/2 of Section 18; the SW/4 of Section 17; all of Section 19; the W/2 of Section 20; all of Section 30; and the W/2 of Section 29, Township 20 South, Range 23 West, Ness County, Kansas. Docket No. 88,690-C (C-15,427).
- In the matter of establishing rules and regulations relating to the production, sale and conservation of crude oil in the Mississippi Reservoir of the Sunshine Field in Ness County, Kansas, affecting the NE/4 and W/2 of Section 36, Township 18 South, Range 25 West; and the SE/4 and W/2 of Section 1; Sections 12 and 13; and all of the E/2 of Section 2, Township 19 South, Range 25 West, Ness County, Kansas. Docket Nos. 72,893-C (C-10,726); 151,494-C (C-21,753); and 152,317-C (C-22,009).
- In the matter of establishing rules and regulations relating to the production, sale and conservation of crude oil in the Cherokee Reservoir of the Sunshine Field in Ness County, Kansas, affecting Section 36, Township 18 South, Range 25 West; and Sections 1, 12, and 13, Township 19 South, Range 25 West, Ness County, Kansas. Docket No. 72,894-C (C-10,727).
- In the matter of establishing a well spacing pattern in the Mississippi Oil Reservoir of the Wunder Field, Ness County, Kansas, and for the establishment of appropriate allowables for wells drilled therein, affecting the S/2 of Section 7, SW/4 of Section 8, the W/2 of Section 17, 18, 19, and the W/2 of Section 20, Township 18 South, Range 21 West; and the SE/4 of Section 12, the E/2 of Section 13, the E/2 of Section 24, Township 18 South, Range 22 West, Ness County, Kansas. Docket No. 71,610-C (C-10,273).

The hearing will be at 9 a.m. Thursday, June 18, in the third floor hearing room, 300 Colorado Derby Building, 202 W. 1st, Wichita. Further information can be obtained by contacting William J. Wix, Assistant General Counsel, State Corporation Commission, Conservation Division, 202 W. 1st, Wichita 67202, (316) 263-3238.

Judith McConnell  
Executive Director

Doc. No. 012043

## State of Kansas

### Department of Administration Division of Purchases

#### Notice to Bidders

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

**Monday, June 8, 1992**

28997

Citizens Utility Ratepayer Board—Analysis and investigation services of the United Cities Gas Company application to the Corporation Commission

92485

Department of Social and Rehabilitation Services—Vending machines

**Tuesday, June 9, 1992**

A-6858

El Dorado Correctional Facility—Reroof Rayl Building

28994

Emporia State University—Class schedule books

92480

Department of Administration-DISC—Personal computers

92481

Department of Transportation—Cutter/slitter/stacker

92482

University of Kansas Medical Center—Fiber optic and ethernet equipment

92483

University of Kansas—Fiber optic and ethernet equipment

92484

Department of Social and Rehabilitation Services—Ethernet equipment

**Wednesday, June 10, 1992**

A-6698

Youth Center at Atchison—Remodel Administration Building, miscellaneous improvements—staff houses

A-6700

Youth Center at Topeka—Replace windows and refurbish entrance halls and stairs

A-6861

Wichita State University—Heating, ventilating and air conditioning modifications

28995

Statewide—Photocopier supplies

92433

Department of Transportation—Global positioning system

92434

Department of Transportation—Environmental chamber

(continued)

92435

State Corporation Commission—Legal case management system

Thursday, June 11, 1992

A-6585

University of Kansas—Learned Hall chiller replacement

A-6609

University of Kansas—Irving Hall entrance, Jayhawk Towers

91709-Rebid

Department of Wildlife and Parks—Furnish all labor and materials to construct pit toilets

92466

Pittsburg State University—Minicomputer system (HP 8275) and peripherals

92467

Wichita State University—Screen dump plotter

92468

Department of Administration-DISC—Systems upgrade (4mm DAT tape drive, serial top, software)

92469

Department of Transportation—Aggregate, various locations

92470

Department of Transportation—Asphalt storage tank, various locations

92471

Kansas Highway Patrol—Radar and laser speed devices

92472

Department of Transportation—Hopper body spreaders, various locations

92473

Department of Transportation—Sweeper, various locations

92474

Department of Transportation—Emergency shoring system

92475

Department of Transportation—Concrete saw, Garden City

92476

Larned Correctional Facility—Crack sealant

92477

University of Kansas—Integrated computer system (file server, workstations, printer)

92478

Kansas Lottery—Automated attendant

92479

Youth Center at Topeka—Furnish and install intercom system

Friday, June 12, 1992

A-6613

University of Kansas—Ellsworth Hall Apartment remodel

A-6844

University of Kansas—Reroofing of building—Stouffer Place Apartments

92492

University of Kansas—Paper, printing and binding

92493

University of Kansas Medical Center—ENT surgical instruments

92494

Department of Administration, Division of Purchases—HP laser jet III printers

92495

Kansas Board of Agriculture—Software GUI (GUPTA) and data base (SUPRA)

92496

Kansas Board of Agriculture—Software GUI (power builder) and data base (SQ L Server)

92497

Emporia State University—Fiber optic cable and equipment

92498

University of Kansas—Recreational/exercise equipment

92499

University of Kansas—Recreational/gymnastics mats

92500

Department of Transportation—Dump trucks, various locations

92501

Department of Transportation—High-lift dump truck, Chanute

92502

Department of Transportation—Street flusher truck

92503

Department of Wildlife and Parks—GIS workstation and 8mm tape backup

92504

Wichita State University—Dorm furniture

92505

Various agencies—Library detection systems

92506

Emporia State University—Token ring accessories

92507

Emporia State University—Parking meters and cart

92508

Department of Transportation—Tower painting

92509

Kansas State University—Roof replacement, Bushnell Hall Annex

Tuesday, June 16, 1992

A-6846

Emporia State University—Cram Science Hall reroof

A-6866

University of Kansas—Art and design foundry ventilation, Phase I

A-6867

Wichita State University—Parking lot sealing

Jack R. Shipman  
Director of Purchases

Doc. No. 012058

## State of Kansas

## Department of Transportation

## Notice to Contractors

Sealed proposals for the construction of road and bridge work in the following Kansas counties will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m. C.D.T. June 18, 1992, and then publicly opened:

## District One—Northeast

**Jackson**—75-43 M-1688-01—U.S. 75, from 0.1 mile north of K-16 north for 10.6 miles, slurry seal. (State Funds)

**Johnson**—69-46 M-1687-01—U.S. 69, from the junction of College Boulevard and U.S. 69 north to I-35 (northbound and southbound lanes) 3.4 miles, patching. (State Funds)

**Johnson/Miami**—35-106 K-4660-01—I-35, various interchanges, from Lebo to Gardner, signing. (Federal Funds)

**Leavenworth**—52 C-1746-01—County road, 1.0 mile west and 3.3 miles south of Tonganoxie, then south, 0.2 mile, bridge replacement. (Federal Funds)

**Marshall**—77-58 M-1681-01—U.S. 77, from the Riley/Marshall county line, north to the K-9 west junction, 8.5 miles, slurry seal. (State Funds)

**Pottawatomie**—24-75 K-4895-01—U.S. 24 and Lilac Lane in Wamego, traffic signal. (State Funds)

**Riley**—77-81 M-1632-01—U.S. 77, from 4.6 miles south of the junction of K-16, north to the Riley/Marshall county line, 10.7 miles, slurry seal. (State Funds)

**Shawnee**—89 K-4904-01—State Capitol grounds in Topeka, pavement reconstruction. (State Funds)

**Wyandotte**—635-105 M-1691-01—I-635, from I-35 to the Kansas/Missouri state line, 8.5 miles, pavement patching. (State Funds)

## District Two—Northcentral

**Chase**—50-9 M-1685-01—U.S. 50, from 3.9 miles east of the east city limits of Strong City, then east 0.2 mile, patching. (State Funds)

**Dickinson**—70-21 M-1689-01—I-70, from the Saline-Dickinson county line east 8.2 miles, slurry seal. (State Funds)

**Ellsworth**—27 C-2894-01—County road, 3.5 miles west and 1.0 mile north of Holyrood, then north, 3.0 mile, surfacing. (Federal Funds)

**Ellsworth**—140-27 M-1684-01—K-140, from 1.5 miles east of the junction of the K-141, east 0.1 mile, underdrain installation. (State Funds)

**Geary**—77-31 K-4238-01—U.S. 77, south of Ash Street to north of McFarland Street in Junction City, 0.5 mile, grading and surfacing. (Federal Funds)

**Geary**—31 U-1200-01—West bound Grant Avenue bridge at the Republican River in Junction City, 0.3 mile, bridge repair. (Federal Funds)

**Geary**—18-31 M-1683-01—K-18, from the junction of I-70, northeast to the Fort Riley Auxiliary entrance, 3.1 miles patching. (State Funds)

**Geary**—77-31 M-1686-01—U.S. 77, bridge 42, 0.4 mile north of the K-57 and K-244 south junction, 0.2 mile, bridge repair. (State Funds)

**Mitchell**—24-62 X-1458-02—Union Pacific Railroad crossing of U.S. 24, at the southeast edge of Beloit, grading and surfacing. (Federal Funds)

**Morris**—57-64 K-4503-01—K-57, Council Grove Reservoir bridge 23, 6.9 miles south of Wabaunsee County, bridge repair. (State Funds)

**Republic**—81-79 M-1646-01—U.S. 81, slope failure at bridge 23, 1.1 miles north of U.S. 36, slide repair. (State Funds)

**Saline**—70-85 M-1690-01—I-70, from 1,175 feet west of the junction I-135 east to the Saline-Dickinson county line, 15.7 miles, slurry seal. (State Funds)

**Saline**—135-85 K-3707-01—I-135 and Shilling Road interchange to south 9th Street in Salina, 0.3 mile, interchange. (State Funds)

## District Three—Northwest

**Gove**—70-32 M-1678-01—I-70, from the Gove/Trego county line west approximately 19.5 miles, milling. (State Funds)

**Trego**—70-98 M-1677-01—I-70, from the Gove/Trego county line east to the U.S. 283 interchange, 14.0 miles, slurry seal. (State Funds)

## District Four—Southeast

**Allen**—169-1 K-3704-01—U.S. 169, from 600 feet north of Patterson Avenue to Kansas Avenue in Iola, 0.7 miles, grading and surfacing. (State Funds)

**Allen**—169-1 K-4221-01—U.S. 169, from Buchanan Street to 600 feet north of Patterson Avenue in Iola, 0.4 mile, pavement reconstruction. (State Funds)

**Allen**—54-1 M-1671-01—U.S. 54, from the east city limits of Iola, east to the Allen/Bourbon county line, 17 miles, shoulders. (State Funds)

**Bourbon**—69-6 M-1676-01—U.S. 69 and U.S. 54 intersection, bridge approaches, pavement reconstruction. (State Funds)

**Bourbon/Linn**—69-106 K-4953-01—U.S. 69, 0.1 mile north of the north city limits of Fort Scott in Bourbon County north to 2.7 miles north of the Bourbon-Linn county line, 15.5 miles, sealing concrete joints. (State Funds)

**Crawford/Cherokee**—106 K-4917-01—K-126 in Crawford County, Lightning Creek bridge 31; U.S. 166 in Cherokee County, Spring River bridge 36 and Spring River drainage bridge 35, bridge painting. (State Funds)

**Elk**—160-25 X-1448-02—U.S. 160, South Kansas and Oklahoma Railroad crossing west of Grenola, grading and surfacing. (Federal Funds)

**Elk**—25 C-2636-02—County road, from the junction of U.S. 160 at Oak Valley then west, bridge repair. (Federal Funds)

(continued)

**Greenwood**—54-37 M-1672-01—U.S. 54, from 0.5 mile east of the Butler/Greenwood county line, east to the Greenwood/Wilson county line, 31.1 miles, gore and guard fence modification. (State Funds)

**Linn**—69-51 M-1675-01—U.S. 69, 0.4 mile north of the Bourbon/Linn county line, north 0.3 mile, patching. (State Funds)

**Neosho/Allen**—169-106 K-4922-01—U.S. 169, 0.9 mile south of Earlton in Neosho County north to 5.0 miles north of the Neosho-Allen county line, 13.1 miles, sealing concrete joints. (State Funds)

**Miami/Franklin**—35-30 K-4897-01—I-35, from the U.S. 59 interchange northeast to the Miami-Franklin county line, 5.6 miles, overlay. (State Funds)

**Miami**—169-61 K-4902-01—U.S. 169, from FAS 1705 over the U.S. 169 bridge 28, 0.7 mile south of K-263, bridge repair. (State Funds)

**Montgomery**—160-63 M-1673-01—U.S. 160, from 900 feet south of the south city limits of Cherryvale north to the south city limits of Cherryvale, 0.2 mile, patching. (State Funds)

**Montgomery**—169-63 M-1674-01—U.S. 169, from the south junction of K-96, north to the north junction of K-96, 1.0 mile, patching. (State Funds)

**Osage/Bourbon/Linn/Woodson**—106 K-4903-01—Various locations on I-35 in Osage County, U.S. 69 in Bourbon and Linn counties and U.S. 75 in Woodson County, outlet flumes. (State Funds)

**Wilson**—103 C-2911-01—County road, 11 miles north of Fredonia, then east, 0.2 mile, grading and bridge. (Federal Funds)

#### District Five—Southcentral

**Barton**—96-5 K-4594-01—K-96, from the Rush-Barton county line east and southeast to the junction of U.S. 56 in Great Bend, 14.9 miles, grading, surfacing and bridge. (State Funds)

**Comanche**—17 C-2887-01—County road, 2.5 miles south and 2.0 miles west of Coldwater, 0.2 mile, grading and bridge. (Federal Funds)

**Cowley**—166-18 K-3701-01—U.S. 166, from Pin Oak Road to Springgate Road in Arkansas City, 0.7 mile, grading and surfacing. (State Funds)

**Cowley**—18 C-2886-01—County road, 10.5 miles west of Atlanta, then east, grading and bridge. (Federal Funds)

**Reno**—78 U-0946-01—Maple Street at Cow Creek in Hutchinson, bridge replacement. (Federal Funds)

**Reno**—78 U-1114-01—First Avenue bridge over Cow Creek in Hutchinson, bridge repair. (Federal Funds)

**Rice**—56-80 M-1679-01—U.S. 56, from the Rice/Barton county line, east to the west city limits of Lyons, 14.1 miles, overlay. (State Funds)

**Sedgwick**—135-87 K-4893-01—I-135, from north of the Pawnee Street interchange north to the 21st Street interchange in Wichita, 5.6 miles, signing. (State Funds)

**Sedgwick**—135-87 M-1668-01—I-135, between ramp areas at 53rd, 61st and 85th north, 1.0 mile, overlay. (State Funds)

**Sedgwick**—235-87 M-1680-01—I-235, bridge over Broadway east to the bridges over Hydraulic Avenue, including ramps, 1.1 miles, overlay. (State Funds)

#### District Six—Southwest

**Finney**—83B-28 M-1669-01—U.S. 83 Business, Arkansas River bridge 4, 0.7 mile south of the south junction of U.S. 50, bridge repair. (State Funds)

**Ford**—50-29 K-3383-01—U.S. 50, from the east junction of U.S. 283 northeast to 1.0 mile northeast of FAS 257, 10.8 miles, overlay. (Federal Funds)

**Hamilton**—38 C-2864-01—County road, 5.2 miles south and 2.8 miles west of Kendall, 0.2 mile, grading and bridge. (Federal Funds)

**Haskell**—56-41 M-1670-01—U.S. 56, from the Seward/Haskell county line, northeast to the Haskell/Gray county line, 25.2 miles, crack sealing. (State Funds)

**Seward**—54-88 K-3187-01—U.S. 54, from the four/lane and two/lane divided in Liberal, northeast 11.3 miles, grading and surfacing. (Federal Funds)

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

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

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

Michael L. Johnston  
Secretary of Transportation

Doc. No. 010231



(Published in the Kansas Register, May 28, 1992.)

**Notice of Bond Sale**  
**\$1,078,000**  
**City of Leavenworth, Kansas**  
**General Obligation Bonds**  
**Series 1992A**

**Sealed Bids**

Sealed bids for the purchase of \$1,078,000 principal amount of General Obligation Bonds, Series 1992A, of the city hereinafter described, will be received by the undersigned, city clerk of the city of Leavenworth, Kansas, on behalf of the governing body of the city at City Hall, 100 N. 5th, Leavenworth, until 10 a.m. C.D.T. on Tuesday, June 9, 1992. All bids will be publicly opened and read at said time and place and will be acted upon by the city at 7 p.m. on said day at city hall. 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, except one bond in the denomination of \$8,000. The bonds will be dated July 1, 1992, and will become due serially on September 1, in the years as follows:

Year (September 1)	Principal Amount
1993	\$ 98,000
1994	100,000
1995	110,000
1996	110,000
1997	110,000
1998	110,000
1999	110,000
2000	110,000
2001	110,000
2002	110,000

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 March 1 and September 1 in each year, beginning on March 1, 1993.

**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 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 city will pay for the fees of the bond registrar for registration and transfer of the bonds and will also

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

**Redemption of Bonds Prior to Maturity**

At the option of the city, bonds maturing on September 1, 1998, and thereafter will be subject to redemption and payment prior to maturity on September 1, 1997, and thereafter in whole or in part on any interest payment date (bonds of less than a single maturity to be selected by lot in multiples of \$5,000 principal amount by the paying agent and bond registrar in such equitable manner as it shall designate), at the principal amount thereof, plus accrued interest to the redemption date, without premium.

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 bond for redemption and payment prior to the maturity thereof, the city shall give written notice of its intention to redeem and pay said bonds on a specified date, the same being described by number and maturity, said notice to be mailed by United States certified mail to the paying agent and bond registrar, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed at least 30 days prior to the redemption date. Thereafter the paying agent and bond registrar will notify the owners of the bonds of the city's redemption call by United States mail, postage prepaid. 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  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. No interest rate shall exceed the index of treasury bonds published by the weekly *MuniWeek*, f/k/a *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 2 percent. No supplemental interest payments will be authorized. No bid of less than the principal amount of the bonds and accrued interest will be considered. Each bid shall specify the total interest cost to the city during the life of the bond issue on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid. Each bid shall also specify

(continued)

the average annual net interest rate to the city on the basis of such bid. Bidders shall specify in the bid form the prices (exclusive of accrued interest), expressed as a dollar price, at which the bidder intends that each maturity amount of the bonds shall be initially offered to the public (the initial reoffering prices).

#### **Basis of Award**

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

#### **Security for the Bonds**

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

#### **Internal Revenue Code of 1986**

The Internal Revenue Code of 1986 imposes requirements on the city which must be met subsequent to the issuance of the bonds by the city and, as a result, the city will and does hereby covenant that it will diligently undertake those steps necessary to maintain the tax-exempt status of the bonds. The city's failure to comply with such requirements could adversely affect the tax-exempt status of the bonds. Purchasers of the bonds should be aware that should the bonds lose their status as tax-exempt obligations as a result of the city's failure to comply with such requirements, the bonds are neither callable nor will the rate of interest on the bonds be adjusted to reflect such circumstances.

The code includes interest on tax-exempt obligations, such as the bonds, in the adjusted current earnings of certain corporations in the calculation of alternative minimum taxable income, 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 may subject certain bondowners to additional taxation for interest earned on the bonds.

The code also requires property and casualty insurance companies to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on such obligations. 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. The city does intend 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 city, printed on the bonds and delivered to the successful bidder when the bonds are delivered. Said opinion will also state that in the opinion of bond counsel, assuming continued compliance by the city with the provisions of the ordinance authorizing the issuance of the bonds and the code, under existing law, the interest on the bonds is excludable from gross income for federal income tax purposes. Interest on the bonds may also be excludable from the computation of Kansas adjusted gross income.

#### **Delivery and Payment**

The city will pay for printing the bonds and will deliver the bonds, without cost to the successful bidder, properly prepared, executed and registered, on or about July 15, 1992, at such bank or trust company in the state of Kansas or greater metropolitan area of 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 and a certificate regarding the completeness and accuracy of the official statement. Payment for the bonds shall be made in Federal Reserve funds, immediately subject to use by the city. The denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar not later than 1 p.m. C.D.T. on June 24, 1992. In the absence of such information, the city will deliver bonds in the denomination of each maturity registered in the name of the successful bidder.

The successful bidder shall furnish the city by 1 p.m. C.D.T. on June 24, 1992, a certificate acceptable to the city's bond counsel to the effect that (i) the successful bidder has made a bona fide public offering of the bonds at the initial reoffering prices, and (ii) a substantial amount of the bonds was sold to the public

(excluding brokers and other intermediaries) at such initial reoffering prices. Such certificate shall state that (1) it is made on the best knowledge, information and belief of the successful bidder, and (2) 10 percent or more in par amount of the bonds of each maturity was sold to the public at or below the initial reoffering prices (such amount being sufficient to establish the sale of a "substantial amount" of the bonds).

#### Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$21,560, payable to the order of the city to secure the city from any loss resulting from the failure of the bidder to comply with the terms of the bid. No interest will be paid upon the deposit made by the successful bidder. Said check shall be returned to the bidder if the bid is not accepted. If a bid is accepted, said check shall be held by the city until the bidder shall have complied with all of the terms and conditions of this notice, at which time said check shall, at the option of the city, be returned to the successful bidder or deducted from the purchase price. If a bid is accepted but the city shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check shall be returned to the bidder. If a bid is accepted but the bidder shall default in the performance of any of the terms and conditions of this notice, the proceeds of such check shall be forfeited to the city, and the city reserves the right to pursue any consequential damages as a result of such default.

#### CUSIP Numbers

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

#### Bond Ratings

The outstanding general obligation bonds of the city are rated "A1" by Moody's Investor's Service, and the city has applied for rating on the bonds herein offered for sale.

#### Bid Forms

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

#### Submission of Bids

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Proposal for the Purchase of General Obligation Bonds." Bids may be submitted by mail or delivered in person to the undersigned at city hall and must be received by the undersigned prior to 10 a.m. C.D.T. on Tuesday, June 9, 1992.

#### Date and Delivery of Preliminary and Final Official Statement

The city has authorized the preparation and disbursement of a preliminary official statement containing information relating to the bonds. The preliminary official statement comprises the final official statement required by Rule 15c2-12 of the Securities and Exchange Commission.

The preliminary official statement, when amended to include the interest rates specified by the successful purchaser and the price or yield at which the purchaser will re-offer the bonds to the public, together with any other information required by law, will constitute a "Final Official Statement" with respect to the bonds as that term is defined in Rule 15c2-12. No more than seven business days after the date of the sale, the city will provide without cost to the purchaser a reasonable number of printed copies of the final official statement and further copies, if desired, will be made available at the purchaser's expense. If the sale of the bonds are awarded to a syndicate, the city will designate the senior managing purchaser of the syndicate as its agent for purposes of distributing copies of the final official statement to each participating purchaser. Any purchaser executing and delivering a bid form with respect to the bonds agrees thereby that if the bid is accepted it shall accept such designation and shall enter into a contractual relationship with all participating purchasers for the purpose of assuring the receipt and distribution by each such participating purchaser of the final official statement.

The city will deliver to the purchaser on the date of delivery of the bonds a certificate executed by the mayor and the city clerk to the effect that the final official statement, as of the date of delivery of the bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances in which they are made, not misleading.

Copies of the city's preliminary official statement relating to the bonds may be obtained from the city clerk.

#### Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the city for the year 1991 is \$113,954,571. The total general obligation bonded indebtedness of the city as of the date of the bonds, including the bonds, is \$14,293,789.25, including, as of the date of the bonds, temporary notes outstanding in the principal amount of \$2,182,789.25, of which \$972,000 will be retired out of the proceeds of the bonds herein offered for sale with the balance being payable from other legally available and unencumbered funds of the city.

Dated May 27, 1992.

City of Leavenworth, Kansas  
 Carol Sadler  
 City Clerk  
 City Hall  
 100 N. 5th  
 Leavenworth, KS 66048  
 (913) 682-9201

Doc. No. 012050

(Published in the Kansas Register, May 28, 1992.)

**Summary Notice of Bond Sale  
Unified School District 465  
Cowley County, Kansas (Winfield)  
\$590,000  
General Obligation Bonds, Series 1992  
(general obligation bonds payable from  
unlimited ad valorem taxes)**

**Sealed Bids**

Subject to the notice of bond sale and preliminary official statement dated May 26, 1992, sealed bids will be received by the clerk of Unified School District 465, Cowley County, Kansas (Winfield) (the issuer), on behalf of the governing body at 920 Millington, Winfield, KS 67156, until 5 p.m. C.D.T. on June 8, 1992, for the purchase of \$590,000 principal amount of General Obligation Bonds, Series 1992. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered.

**Bond Details**

The bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated June 15, 1992, and will become due on October 1 in the years as follows:

Year	Principal Amount
1993	\$100,000
1994	\$115,000
1995	\$120,000
1996	\$125,000
1997	\$130,000

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 April 1 and October 1 in each year, beginning on April 1, 1993.

**Paying Agent and Bond Registrar**

Kansas State Treasurer, Topeka, Kansas.

**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 \$11,800 (2 percent of the principal amount of the bonds).

**Delivery**

The issuer will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder on or before June 30, 1992, at such bank or trust company in the contiguous United States of America as may be specified by the successful bidder.

**Assessed Valuation and Indebtedness**

The equalized assessed tangible valuation for computation of bonded debt limitations for the year 1991 is \$70,843,234. The total general obligation indebtedness of the issuer as of the date of the bonds, including the bonds being sold, is \$5,530,000.

**Approval of Bonds**

The bonds will be sold subject to the legal opinion of Gilmore & Bell, Wichita, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the issuer,

printed on the bonds and delivered to the successful bidder as and when the bonds are delivered.

**Additional Information**

Additional information regarding the bonds may be obtained from the clerk, (316) 221-2860, or from the financial advisor, George K. Baum & Company, Wichita, Kansas, Attention: Charles M. Bouilly, (316) 264-9351.

Dated May 26, 1992.

Unified School District 465  
Cowley County, Kansas (Winfield)

Doc. No. 012049

(Published in the Kansas Register, May 28, 1992.)

**Notice of Call for Redemption  
to the holders of  
City of Wichita, Kansas  
Industrial Revenue Bonds  
Series XLV, A, 1974  
(Great Plains Industries, Inc.)**

Notice is hereby given that pursuant to Section 4 of Ordinance No. 33-232 of the city of Wichita, Kansas, all of the above-mentioned bonds maturing on and after January 1, 1993, and all unmatured coupons appertaining thereto, have been called for redemption and payment on July 1, 1992, at the office of the Kansas State Treasurer, Topeka, Kansas (the paying agent).

**Serial Bonds**

Bond Nos.	Maturity Date	Principal Amount	Interest Rate
69- 75	1-1-93	\$35,000	7%
76-115	1-1-94	\$40,000	7%

On such redemption date there shall become due and payable, upon the presentation and surrender of each such bond and unmatured coupons, the redemption price thereof equal to 103 percent of the principal amount of each bond together with interest accrued to the redemption date. Interest shall cease to accrue on the bonds so called for redemption from and after July 1, 1992, subject to the condition that sufficient funds for redemption are then on deposit with the paying agent from the proceeds of the refunding bonds issued by the city.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the Series XLV, A, 1974 Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the bonds for payment.

Dated May 28, 1992.

City of Wichita, Kansas  
By: The First National Bank in Wichita  
Wichita, Kansas  
as Trustee

Doc. No. 012051

State of Kansas

**Northwest Kansas Groundwater Management District No. 4**

**Notice of Meeting and Public Hearing**

The Northwest Kansas Groundwater Management District No. 4 board will meet at 10 a.m. Thursday, June 4, at the district office, 1175 S. Range, Colby. General administrative matters and other business will be discussed. In addition, the board will conduct a public hearing at 1 p.m. regarding the proposed 1993 operating budget. In the event the hearing would need to be rescheduled, it will be held June 11 at the same time and location.

Wayne A. Bossert  
Manager

Doc. No. 012048

(Published in the Kansas Register, May 28, 1992.)

**Notice of Call for Redemption to the holders of**

**City of Goodland, Kansas Airport Special Facilities Revenue Bonds Series 1975B, dated July 1, 1975**

Notice is hereby given that pursuant to the provisions of Section 2 of Ordinance Number 728 adopted July 29, 1975, of the city of Goodland, Sherman County, Kansas (the issuer), that the above mentioned bonds maturing July 1, 1993, and thereafter and all unmatured coupons appertaining thereto (the redeemed bonds), have been called for redemption and payment on July 1, 1992 (the redemption date), at the principal office of the Kansas State Treasurer (the paying agent).

Maturity Date	Principal Amount	Interest Rate
July 1, 1993	\$10,000	7.50%
July 1, 1994	\$10,000	7.50%

On the redemption date there shall become due and payable, upon the presentation and surrender of each such refunded bond, the redemption price thereof equal to 102 percent of the principal amount thereof together with interest accrued to the redemption date. Interest shall cease to accrue on the refunded bonds so called for redemption from and after the redemption date provided such funds for redemption are on deposit with the paying agent.

City of Goodland  
Sherman County, Kansas  
By Kansas State Treasurer  
Topeka, Kansas

Doc. No. 012040

(Published in the Kansas Register, May 28, 1992.)

**Notice of Redemption to the holders of City of Sedan, Kansas Chautauqua County Waterworks System Revenue Bonds Series A, 1974 Dated July 1, 1974**

Notice is hereby given that pursuant to Section 2 of Ordinance No. 646 of the city of Sedan, Kansas, all of the outstanding Waterworks System Revenue Bonds, Series A, 1974 of the city of Sedan, Kansas, maturing July 1, 1993, and thereafter, will be redeemed and prepaid on July 1, 1992 (the redemption date), prior to their respective maturities subject to the provisions and limitations set forth herein.

Bond Numbers	Principal Amount	Maturity Date	Interest Rate
73-78	\$30,000	July 1, 1993	6.75%
79-84	30,000	July 1, 1994	6.75
85-90	30,000	July 1, 1995	6.75

The principal amount of the above described Series A, 1974 Bonds shall become due and payable on the redemption date, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, together with a premium equal to 3 percent of the principal amount of the Series A, 1974 Bonds so called for redemption and payment.

On July 1, 1992, provided that funds are on hand to pay the specified redemption price, all Series A, 1974 Bonds will be due and payable at the principal office of the Kansas State Treasurer, and from and after the redemption date, the interest on the Series A, 1974 Bonds will cease to accrue. It is requested that all Series A, 1974 Bonds be surrendered at least 30 days in advance of the redemption date.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the Series A, 1974 Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the Series A, 1974 Bonds for payment.

Dated May 28, 1992.

Maxine A. Todd, City Clerk  
City of Sedan, Kansas

Doc. No. 012047

(Published in the Kansas Register, May 28, 1992.)

**Notice of Mandatory Redemption  
State of Kansas  
Department of Transportation  
Highway Refunding Bonds  
Series 1985A  
May 20, 1992**

Notice is hereby given by Security Bank of Kansas City (formerly Security National Bank), One Security Plaza, Kansas City, KS 66101 (the fiscal agent), that pursuant to Section 4.06, Article II, Article IV, and Article VI of the bond resolution adopted December 19, 1985, by the Kansas Secretary of Transportation, the fiscal agent hereby calls for redemption on July 1, 1992, pursuant to Bond Resolution 92-5, which the Secretary of Transportation adopted on April 22, 1992, the following bonds of the above-referenced series (representing all of the outstanding bonds of said series, totaling \$105,330,000):

Par Amount	Maturity Date	Rate	Cusip No.	Bond Number
\$105,330,000	July 1, 1998	8.00%	485430-HB1	(All Bonds Called)

On July 1, 1992, the aforesaid bonds shall become due and payable at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest thereon to July 1, 1992. Interest on the bonds shall cease to accrue on July 1, 1992, and shall be payable on July 1, 1992.

The bonds so called for redemption should be presented by secure means for payment and redemption to: Security Bank of Kansas City, Corporate Trust Division, One Security Plaza, Kansas City, KS 66101, Attn: Bond Redemption Desk.

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

It is not necessary to sign the back of the bond unless you wish to transfer it to another party.

The CUSIP number is included solely for the convenience of the bondholders. Neither the issuer nor the paying agent shall be responsible for the selection or the use of the CUSIP number, nor is any representation made as to its correctness on the securities or as indicated in any redemption notice.

Security Bank of Kansas City  
As Trustee

Doc. No. 012068

(Published in the Kansas Register, May 28, 1992.)

**Notice of Redemption  
City of Dodge City, Kansas  
Industrial Revenue Bonds  
Series 1 of 1984**

Notice is hereby given that \$325,000 principal amount of bonds, as listed below, are called for redemption on July 1, 1992, at the price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date. Principal amount outstanding after call is \$660,000.

**Registered Bonds** **Cusip #256335-DQ-0**

Bond Number	Principal Amount	Amount Called	Amount Remaining
R5	\$ 10,000.00	\$ 5,000	\$ 5,000
R118	10,000.00	5,000	5,000
R135	5,000.00	5,000	-0-
R185	20,000.00	5,000	15,000
R261	5,000.00	5,000	-0-
R265	5,000.00	5,000	-0-
R271	5,000.00	5,000	-0-
R274	5,000.00	5,000	-0-
R278	5,000.00	5,000	-0-
R281	5,000.00	5,000	-0-
R286	5,000.00	5,000	-0-
R291	5,000.00	5,000	-0-
R296-R297	5,000.00	5,000	-0-
R302-R303	5,000.00	5,000	-0-
R320-R321	5,000.00	5,000	-0-
R327	25,000.00	10,000	15,000
R330	30,000.00	10,000	20,000
R331	165,000.00	50,000	115,000
R332	60,000.00	20,000	40,000
R333	5,000.00	5,000	-0-
R350	25,000.00	10,000	15,000
R351-R352	10,000.00	5,000	5,000
R354-R355	10,000.00	5,000	5,000
R358-R359	5,000.00	5,000	-0-
R364	5,000.00	5,000	-0-
R366	100,000.00	35,000	65,000
R367	30,000.00	10,000	20,000
R369	65,000.00	30,000	35,000
R371	15,000.00	10,000	5,000
R372	20,000.00	10,000	10,000

On July 1, 1992, all bonds designated for redemption will become due and payable upon presentation thereof at the address given below.

On and after July 1, 1992, interest on the principal amount called for redemption shall cease to accrue. The bonds, along with IRS form W-9 (verification of taxpayer identification number), may be presented for payment in person or by mail at the following address: The Merchants National Bank of Topeka, Attn: Corporate Trust, P.O. Box 178, Topeka, KS 66601-0178.

City of Dodge City, Kansas

Doc. No. 012060

(Published in the Kansas Register, May 28, 1992.)

(Published in the Kansas Register, May 28, 1992.)

**NOTICE OF REDEMPTION**

**Labette County, Kansas  
Single Family Mortgage Revenue Bonds  
1980 Series A**

Notice is hereby given, pursuant to Section 3.01 of the Trust Indenture dated as of January 1, 1980, \$1,005,000 principal amount of the bonds are called for redemption at the price of 100% of the principal amount being redeemed plus accrued interest thereon to the redemption date. This notice was first published on or around May 27, 1992 in The Bond Buyer and the Kansas Register.

The serial numbers of the bearer bonds to be redeemed are as follows:  
(Note: Coupons due July 1, 1992 should be presented in the normal manner. Coupons due January 1, 1993 and all subsequent coupons must be attached to bonds called for redemption).

CUSIP 505395-AN-3	Due January 1, 1993:	761	762	801	807
CUSIP 505395-AP-8	Due January 1, 1994:	884	896	924	974 977
CUSIP 505395-AQ-6	Due January 1, 1995:	993	1000	1030	1079 1085
CUSIP 505395-AR-4	Due January 1, 1996:	1132	1143	1152	1215 1230
CUSIP 505395-AS-2	Due January 1, 1997:	1301	1343	1360	1366 1426
CUSIP 505395-AT-0	Due January 1, 1998:	1439	1463	1493	1497 1544
		1571	1583		
CUSIP 505395-AU-7	Due January 1, 1999:	1623	1656	1683	1734 1759
		1792			
CUSIP 505395-AV-5	Due January 1, 2000:	1856	1867	1880	1900 1985
		1999	2014		

CUSIP 505395-AW-3 Due January 1, 2011										
2112	2130	2424	2451	2454	2575	2577	2584	2593	2645	2734
2895	3198	3329	3336	3347	3428	3483	3568	3617	3647	3919
4033	4091	4097	4122	4208	4266	4373	4397	4510	4709	5084
5130	5212	5213	5214	5272	5437	5459	5510	5562	5603	5673
5678	5684	5688	5729	5754	5768	5804	5831	5875	5890	5927
5969	5975	6009	6107	6157						

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

CUSIP 505395-AS2 Due January 1, 1997	
<u>Registered Bond No.</u>	<u>Amount Called</u>
R-424	\$5,000

CUSIP 505395-AU7 Due January 1, 1999	
<u>Registered Bond No.</u>	<u>Amount Called</u>
R-411	\$5,000

CUSIP 505395-AV5 Due January 1, 2000	
<u>Registered Bond No.</u>	<u>Amount Called</u>
R-262	\$5,000

CUSIP 505395-AW3 Due January 1, 2004			
<u>Registered Bond No.</u>	<u>Amount Called</u>	<u>Registered Bond No.</u>	<u>Amount Called</u>
224	\$5,000	R-414	\$5,000
272	5,000	R-415	5,000
R-347	5,000	R-421	375,000
R-371	15,000	R-426	40,000
R-378	10,000	R-430	5,000

Payment of the redemption price of the bearer bonds and registered bonds to be redeemed will be made at Security Bank of Kansas City, One Security Plaza, Kansas City, Kansas 66101. To avoid a 20% backup withholding required by the Interest and Dividend Tax Act of 1983, bondholders should submit Certified Taxpayer Identification Numbers on IRS Form W-9 when presenting their securities for redemption.

Notice is hereby given that on and after July 1, 1992, interest on the bonds shall cease to accrue.



**Security Bank of Kansas City**  
Kansas City, Kansas, Trustee

Doc. No. 012070

**Notice of Redemption  
Shawnee County, Kansas  
Single Family  
Mortgage Revenue Bonds  
Series 1981 A**

Notice is hereby given that \$1,045,000 principal amount of bonds as listed below, are called for redemption on July 1, 1992, at the price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date. The outstanding amount for this issue remaining after call is \$9,750,000.

**Serial Bonds Cusip #820624AY0**

125	153	166	185	239	266	267	268	355	363	616	972	1092
1147	1155	1168	1202	1272	1276	1295	1298	1356	1472	1611		
1617	1752	1759	1853	1937	1950	1952	1956	2042	2111	2165		
2166	2383	2411	2433	2511	2561	2604	2633	2739	2839	2843		
2893	3074	3181	3190	3242	3300	3320	3326	3368	3441	3498		
3621	3634	3645	3729	3747	3753	3820	3846	3851	3887	4013		
4014	4018	4042	4055	4148	4190	4327	4335	4737	4943	4990		

The serial numbers of the registered bonds to be redeemed July 1, 1992, are as follows:

<b>Cusip #820624AY0</b>			
<b>Bond Number</b>	<b>Current Amount</b>	<b>Called Amount</b>	<b>Amount Remaining</b>
R135	20,000.00	5,000.00	15,000.00
R165	15,000.00	10,000.00	5,000.00
R174	5,000.00	5,000.00	-0-
R197	45,000.00	5,000.00	40,000.00
R209	15,000.00	5,000.00	10,000.00
R223-R224	30,000.00	5,000.00	25,000.00
R229	25,000.00	5,000.00	20,000.00
R231	5,000.00	5,000.00	-0-
R236	5,430,000.00	595,000.00	4,835,000.00
R243	15,000.00	5,000.00	10,000.00

On July 1, 1992, all bonds designated for redemption will become due and payable upon presentation thereof at the address given below. On and after July 1, 1992, interest on the principal amount called for redemption shall cease to accrue. The bonds, along with IRS form W-9 (verification of taxpayer identification number), may be presented for payment in person or by mail at the following address: The Merchants National Bank of Topeka, Attn: Corporate Trust, P.O. Box 178, Topeka, KS 66601-0178.

Shawnee County, Kansas

Doc. No. 012061

(Published in the Kansas Register, May 28, 1992.)

**Notice of Call for Redemption  
to the holders of  
City of Wichita, Kansas  
Industrial Revenue Bonds  
Series XX, 1982  
(Sharpline Converting, Inc.)**

Notice is hereby given that pursuant to Section 5 of Ordinance No. 38-077 of the city of Wichita, Kansas, that all of the above-mentioned bonds maturing on February 1, 1997, and all unmatured coupons appertaining thereto, have been called for redemption and payment on August 1, 1992, at the office of The First National Bank in Wichita, Wichita, Kansas (the paying agent).

**Term Bonds**

Bond Nos.	Maturity Date	Principal Amount	Interest Rate
70-160	2-1-97	\$455,000	14.50%

On such redemption date there shall become due and payable, upon the presentation and surrender of each such bond and unmatured coupons, the redemption price thereof equal to 102 percent of the principal amount of each bond together with interest accrued to the redemption date. Interest shall cease to accrue on the bonds so called for redemption from and after August 1, 1992, subject to the condition that sufficient funds for redemption are then on deposit with the paying agent from the proceeds of the refunding bonds issued by the city.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the Series XX, 1982 Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the bonds for payment.

Dated May 28, 1992.

City of Wichita, Kansas  
By: The First National Bank in Wichita  
Wichita, Kansas  
as Trustee

Doc. No. 012054

(Published in the Kansas Register, May 28, 1992.)

**Notice of Call for Redemption  
to the holders of  
City of Independence, Kansas  
Industrial Revenue Bonds  
Series of August 1, 1978  
(Hackney & Sons (Midwest), Inc.)**

Notice is hereby given that pursuant to Section 4 of Ordinance No. 3306 of the city of Independence, Kansas, all of the above-mentioned bonds maturing on August 1, 1993, and all unmatured coupons appertaining thereto, have been called for redemption and payment on August 1, 1992, at the office of The First National Bank in Wichita, Wichita, Kansas (the paying agent).

**Serial Bonds**

Bond Nos.	Maturity Date	Principal Amount	Interest Rate
178-200	8-1-93	\$115,000	7.38%

On such redemption date there shall become due and payable, upon the presentation and surrender of each such bond and unmatured coupons, the redemption price thereof equal to 103 percent of the principal amount of each bond together with interest accrued to the redemption date. Interest shall cease to accrue on the bonds so called for redemption from and after August 1, 1992, subject to the condition that sufficient funds for redemption are then on deposit with the paying agent from the proceeds of the refunding bonds issued by the city.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the Series of August 1, 1978 Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the bonds for payment.

Dated May 28, 1992.

City of Independence, Kansas  
By: The First National Bank in Wichita  
Wichita, Kansas  
as Trustee

Doc. No. 012059











111-5-11 Amended V. 9, p. 505  
 111-5-12 Amended V. 11, p. 415  
 111-5-17 Amended V. 8, p. 211  
 111-5-18 Amended V. 10, p. 13  
 111-5-19 Amended V. 8, p. 212  
 111-5-21 through  
 111-5-33 New V. 11, p. 415-418  
 111-5-22 Amended V. 11, p. 481  
 111-5-23 Amended V. 11, p. 481  
 111-5-24 Amended V. 11, p. 482  
 111-5-25 Amended V. 11, p. 482  
 111-5-27 Amended V. 11, p. 482  
 111-5-28 Amended V. 11, p. 483  
 111-6-1 through  
 111-6-15 New V. 7, p. 213-217  
 111-6-1 Amended V. 10, p. 1474  
 111-6-3 Amended V. 9, p. 200  
 111-6-4 Amended V. 10, p. 1413  
 111-6-5 Amended V. 10, p. 14  
 111-6-6 Amended V. 10, p. 1474  
 111-6-9 Amended V. 10, p. 1217  
 111-6-12 Amended V. 8, p. 212  
 111-6-13 Amended V. 8, p. 299  
 111-6-17 Revoked V. 10, p. 1475  
 111-7-1 through  
 111-7-10 New V. 7, p. 1192, 1193  
 111-7-1 Amended V. 8, p. 212  
 111-7-3 Amended V. 10, p. 1475  
 111-7-4 Amended V. 9, p. 1367  
 111-7-5 Amended V. 9, p. 986  
 111-7-6 Amended V. 9, p. 987  
 111-7-9 Amended V. 9, p. 1569  
 111-7-11 Amended V. 10, p. 1475  
 111-7-12 through  
 111-7-32 New V. 7, p. 1194-1196  
 111-7-33 through  
 111-7-43 New V. 7, p. 1197, 1198  
 111-7-33a New V. 8, p. 300  
 111-7-44 through  
 111-7-54 New V. 9, p. 1367-1370  
 111-7-46 Amended V. 10, p. 1476  
 111-7-54 Amended V. 10, p. 1476  
 111-7-55 through  
 111-7-63 Revoked V. 10, p. 1217  
 111-7-60 Amended V. 10, p. 262  
 111-7-64 through  
 111-7-75 New V. 11, p. 13, 14  
 111-8-1 New V. 7, p. 1633  
 111-8-2 New V. 7, p. 1633  
 111-8-3 Amended V. 10, p. 886  
 111-8-4 New V. 7, p. 1714  
 111-8-4a New V. 7, p. 1995  
 111-8-5 through  
 111-8-13 New V. 7, p. 1634  
 111-9-1 through  
 111-9-12 New V. 7, p. 1714-1716  
 111-9-1 through  
 111-9-6 Revoked V. 9, p. 1680

111-9-13 through  
 111-9-18 Revoked V. 9, p. 1680  
 111-9-25 through  
 111-9-30 New V. 9, p. 699, 700  
 111-9-31 through  
 111-9-36 New V. 10, p. 262  
 111-9-37 through  
 111-9-48 New V. 10, p. 1439, 1440  
 111-10-1 through  
 111-10-9 New V. 8, p. 136-138  
 111-10-7 Amended V. 8, p. 301

AGENCY 112: KANSAS RACING COMMISSION

Reg. No.	Action	Register
112-4-1	Amended	V. 11, p. 36, 86
112-4-4	Amended	V. 11, p. 165
112-4-14b	New	V. 10, p. 162
112-4-21	New	V. 10, p. 162
112-6-1 through		
112-6-5	Amended	V. 10, p. 163-165
112-6-8	Amended	V. 10, p. 165
112-7-6	Amended	V. 10, p. 165
112-8-3	Amended	V. 10, p. 166
112-8-4	Amended	V. 10, p. 167
112-8-5	Amended	V. 10, p. 167
112-8-8	Amended	V. 10, p. 168
112-8-10	Amended	V. 10, p. 168
112-9-11a	New	V. 11, p. 560
112-9-12 through		
112-9-21	Revoked	V. 11, p. 560, 561
112-9-12a	New	V. 11, p. 561
112-9-13a	New	V. 11, p. 561
112-9-14a	New	V. 11, p. 561
112-9-15a	New	V. 11, p. 562
112-9-16a	New	V. 11, p. 563
112-9-16b	New	V. 11, p. 563
112-9-17a	New	V. 11, p. 564
112-9-18a	New	V. 11, p. 564
112-9-19a	New	V. 11, p. 565
112-9-21a	New	V. 11, p. 566
112-9-22	Revoked	V. 11, p. 566
112-9-22a	New	V. 11, p. 566
112-9-39	Revoked	V. 11, p. 568
112-9-39a	New	V. 11, p. 568
112-9-40	Revoked	V. 11, p. 568
112-9-40a	New	V. 11, p. 568
112-9-41	Revoked	V. 11, p. 570, 754
112-9-41a	New	V. 11, p. 570, 754
112-9-42	New	V. 11, p. 571
112-9-43	New	V. 11, p. 573
112-10-34	Amended	V. 10, p. 169
112-10-35	Amended	V. 10, p. 170
112-10-36	Revoked	V. 11, p. 165
112-10-36a	New	V. 11, p. 37, 135
112-11-21	Amended	V. 10, p. 263, 531
112-12-12	Amended	V. 10, p. 170
112-13-2	Amended	V. 10, p. 170
112-13-4	New	V. 10, p. 171
112-13-5	New	V. 10, p. 171

112-16-1 through  
 112-16-14 New V. 10, p. 1316-1318  
 112-18-2 through  
 112-18-19 New V. 11, p. 722-726

AGENCY 115: DEPARTMENT OF WILDLIFE AND PARKS

Reg. No.	Action	Register
115-1-1	Amended	V. 11, p. 599
115-2-1	Amended	V. 11, p. 600
115-2-3	Amended	V. 11, p. 601
115-4-1	Amended	V. 10, p. 458
115-4-3	Amended	V. 11, p. 601
115-4-5	Amended	V. 11, p. 602
115-4-6	Amended	V. 11, p. 603
115-4-7	Amended	V. 11, p. 605
115-4-11	Amended	V. 10, p. 461
115-4-12	New	V. 10, p. 461
115-7-1	Amended	V. 10, p. 1820
115-8-9	Amended	V. 10, p. 1820
115-12-3	New	V. 10, p. 1821
115-13-1 through		
115-13-5	New	V. 10, p. 917-919
115-14-1 through		
115-14-10	New	V. 10, p. 1441-1443
115-17-6	Amended	V. 11, p. 606
115-17-7	Amended	V. 11, p. 606
115-17-9	Amended	V. 11, p. 607
115-17-10 through		
115-17-13	New	V. 10, p. 461, 462
115-17-14	New	V. 11, p. 607
115-18-8	New	V. 11, p. 608
115-20-3	Amended	V. 10, p. 1821
115-20-4	New	V. 10, p. 1821

AGENCY 117: REAL ESTATE APPRAISAL BOARD

Reg. No.	Action	Register
117-1-1	Amended	V. 10, p. 911, 951
117-2-1	Amended	V. 10, p. 911, 952
117-2-2	Amended	V. 10, p. 912, 952
117-2-3	New	V. 10, p. 912, 952
117-2-4	New	V. 10, p. 912, 952
117-3-1	Amended	V. 10, p. 912, 953
117-3-2	Amended	V. 10, p. 913, 953
117-3-3	New	V. 10, p. 913, 953
117-3-4	New	V. 10, p. 913, 953
117-4-1 through		
117-4-4	New	V. 10, p. 913, 914, 954
117-6-1	Amended	V. 10, p. 914, 954
117-6-2	Amended	V. 10, p. 915, 955
117-6-3	Amended	V. 10, p. 915, 955
117-7-1	Amended	V. 11, p. 657, 722
117-8-1	New	V. 10, p. 916, 956
117-9-1	New	V. 10, p. 916, 956
117-7-1	Amended	V. 11, p. 657

AGENCY 118: STATE HISTORICAL SOCIETY

Reg. No.	Action	Register
118-2-1	New	V. 11, p. 554

AGENCY 119: KANSAS DEVELOPMENT FINANCE AUTHORITY

Reg. No.	Action	Register
119-1-1	New	V. 10, p. 263
119-1-2	New	V. 10, p. 264
119-1-3	New	V. 10, p. 264

## State of Kansas

## Secretary of State

I, Bill Graves, Secretary of State of the State of Kansas, do hereby certify that each of the following bills is a correct copy of the original enrolled bill now on file in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed my official seal.

Bill Graves  
Secretary of State

(Published in the Kansas Register, May 28, 1992.)

## HOUSE BILL No. 2880

AN ACT relating to elections; concerning changes in names of voters; amending K.S.A. 1991 Supp. 25-2316c and repealing the existing section.

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

Section 1. K.S.A. 1991 Supp. 25-2316c is hereby amended to read as follows: 25-2316c. (a) When a registered voter changes name by marriage, divorce or legal proceeding, *if such voter is otherwise qualified to vote at such voting place such voter must reregister in order to be eligible to vote, except that when a registered voter legally changes name during the period of 30 days preceding an election, such voter shall be allowed to vote at such any election on the condition that such voter first gives an affidavit to the election judges stating the facts relevant to such change of name. Upon receipt of an affidavit of change of name, the county election officer shall send to the address specified on the affidavit, by forwardable first-class mail, a notice that it is necessary to reregister to vote. The notice also shall include voter registration materials if the voter is still a resident of the county of original registration. The notice authorized by this subsection shall be on a form prescribed by the secretary of state and authorizes the county election officer to change the voter's registration records to reflect such change. The county election officer shall send, by nonforwardable first-class mail, a new certificate of registration to any voter giving such affidavit.*

(b) When a registered voter changes residence, such voter must reregister in order to be eligible to vote, except that when a registered voter changes residence from one place in a precinct to another place within the same precinct *during the period of 30 days preceding an election, if such voter is otherwise qualified to vote in the voting place within the precinct in which the current residence is located, such voter shall be allowed to vote at such any election in such precinct on the condition that such voter first gives an affidavit to the election judges stating the facts relevant to such change of residence. registers at such time by completing a registration card, making an oath in the form prescribed by the secretary of state and providing proof of residence in accordance with rules and regulations adopted by the secretary of state therefor. Such registration card shall authorize the county election officer to change the voter's registration records to reflect such change. The county election officer shall send, by nonforwardable first-class mail, a new certificate of registration to any such voter. Any person registering to vote at the polls as herein authorized shall be permitted to vote at such election.* Whenever the county election officer receives from any election officer a notice of registration of a voter in a different place than that shown in the records of the county election officer, such officer shall remove the name of such voter from the registration book and party affiliation list.

(c) When a voter fails to vote at a general election at which members of the United States presidential electoral college are elected, such voter's name shall be subject to removal from the voter registration book and the party affiliation list in the manner provided in subsection (d). When a voter fails to vote at any other general election held on the Tuesday following the first Monday in November in an even-numbered year, such voter's name may be subject to removal from the voter registration book and the party affiliation list in the manner provided in subsection (d) if the county election officer determines that the removal of the names of voters who failed to

vote in such election is necessary to the maintenance of accurate voter registration records.

(d) When a voter's name is subject to removal from the registration book and the party affiliation list as provided in subsection (c), the county election officer shall attempt to notify such voter by first-class mail at the mailing address specified in the registration book. Such notification shall advise that the registration books show that the person did not vote in the applicable November general election and that it is necessary to reregister if the residence of such person has changed. Such notification shall be mailed in an envelope or on a postcard which clearly indicates that it is not to be forwarded to another address. If such notification is not returned undelivered to the county election officer and no address correction which indicates that the voter has moved is received by the county election officer, the voter's name shall not be removed from the registration book or party affiliation list. If such notification is returned undelivered to the county election officer or if an address correction which indicates that the voter has moved is received by the county election officer, the county election officer shall check to verify that the mailing address on the notification is the same as that on the voter registration list. If it is determined that an error was made in addressing the notification, another notice shall be sent to the correct mailing address. If it is determined that no error was made in addressing the original notification or if the second notification is returned undelivered or an address correction is received therefor, the name of such person shall be stricken from the registration books and the party affiliation lists.

(e) Except as otherwise provided by law, when a voter dies or is disqualified for voting, the registration of the voter shall be void, and the county election officer shall remove such voter's name from the registration books and the party affiliation lists. Whenever (1) an obituary notice appears in a newspaper having general circulation in the county reports the death of a registered voter, or (2) a registered voter requests in writing that such voter's name be removed from registration, or (3) a court of competent jurisdiction orders removal of the name of a registered voter from registration lists, or (4) the name of a registered voter appears on a list of deceased residents compiled by the secretary of health and environment as provided in K.S.A. 65-2422, and amendments thereto, or appears on a copy of a death certificate provided by the secretary of health and environment, or (5) pursuant to K.S.A. 25-2316d, and amendments thereto, a registered voter fails to vote in two consecutive state general elections the county election officer shall remove from the registration books and the party affiliation lists in such officer's office the name of any person shown by such list or death certificate to be deceased. The county election officer shall not use or permit the use of such lists of deceased residents or copies for any other purpose than provided in this section.

(f) Election board judges are hereby authorized to administer oaths for the purpose of taking affidavits under this section. All such affidavits shall be made upon forms approved by the secretary of state. Every affidavit given under this section shall be returned to the county election officer with the registration books.

(g) Except as otherwise provided in this section, no person whose name has been removed from the registration books shall be entitled to vote until such person has registered again.

Sec. 2. K.S.A. 1991 Supp. 25-2316c is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register, May 28, 1992.)

## SENATE BILL No. 631

AN ACT concerning children and their families; concerning development of a comprehensive plan of health services for pregnant women and children; providing for public education concerning the perinatal effects of using certain substances; providing education and treatment programs for pregnant women relating thereto; establishing risk assessment profiles to identify high-risk pregnancies; authorizing service coordination services to certain families; requiring certain information regarding programs for children and their families as a part of budget estimates by state agencies; amending K.S.A. 1991 Supp. 75-3717 and 75-3721 and repealing the existing sections; also repealing K.S.A. 1991 Supp. 75-3721a.

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

New Section 1. (a) On or before January 1, 1993, the secretary of health and environment, in cooperation with the secretary of social and rehabilitation services, the commissioner of education and the commissioner of insurance, shall develop and submit to the governor, the joint committee on health care decisions for the 1990's and the Kansas commission on the future of health care, inc., a proposal for consolidating all existing health programs required by law for pregnant women and children into one comprehensive plan to be implemented by one or several agencies through interagency contracts, contracts with private agencies or by providing direct services. Such proposal shall:

- (1) Include a time schedule for phasing in implementation of the comprehensive plan;
  - (2) provide cost estimates for the plan;
  - (3) identify federal waivers necessary to implement the plan;
  - (4) identify sources of funding for the plan; and
  - (5) examine innovative programs.
- (b) The comprehensive plan developed pursuant to subsection (a) shall, at a minimum, provide for the following statewide:

- (1) Comprehensive prenatal services for all pregnant women who qualify for existing programs through the department of social and rehabilitation services or the department of health and environment or other government-funded programs;
- (2) comprehensive medical care for all children under 18 years of age;
- (3) preventative and restorative dental care for all children under 18 years of age of each family qualifying under the plan;
- (4) periodic sight and hearing tests for all children under 18 years of age and such eyeglasses and hearing aids as such children are found to need;
- (5) a case management system under which each family with a child under the plan is assigned a case manager and under which every reasonable effort is made to assure continuity of case management and access to other appropriate social services; and
- (6) services regardless of, and fees for services based on, clients' ability to pay.

New Sec. 2. (a) The secretary of health and environment shall conduct an ongoing public awareness campaign directed to both men and women regarding the preconceptional and perinatal effects of the use of tobacco, the use of alcohol and the use of any controlled substance as defined in schedule I, II or III of the uniform controlled substances act for nonmedical purposes.

(b) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 3. (a) The secretary of health and environment shall provide educational materials and guidance to health care professionals who provide health services to pregnant women for the purpose of assuring accurate and appropriate patient education. Such materials and guidance shall address the services which are available to pregnant women from local health departments and the perinatal effects of the use of tobacco, the use of alcohol and the use of any controlled substance as defined in schedule I, II or III of the uniform controlled substances act for nonmedical purposes.

(b) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 4. (a) The secretary of health and environment, in collaboration with the secretary of social and rehabilitation services, shall provide an educational program to health care professionals who provide health care services to pregnant women for the purpose of:

- (1) Assuring accurate and appropriate patient education regarding the effects of drugs on pregnancy and fetal outcome;
- (2) taking accurate and complete drug histories;
- (3) counseling techniques for drug abusing women to improve referral to and compliance with drug treatment programs; and
- (4) other additional topics as deemed necessary.

(b) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 5. (a) The secretary of health and environment shall develop a risk assessment profile to assist health care providers screen pregnant women for prenatal substance abuse.

(b) Any health care provider who identifies a pregnant woman who is at risk for prenatal substance abuse may refer such woman with her consent to the local health department for service coordination by providing such woman's name to the local health department or the Kansas department of health and environment within five working days.

(c) There shall be no civil or criminal cause of action against a health care provider related to the rendering or failure to render any service under this section.

(d) Referral and associated documentation provided for in this section shall be confidential and shall not be used in any criminal prosecution.

(e) The consent required by subsection (b) shall be deemed a waiver of the physician-patient privilege solely for the purpose of making the report pursuant to subsection (b).

(f) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 6. (a) Upon referral pursuant to subsection (b) of section 5, the local health department shall offer service coordination to the pregnant woman and her family. The local health department shall coordinate social services, health care, mental health services and needed education and rehabilitation services. Service coordination shall be initiated within 72 hours of referral.

(b) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 7. (a) A pregnant woman referred for substance abuse treatment shall be a first priority user of substance abuse treatment available through social and rehabilitation services. All records and reports regarding such pregnant woman shall be kept confidential. The secretary of social and rehabilitation services shall ensure that family oriented substance abuse treatment is available. Substance abuse treatment facilities which receive public funds shall not refuse to treat women solely because they are pregnant.

(b) This section shall take effect and be in force from and after January 1, 1993.

New Sec. 8. (a) The secretary of health and environment shall maintain a toll free information line for the purpose of providing information on resources for substance abuse treatment and for assisting with referral for substance abusing pregnant women.

(b) This section shall take effect and be in force from and after January 1, 1993.

Sec. 9. K.S.A. 1991 Supp. 75-3717 is hereby amended to read as follows: 75-3717. (a) As provided in this section, each state agency, not later than October 1 of each year, shall file with the division of the budget its budget estimates, and all amendments and revisions thereof, except as provided for office and storage space reports, in the form provided by the director of the budget, ~~including a full explanation of its requests for any appropriations for the expansion of present services and the addition of new services. Each explanation of a state. Each agency's budget estimates shall include:~~

(1) A full explanation of the agency's request for any appropriations for the expansion of present services or the addition of new activities ~~shall include, including~~ an estimate of the anticipated expenditures for the next fiscal year and for each of the three ensuing fiscal years which would be required to support each expansion of present services or addition of new services as requested by the state agency; and

(2) a listing of all programs of the agency that provide services for children and their families and the following information regarding each such program: Of the amount of the agency's request

(continued)

for appropriations to fund the program, that amount which will be spent on services for children or families with children and the number of children or families with children who are served by the program.

(b) On or before July 1, 1991, and on or before each July 1 thereafter of each year, each state agency shall prepare an office and storage space report as a part of the budget estimate for the next budget period. Each office and storage space report shall be filed with the division of the budget not later than July 1 of each year and shall specify the office and storage space requirements of the state agency for the next budget period and for each of the four ensuing fiscal years.

(c) At the same time as each state agency submits to the division of the budget a copy of its budget estimate or its office and storage space report, and all amendments and revisions thereof, each such state agency shall submit a copy of such estimate or such office and storage space report, and all amendments and revisions thereof, directly to the legislative research department for legislative use.

(b) (d) The director of the budget shall require the agencies to submit a sufficient number of copies of their budget estimates, and all amendments and revisions thereof, including the office and storage space reports, to such the director's office to satisfy the requirements of such office and one additional copy for legislative use which shall be retained in the division of the budget until the budget of the governor is submitted to the legislature. On or before the day that such budget is submitted to the legislature such legislative use copy, posted to reflect the governor's budget recommendations, shall be submitted to the legislative research department for use by the ways and means committee of the senate and the committee on appropriations of the house of representatives. Following presentation of the governor's budget report to the legislature, the legislative research department may request and shall receive detailed information from the division of the budget on the governor's budget recommendations.

(e) (e) The director of the budget may prepare budget estimates for any state agency failing to file a request.

(f) As used in this section, "services for children and their families" includes but is not limited to any of the following services, whether provided directly or made accessible through subsidies or other payments:

(1) Financial support for children and families with children or enforcement of the obligation to support a child or a family with one or more children;

(2) prenatal care, health care for children or immunizations for children;

(3) mental health or retardation services for children;

(4) nutrition for children or families with children or nutritional counseling or supplements for pregnant or nursing women;

(5) child care, early childhood education or parenting education;

(6) licensure or regulation of child care or early childhood education programs;

(7) treatment, counseling or other services to preserve families;

(8) care, treatment, placement or adoption of children without functioning families;

(9) services to prevent child abuse and to treat and protect child abuse victims;

(10) services for children who are pregnant, substance abusers or otherwise involved in high risk behavior;

(11) services related to court proceedings involving children; and

(12) youth employment services.

Sec. 10. K.S.A. 1991 Supp. 75-3721 is hereby amended to read as follows: 75-3721. (a) On or before the eighth calendar day of each regular legislative session, the governor shall submit the budget report to the legislature, except that in the case of the regular legislative session immediately following the election of a governor who was elected to the office of governor for the first time, that governor shall submit the budget report to the legislature on or before the 21st calendar day of that regular legislative session.

(b) The budget report of the governor shall be set up in three parts, the nature and contents of which shall include the following:

(1) Part one shall consist of a budget message by such governor, including the governor's recommendations with reference to the fiscal policy of the state government for the ensuing budget period, describing the important features of the budget plan, embracing a

general budget summary setting forth the aggregate figures of the budget so as to show the balanced relation between the total proposed expenditures and the total anticipated income, with the basis and factors upon which the estimates were made, and the means of financing the budget for the ensuing budget period, compared with the corresponding figures for at least the last completed fiscal year and the current year, and the director of the budget shall prepare the figures for the governor for such comparisons. The budget plan shall not include (A) any proposed expenditures of anticipated income attributable to proposed legislation that would provide additional revenues from either current or new sources of revenue. Commencing with the budget message submitted under this section during the 1992 regular session of the legislature, (B) any proposed expenditures of moneys in the ending balance in the state general fund required by K.S.A. 1991 Supp. 75-6702, or (C) any proposed expenditures of the moneys required to be transferred to the state cash operating reserve fund under K.S.A. 1991 Supp. 75-6703 and amendments thereto. The budget message shall include a report with recommendations regarding office and storage space requirements of state agencies for the ensuing budget period. This report of office and storage space requirements shall include the cost estimates of the governor's recommendations therefor, including any moving expenses associated with such recommendations, and the recommended method of funding the governor's recommendations. The general budget summary may be supported by explanatory schedules or statements, classifying the expenditures contained therein by state agencies, objects, and funds, and the income by state agencies, funds, sources and types. The general budget summary shall include all special or fee funds as well as the state general fund, and shall include the estimated amounts of federal aids, for whatever purpose provided, together with estimated expenditures therefrom.

(2) Part two shall embrace the detailed budget estimates, both of expenditures and revenues, showing the requests of the state agencies, if any, and the incoming governor's recommendations thereon. It shall also include statements of the bonded indebtedness of the state, showing the actual amount of the debt service for at least the last completed fiscal year, and the estimated amount for the current fiscal year and for the next budget period, the debt authorized and unissued, and the condition of the sinking funds.

(3) Part three shall consist of a draft of a legislative measure or measures reflecting the incoming governor's budget.

(c) The division of the budget shall compile a children's budget document consisting of the information contained in agency budget estimates regarding programs that provide services for children and their families. Such document shall be provided to the joint committee on children and families; the Kansas commission on children, youth and families, established by the governor's executive order number 91-145; and other persons or entities on request.

(e) (d) The division of the budget, upon request, shall furnish the governor or the legislature with any further information required concerning the budget.

(d) (e) Nothing in this section shall be construed to restrict or limit the privilege of the governor to present supplemental budget messages or amendments to previous budget messages, which may include proposals for expenditure of new or increased sources of revenue derived from proposed legislation.

Sec. 11. K.S.A. 1991 Supp. 75-3717, 75-3721 and 75-3721a are hereby repealed.

Sec. 12. This act shall not be construed in any way to create any new programs.

Sec. 13. This act shall take effect and be in force from and after its publication in the Kansas register.



(Published in the Kansas Register, May 28, 1992.)

SENATE BILL No. 494

AN ACT making and concerning appropriations for the fiscal years ending June 30, 1992, June 30, 1993, June 30, 1994, and June 30, 1995, for certain capital improvement projects for the state historical society, state fair board, department of social and rehabilitation services, Lansing correctional facility, Winfield state hospital and training center, Osawatomie state hospital, Larned state hospital, Rainbow mental health facility, Topeka state hospital, Kansas state school for the visually handicapped, Kansas state school for the deaf, department of corrections, Hutchinson correctional facility and department of wildlife and parks; authorizing the initiation and completion of certain capital improvement projects; imposing certain requirements, restrictions and limitations and directing or authorizing certain disbursements and acts incidental to the foregoing.

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

Section 1. (a) For the fiscal years ending June 30, 1992, June 30, 1993, June 30, 1994, and June 30, 1995, appropriations are hereby made, restrictions and limitations are hereby imposed, and transfers, disbursements and acts incidental to the foregoing are hereby directed or authorized to initiate and complete capital improvement projects as provided in this act.

(b) The agencies named in this act are hereby authorized to initiate and complete the capital improvement projects specified and authorized by this act or for which appropriations are made by this act, subject to the restrictions and limitations imposed by this act.

(c) This act shall not be subject to the provisions of subsection (a) of K.S.A. 1991 Supp. 75-6702.

Sec. 2.

STATE HISTORICAL SOCIETY

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Table with 2 columns: Project Name, Amount. Includes Rehabilitation and repair projects (\$50,000), Flood plain improvements (228,682), Historic properties maintenance and repair (225,000), Total (\$503,682).

(b) There is appropriated for the above agency from the following special revenue funds for the fiscal year ending June 30, 1993, all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Table with 2 columns: Fund Name, Amount. Includes EDIF—Constitution Hall fund (\$80,000), EDIF—Funston home fund (24,500).

(c) On July 15, 1992, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$80,000 from the Kansas economic development endowment account of the state economic development initiatives fund of the department of commerce to the EDIF—Constitution Hall fund of the state historical society.

(d) On July 15, 1992, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$24,500 from the Kansas economic development endowment account of the state economic development initiatives fund of the department of commerce to the EDIF—Funston home fund of the state historical society.

Sec. 3.

STATE FAIR BOARD

(a) There is appropriated for the above agency from the following special revenue funds for the fiscal year ending June 30, 1993, all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Table with 2 columns: Fund Name, Amount. Includes State fair capital improvements fund (No limit), Grandstand renovation project fund (No limit), Grandstand cost of issuance fund (No limit), Grandstand principal and interest fund (No limit), Grandstand renovation reserve fund (No limit), Grandstand rebate fund (No limit), Grandstand renovation surplus fund (No limit), Grandstand contingency fund (No limit).

Sec. 4.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

(a) There is appropriated for the above agency from the state general fund for the fiscal years specified as follows:

Table with 2 columns: Service Name, Amount. Includes Wichita office building debt service (215,000), For the fiscal year ending June 30, 1992 (235,000), For the fiscal year ending June 30, 1993.

(b) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Table with 2 columns: Project Name, Amount. Includes Institutional rehabilitation and repair projects (\$5,770,000).

Provided, That the secretary of social and rehabilitation services is hereby authorized to transfer moneys during fiscal year 1993 from this account to a rehabilitation and repair account for any institution, as defined by K.S.A. 76-12a01 or 76-12a18 and amendments thereto, for the purpose of remodeling, maintenance, emergency repair, roof repair, or equipment replacement or acquisition.

Table with 2 columns: Project Name, Amount. Includes Other rehabilitation and repair projects (317,900).

Provided, That expenditures may be made from this account during fiscal year 1993 for the purposes of remodeling, maintenance, emergency repair, roof repair, or equipment replacement or acquisition for facilities of the department of social and rehabilitation services other than any institution, as defined by K.S.A. 76-12a01 or 76-12a18 and amendments thereto.

(c) There is appropriated for the above agency from the following special revenue fund for the fiscal year ending June 30, 1993, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures shall not exceed the following:

Table with 2 columns: Fund Name, Amount. Includes Chanute area office rehabilitation and repair fund (\$70,600).

(d) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1993, for the capital improvement project specified as follows:

Table with 2 columns: Project Name, Amount. Includes Renovate electrical service—Topeka state hospital west (\$206,200).

(e) Any unencumbered balance as of June 30, 1992, in each of the following accounts of the state institutions building fund is hereby lapsed: Roof repair program; institutional equipment replacement and acquisition program; institutional major maintenance; concrete repair work at blind rehabilitation center.

Sec. 5.

LANSING CORRECTIONAL FACILITY

(a) On July 1, 1992, the \$236,884 appropriated for the above agency for the fiscal year ending June 30, 1993, by section 70(a) of chapter 30 of the 1991 Session Laws of Kansas from the correctional institutions building fund in the wastewater treatment system improvements account, is hereby lapsed.

Sec. 6.

WINFIELD STATE HOSPITAL AND TRAINING CENTER

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Table with 2 columns: Project Name, Amount. Includes Resident privacy—Holly building (\$350,800), Sidewalk from Holly building to parking lot (3,550), Total (\$354,350).

Sec. 7.

OSAWATOMIE STATE HOSPITAL

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement project specified as follows:

Table with 2 columns: Project Name, Amount. Includes Construct outdoor activity areas (\$37,200).

(b) Any unencumbered balance as of June 30, 1992, in each of the following accounts of the state institutions building fund is hereby lapsed: Institutional major maintenance program; roof repair and replacement program; institutional major maintenance and roof repair program; raze main building; reroute utility tunnel; institutional equipment replacement and acquisition program.

Sec. 8.

LARNED STATE HOSPITAL

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Table with 2 columns: Project Name, Amount. Includes Pave outdoor recreation areas (\$59,800), Raze agency buildings (50,000).

Provided, That during the fiscal year ending June 30, 1993, Larned state hospital is hereby authorized to raze the railroad bridge, the utility tunnel from the Allen building to the Lee building and hospital building numbers 19, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46 and 52.

Table with 2 columns: Total (\$109,800).

(b) Any unencumbered balance as of June 30, 1992, in each of the following accounts of the state institutions building fund is hereby

(continued)

lapsed: Construct and equip new treatment facility to replace Pinel and Rush buildings; provide acoustical ceilings—Dillon building; roof repair and replacement program; enclose Beers building fire escape; institutional equipment replacement and acquisition program; institutional major maintenance program; major maintenance and roof repair program.

(c) There is appropriated for the above agency from the state institutions building fund for the capital improvement project and for the fiscal years specified as follows:

Remodel dietary facilities (including equipment)	
For the fiscal year ending June 30, 1993	\$630,000
For the fiscal year ending June 30, 1994	750,000
For the fiscal year ending June 30, 1995	750,000

Sec. 9.

RAINBOW MENTAL HEALTH FACILITY

(a) Any unencumbered balance as of June 30, 1992, in each of the following accounts of the state institutions building fund is hereby lapsed: Special school addition and renovation; institutional major maintenance program; institutional major maintenance and roof repair; roof repair and replacement program; institutional equipment replacement and acquisition program.

Sec. 10.

TOPEKA STATE HOSPITAL

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Air condition Southard kitchen	\$90,500
Revamp dock at Southard kitchen	39,000
Total	\$129,500

(b) Any unencumbered balance as of June 30, 1992, in each of the following accounts of the state institutions building fund is hereby lapsed: Roof repair and replacement program; institutional equipment replacement and acquisition program; institutional major maintenance program; major maintenance and roof repair program.

Sec. 11.

KANSAS STATE SCHOOL FOR THE VISUALLY HANDICAPPED

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Rehabilitation and repair projects	\$138,000
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Sec. 12.

KANSAS STATE SCHOOL FOR THE DEAF

(a) There is appropriated for the above agency from the state institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Rehabilitation and repair projects	\$50,000
Handicapped accessibility	276,925
Total	\$326,925

Sec. 13.

DEPARTMENT OF CORRECTIONS

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Debt service payment for the Ellsworth correctional facility at Ellsworth, Kansas	\$1,713,000
Debt service payment for the Larned correctional mental health facility pooled money investment board loan	159,624

*Provided*, That any unencumbered balance in excess of \$100 as of June 30, 1992, is hereby reappropriated for fiscal year 1993: *Provided however*, That expenditures from such reappropriated balance shall not exceed \$8,376 except upon approval of the state finance council.

Debt service payment for the Larned correctional mental health facility bond issue	1,453,000
Debt service payment for the El Dorado correctional facility pooled money investment board loan	2,225,000
Debt service payment for the El Dorado correctional facility bond issue	3,398,973

*Provided*, That any unencumbered balance in excess of \$100 as of June 30, 1992, is hereby reappropriated for fiscal year 1993: *Provided however*, That expenditures from such reappropriated balance shall not exceed \$91,027 except upon approval of the state finance council.

Debt service payment for the Wichita work release facility bond issue	164,000
Total	\$9,113,597

(b) There is appropriated for the above agency from the correctional institutions building fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Capital improvements—rehabilitation, renovation and repair of correctional institutions	\$3,100,000
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*Provided*, That any unencumbered balance in excess of \$100 as of June 30, 1992, is hereby reappropriated for fiscal year 1993: *Provided further*, That the secretary of corrections is hereby authorized to transfer moneys during fiscal year 1993 from this account of the correctional institutions building fund to an account or accounts of the correctional institutions building fund of any institution or facility under the jurisdiction of the secretary of corrections to be expended during fiscal year 1993 by the institution or facility for capital improvement projects approved by the secretary of corrections.

Sec. 14.

HUTCHINSON CORRECTIONAL FACILITY

(a) There is appropriated for the above agency from the correctional institutions building fund for the capital improvement project and for the fiscal years specified as follows:

Upgrade water and sewer system	
For the fiscal year ending June 30, 1993	\$10,000
For the fiscal year ending June 30, 1994	812,163

(b) Any unencumbered balance as of June 30, 1992, in the replace locking systems in A, B and C cellhouses account of the correctional institutions building fund is hereby lapsed.

Sec. 15.

DEPARTMENT OF WILDLIFE AND PARKS

(a) There is appropriated for the above agency from the following special revenue funds for the fiscal year ending June 30, 1993, all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures shall not exceed the following:

Department access road fund	No limit
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(b) On July 1, 1992, or as soon thereafter as moneys are available therefor, the director of accounts and reports shall transfer \$1,200,000 from the state highway fund of the department of transportation to the department access road fund of the department of wildlife and parks.

(c) On July 1, 1992, expenditures may be made for fiscal year 1993 from each of the following capital improvement accounts funded by the economic development initiatives fund: Hillsdale state park development; Prairie Center acquisition; rehabilitation and repair. Expenditures from each of such accounts shall not exceed the unencumbered balance in such accounts on June 30, 1992, and any such expenditures from such accounts shall be in addition to the expenditure limitation imposed on the total expenditures of the economic development initiatives fund.

(d) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1993, for the capital improvement projects specified as follows:

Hillsdale state park development	\$750,000
Rehabilitation and repair projects	150,000
Total	\$900,000

Sec. 16. *Appeals to exceed limitations*. Upon written application to the governor and approval of the state finance council, expenditures from special revenue funds may exceed the amounts specified in this act.

Sec. 17. *Savings*. Any unencumbered balance in any special revenue fund, or account thereof, which is not otherwise specifically appropriated or limited by this or other appropriation act of the 1992 regular session of the legislature, is hereby reappropriated for the fiscal year ending June 30, 1993, for the same use and purpose as the same was heretofore appropriated.

Sec. 18. Any correctional institutions building fund appropriation heretofore appropriated to any state agency named in this or other appropriation act of the 1992 regular session of the legislature, and having an unencumbered balance as of June 30, 1992, in excess of \$100 is hereby reappropriated for the fiscal year ending June 30, 1993, for the same uses and purposes as originally appropriated unless specific provision is made for lapsing such appropriation.

Sec. 19. Any state institutions building fund appropriation heretofore appropriated to any state agency named in this or other appropriation act of the 1992 regular session of the legislature, and having an unencumbered balance as of June 30, 1992, in excess of \$100 is hereby reappropriated for the fiscal year ending June 30,

1993, for the same uses and purposes as originally appropriated unless specific provision is made for lapsing such appropriation.

Sec. 20. *Effective date.* This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register, May 28, 1992.)

HOUSE BILL No. 2111

AN ACT concerning taxation; amending dates on which certain taxes are required to be remitted to the state; requiring financial institutions subject to the privilege tax to make estimated tax payments; amending K.S.A. 79-3298 and 79-4103 and K.S.A. 1991 Supp. 79-41a03 and repealing the existing sections.

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

Section 1. K.S.A. 79-3298 is hereby amended to read as follows: 79-3298. (a) With respect to any taxes withheld before April 1, 1983, every employer, other than employers who have received the prior approval of the director to file an annual return, shall file a withholding return on or before the last day of the first month following the end of the calendar quarter in which withholding was required. Such return shall be on a form prescribed by the director of taxation and shall be accompanied by payment in full of any amounts withheld by the employer. Employers who have received the approval of the director to file an annual return before the effective date of this act shall comply with the applicable provisions of subsection (b).

(b) With respect to any taxes withheld after March 31, 1983, every employer shall remit the taxes and file returns in accordance with the following provisions. Whenever the total amount withheld exceeds \$8,000 \$100,000 in any calendar year, the employer shall remit the taxes withheld for wages paid during the first 15 days of any month on or before the 25th day of that month. ~~The employer shall remit the taxes withheld for wages paid during the remainder of that month on or before the 10th day of the following month in accordance with the following schedule: Each calendar month shall be divided into four remittance periods that end on the 7th, 15th, 21st and the last day of such month. If at the end of any one or all of such remittance periods the total undeposited taxes equal or exceed \$667, the taxes shall be remitted within three banking days. Saturdays, Sundays and legal holidays shall not be treated as banking days. Whenever the total amount withheld exceeds \$8,000 but does not exceed \$100,000 in any calendar year, the employer shall remit the taxes withheld for wages paid during the first 15 days of any month on or before the 25th day of the month. The employer shall remit the taxes withheld for wages paid during the remainder of that month on or before the 10th day of the following month.~~ Whenever the total amount withheld exceeds \$1,200 but does not exceed \$8,000 in any calendar year, the employer shall remit the taxes withheld during any month on or before the 15th day of the following month. Whenever the total amount withheld exceeds \$200 but does not exceed \$1,200 in any calendar year, the employer shall remit the taxes withheld in any calendar quarter on or before the 25th day of the first month following the end of that calendar quarter. Whenever the total amount withheld does not exceed \$200 in any calendar year, the employer shall remit the taxes withheld during that year on or before January 25 of the following year.

(c) Each remittance required under the provisions of subsection (b) shall be accompanied by a Kansas withholding tax remittance form prescribed and furnished by the director.

(d) Every employer making remittances pursuant to subsection (b) shall file a return on a form prescribed and furnished by the director for each calendar year on or before the last day of February of the following year.

(e) The excess of any remittance over the actual taxes withheld in any withholding period shall be credited against the liability for following withholding periods until exhausted. A refund shall be allowed in accordance with K.S.A. 79-32,105, and amendments thereto, where an overpayment cannot be adjusted by an offset against the liability for a subsequent withholding period.

(f) Determinations of amounts withheld during a calendar year by employers for purposes of determining filing requirements shall be made by the director upon the basis of amounts withheld by those employers during the preceding calendar year or by estimates

in cases of employers having no previous withholding histories. The director is hereby authorized to modify the filing schedule for any employer when it is apparent that the original determination was inaccurate.

(g) Whenever the director has cause to believe that money withheld by an employer pursuant to this act may be converted, diverted, lost, or otherwise not timely paid in accordance with this section, the director shall have the power to require returns and payment from any such employer at any time at more frequent intervals than prescribed by this section in order to secure full payment to the state of all amounts withheld by such employer in accordance with this act.

Sec. 2. K.S.A. 79-4103 is hereby amended to read as follows: 79-4103. On or before the ~~last~~ 25th day of each calendar month, every person engaged in the business of selling alcoholic liquor at retail, every microbrewery selling beer to consumers, every farm winery selling wine to consumers in this state and every distributor selling alcoholic liquor or cereal malt beverage to clubs, drinking establishments or caterers in this state during the preceding calendar month shall make a return to the director of taxation upon forms prescribed and furnished by the director, stating: (a) The name and address of the seller; (b) the total amount of gross sales subject to the tax imposed by K.S.A. 79-4101 and amendments thereto during the preceding calendar month; and (c) any other pertinent information the director requires. The person making the return shall, at the time of making the return, pay to the director of taxation the amount of tax imposed by K.S.A. 79-4101 and amendments thereto. The director of taxation may extend the time for making returns and paying the tax for any period not to exceed 60 days, under rules and regulations adopted by the secretary of revenue.

Sec. 3. K.S.A. 1991 Supp. 79-41a03 is hereby amended to read as follows: 79-41a03. (a) The tax levied and collected pursuant to K.S.A. 79-41a02 and amendments thereto shall become due and payable by the club, caterer, drinking establishment or temporary permit holder monthly, or on or before the ~~last~~ 25th day of the month immediately succeeding the month in which it is collected, but any club, caterer, drinking establishment or temporary permit holder filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607 and amendments thereto, shall, upon such conditions as the secretary of revenue may prescribe, pay the tax required by this act on the same basis and at the same time the club, caterer, drinking establishment or temporary permit holder pays such retailers' sales tax. Each club, caterer, drinking establishment or temporary permit holder shall make a true report to the department of revenue, on a form prescribed by the secretary of revenue, providing such information as may be necessary to determine the amounts to which any such tax shall apply for all gross receipts derived from the sale of alcoholic liquor by the club, caterer, drinking establishment or temporary permit holder for the applicable month or months, which report shall be accompanied by the tax disclosed thereby. Records of gross receipts derived from the sale of alcoholic liquor shall be kept separate and apart from the records of other retail sales made by a club, caterer, drinking establishment or temporary permit holder in order to facilitate the examination of books and records as provided herein.

(b) The secretary of revenue or the secretary's authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of a club, caterer, drinking establishment or temporary permit holder as may be necessary to determine the accuracy of such reports required hereunder.

(c) The secretary of revenue is hereby authorized to administer and collect the tax imposed hereunder and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement of the collection thereof. Whenever any club, caterer, drinking establishment or temporary permit holder liable to pay the tax imposed hereunder refuses or neglects to pay the same, the amount, including any penalty, shall be collected in the manner prescribed for the collection of the retailers' sales tax by K.S.A. 79-3617 and amendments thereto.

(d) The secretary of revenue shall remit daily to the state treasurer all revenue collected under the provisions of this act. The state

(continued)

treasurer shall deposit the entire amount of each remittance in the state treasury. Subject to the maintenance requirements of the local alcoholic liquor refund fund created under K.S.A. 79-41a09 and amendments thereto, 25% of the remittance shall be credited to the state general fund, 5% shall be credited to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126 and amendments thereto and the balance shall be credited to the local alcoholic liquor fund created by K.S.A. 79-41a04 and amendments thereto.

(e) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under the provisions of this act, the secretary may require any person subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations adopted by the secretary.

New Sec. 4. (a) Every national banking association, bank, trust company, and savings and loan association subject to taxation under article 11 of chapter 79 of the Kansas Statutes Annotated whose tax liability can reasonably be expected to exceed \$500 shall pay estimated tax in the same manner as a corporation subject to the provisions of K.S.A. 79-32,101 *et seq.* Such payment shall be made in the manner provided in K.S.A. 79-32,103 and shall be allowed as a credit against the tax imposed by this act.

(b) A penalty at the same rate per annum prescribed by subsection (b) of K.S.A. 79-2968, and amendments thereto, for interest upon delinquent or unpaid taxes shall be applied and added to a taxpayer's amount of underpayment of estimated tax due from the date the estimated tax payment was due until the same is paid or until the 15th day of the fourth month following the close of the taxable year for which such estimated tax is a credit, whichever date is earlier, but such penalty shall not be added if the total amount thereof does not exceed \$5. For purposes of this subsection, the amount of underpayment of estimated tax shall be the excess of the amount of the installment which would be required to be paid if the estimated tax were equal to 90% of the tax shown on the return for the taxable year or, if no return was filed, 90% of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment.

(c) No penalty shall be imposed upon any taxpayer subject to the provisions hereof if the total amount of all payments of estimated tax made on or before the last date prescribed for payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least:

(1) The tax shown on the return of the taxpayer for the preceding taxable year, if a return was filed by the taxpayer for the preceding taxable year and such preceding year was a taxable year of 12 months; or

(2)(A) an amount equal to 90% of the tax for the taxable year computed by placing on an annualized basis the taxable income: (i) For the first three months of the taxable year, in the case of the installment required to be paid in the fourth month; (ii) for the first three months or for the first five months of the taxable year, in the case of the installment required to be paid in the sixth month; (iii) for the first six months or for the first eight months of the taxable year in the case of the installment required to be paid in the ninth month; and (iv) for the first nine months or for the first 11 months of the taxable year, in the case of the installment required to be paid in the 12th month of the taxable year.

(B) For purposes of this subsection (2), the taxable income shall be placed on an annualized basis by (i) multiplying by 12 the taxable income referred to in subsection (2)(A), and (ii) dividing the resulting amount by the number of months in the taxable year (three, five, six, eight, nine, or 11, as the case may be) referred to in subsection (2)(A).

(d) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1992.

Sec. 5. K.S.A. 79-3298 and 79-4103 and K.S.A. 1991 Supp. 79-41a03 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register, May 28, 1992.)

### HOUSE SUBSTITUTE FOR SENATE BILL No. 8

AN ACT relating to property taxation; concerning the administration and the process for appealing the classification and valuation of property for purposes thereof; providing for duties and qualifications of officials involved in such processes; exempting certain property therefrom; amending K.S.A. 79-330, 79-332a, 79-1466, 79-1467, 79-1604, 79-1605, 79-1608, 79-1609 and 79-1610 and K.S.A. 1991 Supp. 19-101a, 19-430, 79-1437c as amended by section 1 of 1992 Senate Bill No. 598, 79-1437f, 79-1448, 79-1460 and 79-1606 and repealing the existing sections; also repealing K.S.A. 79-1601 and 79-1603 and K.S.A. 1991 Supp. 79-1602 and 79-1607.

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

Section 1. On July 1, 1993, K.S.A. 1991 Supp. 19-430 is hereby amended to read as follows: 19-430. On ~~January 15, 1977, July 1,~~ 1993, and on July 1 of each fourth year thereafter, the board of county commissioners of each county shall by resolution appoint a county appraiser for such county who shall serve for a term of four years and until a successor is appointed. County appraisers appointed in counties having a population of more than 20,000 shall devote full time to the duties of such office but county appraisers appointed in counties having a population of 20,000 or less may be appointed either as a full-time or a part-time county appraiser as prescribed in the resolution providing for such appointment. No person shall be appointed or reappointed to or serve as county appraiser in any county under the provisions of this act unless such person shall have at least one year of appraisal experience and be qualified by the director of property valuation as an eligible Kansas appraiser under the provisions of this act. Whenever a vacancy shall occur in the office of county appraiser the board of county commissioners shall appoint an eligible Kansas appraiser to fill such vacancy for the unexpired term and until a successor is appointed. The person holding the office of county assessor or performing the duties thereof on the effective date of this act shall continue to hold such office and perform such duties until a county appraiser is appointed under the provisions of this act. *No person shall be appointed to the office of county appraiser or to fill a vacancy therein unless such person is currently certified or licensed pursuant to article 41 of chapter 58 of the Kansas Statutes Annotated, and amendments thereto. Notwithstanding the foregoing provision, any person who holds the office of county appraiser upon the expiration of the term of such office shall be eligible for reappointment to such office regardless of whether such person is so certified or licensed.*

Sec. 2. On January 1, 1993, K.S.A. 79-332a is hereby amended to read as follows: 79-332a. (a) Any person, corporation or association owning oil and gas leases or engaged in operating for oil or gas who fails to make and file a statement of assessment on or before ~~April~~ ~~±~~ ~~March 15~~ shall be subject to a penalty as follows:

(1) If the statement of assessment is filed within 15 days following ~~April~~ ~~±~~ ~~March 15~~, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 10% thereto as a penalty for late filing.

(2) If the statement of assessment is filed more than 15 days but not more than 30 days following ~~April~~ ~~±~~ ~~March 15~~, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 20% thereto as a penalty for late filing.

(3) If the statement of assessment is filed more than 30 days but not more than 45 days following ~~April~~ ~~±~~ ~~March 15~~, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 30% thereto as a penalty for late filing.

(4) If the statement of assessment is filed more than 45 days but not more than 60 days following ~~April~~ ~~±~~ ~~March 15~~, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 40% thereto as a penalty for late filing.

(5) If the statement of assessment is filed more than 60 days following ~~April~~ ~~±~~ ~~March 15~~, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 50% thereto as a penalty for late filing.

(6) *If the statement of assessment is filed more than one year from March 15, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 100% thereto as a penalty for late filing.*

(b) For good cause shown the county appraiser may extend the time in which to make and file such statement. Such request for extension of time shall be in writing and shall be received by the county appraiser prior to the due date of the statement of assessment.

(c) Whenever any person, corporation or association owning oil and gas leases or engaged in operating for oil or gas shall fail to make and deliver to the county appraiser of every county wherein the property to be assessed is located, a full and complete statement of assessment relative to such property as required by blank forms prepared or approved for the purpose by the director of property valuation to elicit the information necessary to fix the valuation of the property, the appraiser shall ascertain the assessed value of the property of such taxpayer, and shall add 50% thereto as a penalty for failing to file such statement.

(d) The board of tax appeals shall have the authority to abate any penalty imposed under the provisions of this section and order the refund of the abated penalty, whenever excusable neglect on the part of the person, corporation or association required to make and file the statement of assessment is shown, or whenever the property for which a statement of assessment was not filed as required by law is repossessed, judicially or otherwise, by a secured creditor and such secured creditor pays the taxes and interest due.

Sec. 3. On January 1, 1993, K.S.A. 1991 Supp. 79-1448 is hereby amended to read as follows: 79-1448. Any taxpayer may complain or appeal to the county appraiser from the classification or appraisal of the taxpayer's property by giving ~~notification of such dissatisfaction~~ notice to the county appraiser ~~within 21 days of the mailing of the valuation notice on or before April 15 for real property and on or before May 15 for personal property.~~ The county appraiser or the appraiser's designee shall arrange to hold an informal meeting with the aggrieved taxpayer with reference to the property in question. At such meeting it shall be the duty of the county appraiser or the county appraiser's designee to initiate production of evidence to substantiate the valuation of such property. The county appraiser may extend the time in which the taxpayer may informally appeal from the classification or appraisal of the taxpayer's property for just and adequate reasons. Except as provided in K.S.A. 79-1404, and amendments thereto, no informal meeting regarding real property shall be scheduled to take place after May 15, nor shall a final determination be given by the appraiser after May 5 of all years thereafter 20. Any taxpayer who is aggrieved by the final determination of the county appraiser may appeal to the hearing officer or panel appointed pursuant to ~~K.S.A. 79-1602 section 7,~~ and amendments thereto, ~~or, only in cases where no hearing officer or panel has been appointed, to the county board of equalization in the same manner as appeals are made to such board under K.S.A. 79-1606, and amendments thereto, and such hearing officer, or panel or board, for just cause shown and recorded, is authorized to change the classification or valuation of specific tracts or individual items of real or personal property in the same manner provided for in K.S.A. 79-1602 et seq. 79-1606 and amendments thereto.~~ Any taxpayer who is aggrieved by the final determination of a hearing officer or panel may appeal to the ~~county board of equalization in the same manner as appeals are made to such board under K.S.A. 79-1606, and amendments thereto. Each step in the county's established informal and formal appeal process must be completed before the taxpayer may appeal to the next level except as provided in K.S.A. 79-1609, and amendments thereto state board of tax appeals, as provided in K.S.A. 79-1609, and amendments thereto. An informal meeting with the county appraiser or the appraiser's designee shall be a condition precedent to an appeal to the county or district hearing panel.~~

Sec. 4. On January 1, 1993, K.S.A. 1991 Supp. 79-1460 is hereby amended to read as follows: 79-1460. The county appraiser shall notify each taxpayer in the county annually on or before ~~April~~ March 1 for real property and May 1 for personal property, by mail directed to the taxpayer's last known address, of ~~any change in the classification or appraisal valuation of the taxpayer's property, except that, for tax year 1992, and each year thereafter, for tax year 1993, and each year thereafter,~~ the valuation for all real property shall not be increased unless: (a) A specific review thereof is conducted, including an individual physical inspection of such property by the

county or district appraiser or such appraiser's designee provided that no such inspection shall be required to change the valuation of land devoted to agricultural use; ~~and~~ (b) a record of such inspection is maintained, including the documentation for such increase, and such record is available to the affected taxpayer; ~~and~~ (c) for the ~~taxable year next following the taxable year that the valuation for real property has been reduced due to a final determination made pursuant to the valuation appeals process, documented substantial and compelling reasons exist therefor and are provided by the county appraiser.~~ For the purposes of this section and in the case of real property, the term "taxpayer" shall be deemed to be the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk. Such notice shall specify separately both the previous and current appraised and assessed values for the land and buildings situated on such lands. ~~In the year following the year in which valuations for tangible property established under the program of statewide reappraisal are applied as a basis for the levy of taxes, and in each year thereafter,~~ Such notice shall also include the most recent county sales ratio for the particular subclass of property to which the notice relates, except that no such ratio shall be disclosed on any such notices sent in any year when the total assessed valuation of the county is increased or decreased due to reappraisal of all of the property within the county. ~~Such notice shall also contain the uniform parcel identification number prescribed by the director of property valuation.~~ Such notice shall also contain a statement of the taxpayer's right to appeal and the procedure to be followed in making such appeal. Failure to ~~timely mail or receive such notice shall in no way invalidate the classification or appraised valuation as changed.~~ The secretary of revenue shall adopt rules and regulations necessary to implement the provisions of this section.

Sec. 5. On January 1, 1993, K.S.A. 79-1466 is hereby amended to read as follows: 79-1466. Commencing on January 1 of each year, the county appraiser shall transmit the taxable real property appraisals and the exempt real property appraisals to the county clerk continually upon the completion thereof.

Upon completion of transmission of such appraisals to the county clerk, on or before ~~the last business day of March~~ June 15 of each year, the county appraiser shall deliver a document certifying that such appraisals constitute the complete appraisal rolls for real property.

The taxable real property appraisal roll shall consist of all property records which in aggregate list all taxable land and improvements located within the county.

The exempt real property appraisal roll shall consist of all property records which in aggregate list all exempt land and improvements located within the county.

Sec. 6. On January 1, 1993, K.S.A. 79-1467 is hereby amended to read as follows: 79-1467. Commencing on January 1 of each year, the county appraiser shall transmit the taxable personal property appraisals to the county clerk continually upon the completion thereof. Upon completion of transmission of such appraisals to the county clerk, on or before ~~the last business day of April~~ June 15 each year, the county appraiser shall deliver a document certifying that such appraisals constitute the complete appraisal rolls for personal property except for personal property which may be subject to investigation and valuation pursuant to law or personal property which may have escaped appraisal in any year, in which cases the appraiser shall transmit to the clerk, upon completion, the appraisals of such property and the clerk shall add the same to the taxable personal property roll at such time.

The taxable personal property roll shall consist of all personal property forms rendered by taxpayers to the county appraiser, personal property forms completed by the appraiser in cases described in K.S.A. 79-1422, and amendments thereto, and cases involving escaped appraisal in any year and any other records prepared by the county appraiser for the listing and appraisal of taxable personal property located within the county.

The exempt personal property roll shall include all personal property that is exempt from ad valorem taxation except those specific types of property set forth in K.S.A. 79-201c and 79-201j and amendments to such sections. The exempt personal property roll shall

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consist of all exempt personal property forms rendered by taxpayers to the county appraiser and other records prepared by the county appraiser for the listing and appraisal of all exempt personal property within the county.

New Sec. 7. The board of county commissioners of each county having fewer than 10,000 parcels of real property may appoint and the board of county commissioner of each county having 10,000 parcels of real property or more shall appoint at least one hearing officer or county hearing panel of not fewer than three individuals to hear and determine appeals from the final determination of classification and appraised valuation of real or personal property by the county appraiser. The board of county commissioners, with the approval of the director of property valuation, may unite with the board of county commissioners of one or more counties to form a district for the purpose of appointing at least one hearing officer or district hearing panel of not fewer than three individuals. In any county wherein a hearing officer or county or district hearing panel is not appointed pursuant to this section any appeal from the final determination of the county appraiser shall be filed directly with the state board of tax appeals as provided in K.S.A. 79-1609, and amendments thereto.

The board of county commissioners shall fix the salary to be paid the hearing officer or each member of the county hearing panel. In the case of a district hearing officer or district hearing panel, the salary to be paid shall be fixed by joint resolution by the boards of county commissioners published in the official county newspaper of each county. The board of county commissioners of each county is hereby authorized to levy a tax upon all taxable tangible property in the county in an amount necessary to pay all costs incurred in complying with this section and section 14.

No person may serve as a hearing officer or on a county or district hearing panel who is not qualified by virtue of experience and training in the field of property appraisal and property tax administration, such qualifications to be determined by the director of property valuation who shall prescribe guidelines governing the duties of the hearing officers or county and district hearing panels. Each hearing officer and member of a county or district hearing panel shall attend and complete a training program conducted by the director of property valuation or the director's designee. Any person who has performed an appraisal of any property the appraised valuation of which is appealed to a hearing officer or the county or district hearing panel shall not hear such appeal and may not participate in any deliberations on such appeal. The board of county commissioners, or individual members thereof, may serve as a hearing officer or as members of the county or district hearing panel provided they meet the foregoing requirements.

Whenever the director of property valuation shall conclude that any person appointed as a hearing officer or to a county or district hearing panel has failed or neglected to discharge such person's duties as required by law and that the interest of the public will be promoted by the removal of such person, the director of property valuation shall issue an order suspending or terminating such person as a hearing officer or member of the hearing panel in the same manner and subject to the same conditions provided in subsection (b) of K.S.A. 19-431, and amendments thereto.

The provisions of this section shall apply to all taxable years commencing after December 31, 1992.

Sec. 8. On January 1, 1993, K.S.A. 79-1604 is hereby amended to read as follows: 79-1604. ~~The county clerk, immediately after the board of equalization shall have completed its labors, completion of the labors of the hearing officer or county or district hearing panel, the county clerk shall prepare an abstract of the assessment rolls of his or her the county and forward it to the director of property valuation on or before the 1st day of July 15. Said abstract shall be made upon forms prepared and furnished in the form prescribed by the director of property valuation and shall give the information asked by the director of property valuation under the various subjects fully and completely as required. The director shall have authority to prescribe a statewide database format. The abstract on motor vehicles will include only those motor vehicles assessed as of the date the abstract is prepared previous to mailing to the director of the property valuation department. Any motor vehicles acquired, purchased, traded or sold during the time the abstract is being prepared and until September 1, will be assessed~~

and added or subtracted from the original assessment allowing an additional valuation to the abstracted figure on motor vehicles. After the levy is set according to law, valuations of motor vehicles would be credited as supplementary assessments are now credited.

Sec. 9. On January 1, 1993, K.S.A. 79-1605 is hereby amended to read as follows: 79-1605. If any county clerk shall refuse or neglect to properly prepare an abstract of the assessment roll of his or her the county and forward the same to the director of property valuation, as required by law, he or she shall forfeit to the state the sum of one five hundred dollars, to be recovered in the name of the county commissioners by civil action before any court of competent jurisdiction; and the verified certificate of the director of property valuation, authenticated by the official seal of the director of property valuation, setting forth the failure of the clerk to comply with the provisions of said section, shall be prima facie evidence of such refusal or neglect, on the trial of such action.

Sec. 10. On January 1, 1993, K.S.A. 1991 Supp. 79-1606 is hereby amended to read as follows: 79-1606. (a) The hearing officers or panels or the county board of equalization in each county county appraiser, hearing officer or panel and arbitrator shall adopt, use and maintain the following records, the form and method of use of which shall be prescribed by the director of property valuation: (a) (1) Appeal form, (b) (2) hearing docket, and (c) (3) record of cases, including the disposition thereof.

(b) The county clerk shall furnish appeal forms to any owner of property which has been appraised taxpayer who desires to further appeal to the hearing officers or panels or the county board of equalization as to the classification, appraised valuation, assessment or assessment equalization of property by the county appraiser appeal the final determination of the county appraiser as provided in K.S.A. 79-1448, and amendments thereto. Any such appeal in writing involving the classification, appraised valuation, assessment or assessment equalization of property must be filed with the county clerk within 18 days of the date that a notice of change in value or the final determination of the appraiser, hearing officer or panel or board of equalization was mailed to the taxpayer, except as provided in K.S.A. 79-1600, and amendments thereto.

(c) The hearing officer or panel shall hear and determine any appeal made by any taxpayer or such taxpayer's agent or attorney. All such hearings shall be held in a suitable place in the county or district. Sufficient evening and Saturday hearings shall be provided as shall be necessary to hear all parties making requests for hearings at such times.

(d) Every appeal so filed shall be set for hearing by the hearing officers or panels or the county board of equalization hearing officer or panel, which hearing must shall be held on or before May 25, 1990, and May 15 of all years thereafter, if heard by a hearing officer or panel, and June 8, 1990, and May 30 of all years thereafter, if heard by a county board of equalization July 1, and the hearing officer or panel shall have no authority to be in session thereafter, except as provided in K.S.A. 79-1404, and amendments thereto. The county clerk shall notify each appellant and the county appraiser of the date for hearing of the taxpayer's appeal at least 10 days in advance of such hearing. Every such appeal shall be determined by order of the hearing officer or panel or the county board of equalization, and such order shall be recorded in the minutes of such hearing officer, or panel or board on or before May 25, 1990, and May 15 of all years thereafter, if heard by a hearing officer or panel, and June 8, 1990, and May 30 of all years thereafter, if heard by a county board of equalization July 5. Such recorded orders and minutes shall be open to public inspection. Notice as to disposition of the appeal shall be mailed by the county clerk to the taxpayer and the county appraiser within five days after the determination.

Sec. 11. On January 1, 1993, K.S.A. 79-1608 is hereby amended to read as follows: 79-1608. The board of county commissioners of any county by resolution is hereby authorized and empowered to transfer at the close of any budget year all or any part of the balance of the money in the county general fund, and subject to legal expenditure in such year, to a special assessment equalization appraisal fund. Upon the adoption of such resolution, a copy thereof shall be delivered to the county treasurer and the treasurer shall

credit the amount provided in such resolution to such special fund and shall debit the general fund.

Such transfers may be made notwithstanding the provisions of K.S.A. 79-2925 to 79-2937, and amendments thereto. All moneys credited to such special fund shall be used by the county for the purpose of *assuring that all property in the county is classified and appraised according to law and for the purpose of the employment of or contracting for assistants, hearing officers or panels to aid the county board of equalization in the performance of its duties or to make appraisals of all or any part of the properties in such county for the purpose of aiding the board in assessment equalization appraisal assistance, hearing officers or panels and arbitrators.* Such special ~~assessment equalization appraisal~~ fund shall not be subject to the provisions of K.S.A. 79-2925 to 79-2937, and amendments thereto, except that in making the budgets of such counties the amounts credited to, and the amount on hand in such special fund, and the amount expended therefrom shall be shown thereon for the information of the taxpayers of the county.

If the board of county commissioners shall determine at any time that all or any part of the money which has been transferred to such special fund is not needed for the purposes for which so transferred, the board of county commissioners is hereby authorized and empowered by resolution to retransfer such amount not needed to the general fund of the county, and such retransfer and expenditure thereof shall be subject to the provisions of K.S.A. 79-2925 to 79-2937, and amendments thereto.

Sec. 12. On January 1, 1993, K.S.A. 79-1609 is hereby amended to read as follows: 79-1609. Any person aggrieved by any order of the ~~county board of equalization hearing officer or panel~~ may appeal to the state board of tax appeals by filing a written notice of appeal, on forms approved by the state board of tax appeals and provided by the ~~county board of equalization clerk~~ for such purpose, stating the grounds thereof and a description of any comparable property or properties and the ~~assessment appraisal~~ thereof upon which they rely as evidence of inequality of ~~assessment the appraisal~~ of their property, if that be a ground of the appeal, with the board of tax appeals and by filing a copy thereof with the ~~county clerk of the county board of equalization~~ within 45 30 days after the date of the order from which the appeal is taken. A county or district appraiser may appeal to the state board of tax appeals from any order of the ~~county board of equalization hearing officer or panel~~.

Sec. 13. On January 1, 1993, K.S.A. 79-1610 is hereby amended to read as follows: 79-1610. Notice of the decision of the hearing ~~officer or panel or the board of equalization~~ on any appeal shall be mailed to the taxpayer and the county appraiser within five days after the date of the making of such decision or the date of approval of the director of property valuation, whichever occurs later. Notice of all changes of classification or valuation of property, including the justification for such changes, shall, within five days, be mailed to the director of property valuation pursuant to K.S.A. ~~1987 Supp.~~ 79-1481, and amendments thereto, if such change constitutes the final decision of the county. Any appeal duly perfected not heard by the ~~board hearing officer or panel~~ on or before the date of final adjournment of the ~~board hearing officer or panel~~, shall be deemed to have been denied as of the date of final adjournment and the ~~board hearing officer or panel~~ shall mail a notice of such denial to the taxpayer within five days after the date of such final adjournment.

New Sec. 14. A binding arbitration process is hereby established in Lyon, Ellis, Saline and Shawnee counties. The director of property valuation shall develop a list of persons qualified by virtue of experience and training in the field of property appraisal and tax administration to act as arbitrators of property valuation disputes. The board of county commissioners of such counties shall, on or before August 25, 1992, and on or before August 25 of each ensuing year, by resolution fix the salary to be paid each arbitrator who shall serve in such county and notify the director of property valuation of the amount thereof. The state shall assume a portion of the cost of such arbitration process in accordance with appropriation acts of the legislature.

The county clerk shall furnish an arbitration request form together with a statement of explanation of the consequences of a request for binding arbitration to any property owner who desires to submit the final determination of classification or appraised valuation by the

county appraiser to binding arbitration. Such form and statement shall be prescribed by the director of property valuation. The arbitration request form shall be completed and filed with the county clerk within 18 days of the date that a final determination of classification or appraised valuation was mailed to the property owner as provided in K.S.A. 79-1448, and amendments thereto. The property owner may rescind such request by notifying the county clerk prior to the expiration of such 18-day period provided that no hearing has already been conducted thereon, and in such case, the date upon which such notice was received by the county clerk shall be deemed to be the date that an appeal was made to a hearing officer or panel pursuant to K.S.A. 79-1606, and amendments thereto. A request for binding arbitration shall be in lieu of an appeal to the hearing officer or panel as provided in K.S.A. 79-1606, and amendments thereto.

Every request for binding arbitration shall be promptly set for hearing by the county clerk. The property owner and the board of county commissioners shall select an arbitrator to conduct the hearing from the list prepared by the director of property valuation. In the absence of agreement by the property owner and the board of county commissioners, the administrative judge of the judicial district in which the property is located shall select the arbitrator from the list. All such hearings shall be completed on or before the last business day in June. The county clerk shall notify the property owner and the county appraiser of the date for hearing at least 10 days in advance of such hearing. Every request for arbitration shall be determined by order of the arbitrator on or before July 5, and the arbitrator shall have no authority to be in session thereafter. Such order may affirm the final determination of the county appraiser, adopt the contentions of the property owner or make any other decision supported by the preponderance of the evidence submitted. Such recorded orders shall be open to public inspection. Notice of the decision of the arbitrator shall be mailed by the county clerk to the property owner and the county appraiser within 15 days of the hearing. The decision of the arbitrator shall be final and not subject to appeal, and the property owner shall be precluded from protesting the valuation of the same property pursuant to K.S.A. 79-2005, and amendments thereto.

The director of property valuation shall prescribe guidelines governing the duties of arbitrators under this section.

The provisions of this section shall apply to all taxable years commencing after December 31, 1992, through December 31, 1995.

Sec. 15. On January 1, 1993, K.S.A. 1991 Supp. 19-101a is hereby amended to read as follows: 19-101a. (a) The board of county commissioners may transact all county business and perform all powers of local legislation and administration it deems appropriate, subject only to the following limitations, restrictions or prohibitions: (1) Counties shall be subject to all acts of the legislature which apply uniformly to all counties.

(2) Counties may not consolidate or alter county boundaries.

(3) Counties may not affect the courts located therein.

(4) Counties shall be subject to acts of the legislature prescribing limits of indebtedness.

(5) In the exercise of powers of local legislation and administration authorized under provisions of this section, the home rule power conferred on cities to determine their local affairs and government shall not be superseded or impaired without the consent of the governing body of each city within a county which may be affected.

(6) Counties may not legislate on social welfare administered under state law enacted pursuant to or in conformity with public law No. 271—74th congress, or amendments thereof.

(7) Counties shall be subject to all acts of the legislature concerning elections, election commissioners and officers and their duties as such officers and the election of county officers.

(8) Counties shall be subject to the limitations and prohibitions imposed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto, prescribing limitations upon the levy of retailers' sales taxes by counties.

(9) Counties may not exempt from or effect changes in statutes made nonuniform in application solely by reason of authorizing exceptions for counties having adopted a charter for county government.

(continued)

(10) No county may levy ad valorem taxes under the authority of this section upon real property located within any redevelopment area established under the authority of K.S.A. 12-1772, and amendments thereto, unless the resolution authorizing the same specifically authorized a portion of the proceeds of such levy to be used to pay the principal of and interest upon bonds issued by a city under the authority of K.S.A. 12-1774, and amendments thereto.

(11) Counties shall have no power under this section to exempt from any statute authorizing or requiring the levy of taxes and providing substitute and additional provisions on the same subject, unless the resolution authorizing the same specifically provides for a portion of the proceeds of such levy to be used to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto.

(12) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-4601 to 19-4625, inclusive, and amendments thereto.

(13) Except as otherwise specifically authorized by K.S.A. 12-1,101 to 12-1,109, inclusive, and amendments thereto, counties may not levy and collect taxes on incomes from whatever source derived.

(14) Counties may not exempt from or effect changes in K.S.A. 19-430, and amendments thereto. Any charter resolution adopted by a county prior to July 1, 1983, exempting from or effecting changes in K.S.A. 19-430, and amendments thereto, is null and void.

(15) Counties may not exempt from or effect changes in K.S.A. 19-302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

(16) Counties may not exempt from or effect changes in K.S.A. 13-13a26, and amendments thereto. Any charter resolution adopted by a county, prior to the effective date of this act, exempting from or effecting changes in K.S.A. 13-13a26, and amendments thereto, is null and void.

(17) Counties may not exempt from or effect changes in K.S.A. 71-301, and amendments thereto. Any charter resolution adopted by a county, prior to the effective date of this act, exempting from or effecting changes in K.S.A. 71-301, and amendments thereto, is null and void.

(18) Counties may not exempt from or effect changes in K.S.A. 19-15,139, 19-15,140 and 19-15,141, and amendments thereto. Any charter resolution adopted by a county prior to the effective date of this act, exempting from or effecting changes in such sections is null and void.

(19) Counties may not exempt from or effect changes in the provisions of K.S.A. 12-1223, 12-1225 and 12-1226 and K.S.A. 1989 Supp. 12-1225a, 12-1225b and 12-1225c, and amendments thereto.

(20) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-211, and amendments thereto.

(21) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-4001 to 19-4015, inclusive, and amendments thereto.

(22) Counties may not regulate the production or drilling of any oil or gas well in any manner which would result in the duplication of regulation by the state corporation commission and the Kansas department of health and environment pursuant to chapter 55 and chapter 65 of the Kansas Statutes Annotated and any rules and regulations adopted pursuant thereto. Counties may not require any license or permit for the drilling or production of oil and gas wells. Counties may not impose any fee or charge for the drilling or production of any oil or gas well.

(23) Counties may not exempt from or effect changes in K.S.A. 19-2920, and amendments thereto.

(24) Counties may not exempt from or effect changes in K.S.A. 79-41a04, and amendments thereto.

(25) Counties may not exempt from or effect changes in section 7, and amendments thereto.

(26) Counties may not exempt from or effect changes in section 14, and amendments thereto.

(b) Counties shall apply the powers of local legislation granted in subsection (a) by resolution of the board of county commissioners. If no statutory authority exists for such local legislation other than that set forth in subsection (a) and the local legislation proposed under the authority of such subsection is not contrary to any act of the legislature, such local legislation shall become effective upon passage of a resolution of the board and publication in the official

county newspaper. If the legislation proposed by the board under authority of subsection (a) is contrary to an act of the legislature which is applicable to the particular county but not uniformly applicable to all counties, such legislation shall become effective by passage of a charter resolution in the manner provided in K.S.A. 19-101b, and amendments thereto.

New Sec. 16. (a) Whenever the aggregate amount of tax owed upon tangible personal property by any taxpayer is less than \$5, such tax shall be cancelled and no personal property tax statement shall be issued.

(b) The provisions of this section shall apply to all taxable years commencing after December 31, 1991.

Sec. 17. K.S.A. 79-330 is hereby amended to read as follows: 79-330. In valuing for taxation, oil or gas properties consisting of one or more leases and oil or gas wells, there shall, in addition to the value of all oil- or gas-well material in or upon the leasehold properties, be made such valuation of the oil or gas wells as would make a reasonable and fair value of the whole property. Such portion of the valuation of the oil or gas wells as represents the lessor's interest, or royalty interest, therein shall be assessed to the owner thereof and the remaining portion or working interest therein shall be assessed to the owner of the lease, together with the other property assessed in connection therewith. When the aggregate amount of tax owed by any taxpayer on any such royalty interest or royalty interests having a tax situs in the same taxing district is less than ~~two dollars (\$2)~~ \$5, such tax shall be cancelled and the amount shall not be included on the personal property list. Upon the written request or consent submitted annually prior to April 1 by the owner of a gas lease where the gas is being delivered into interstate commerce, the entire valuation may be assessed to such owner.

Sec. 18. K.S.A. 1991 Supp. 79-1437c, as amended by section 1 of 1992 Senate Bill No. 598, is hereby amended to read as follows: 79-1437c. No deed or instrument providing for the transfer of title to real estate or affidavit of equitable interest in real estate shall be recorded in the office of the register of deeds unless such deed, instrument or affidavit shall be accompanied by a completed real estate sales validation questionnaire by the grantor or grantee concerning the property transferred. Such questionnaire shall not be filed of record by the register of deeds but shall be retained for a period of ~~two~~ five years at which time they shall be destroyed. The register of deeds shall in conjunction with the county clerk use the information derived from such questionnaires in ~~preparing the report to cooperating with and assisting the director of property valuation in developing the information~~ as provided for in K.S.A. 79-1436 section 3 of 1992 Substitute for House Bill No. 2816, and amendments thereto.

Sec. 19. K.S.A. 1991 Supp. 79-1437f is hereby amended to read as follows: 79-1437f. The contents of the real estate sales validation questionnaire shall be made available to the county clerk for the purpose of preparing the report to the director of property valuation as provided for in K.S.A. 79-1436 and amendments thereto; any property owner who has appealed and for the sole purpose of prosecuting such appeal of the valuation of property pursuant to K.S.A. 79-1448, 79-1606, 79-1600, and 79-2005, and amendments thereto; or such owner's representative as evidenced by such owner's affidavit; and only to the extent of the contents of those certificates concerning the same constitutionally prescribed subclass of property as that of the property being appealed; the county appraiser and appraisers employed by the county for appraisal of property located within the county; appraisers licensed or certified pursuant to K.S.A. 58-4101 et seq.; and amendments thereto; and the board of county commissioners; but such contents shall not be otherwise disclosed by any party having access to anyone other than the director of property valuation; the county appraiser or the appraiser's designee; hearing officers or panels appointed pursuant to K.S.A. 79-1602, and amendments thereto; or to the board of tax appeals or county board of equalization in the event of proceedings before such boards; except that appraisers licensed or certified pursuant to K.S.A. 58-4101 et seq.; and amendments thereto; may consider and include such contents



in an appraisal report, only to the following people for the purposes listed hereafter:

(a) county officials for cooperating with and assisting the director of property valuation in developing the information as provided for in section 3 of 1992 Substitute for House Bill No. 2816, and amendments thereto;

(b) any property owner, or the owner's representative, for prosecuting an appeal of the valuation of such owner's property or for determining whether to make such an appeal, but access shall be limited to the contents of those questionnaires concerning the same constitutionally prescribed subclass of property as that of such owner's property;

(c) the county appraiser and appraisers employed by the county for the appraisal of property located within the county;

(d) appraisers licensed or certified pursuant to K.S.A. 58-4101 et seq., and amendments thereto, for appraisal of property and preparation of appraisal reports;

(e) financial institutions for conducting appraisals as required by federal and state regulators;

(f) the county appraiser or the appraiser's designee, hearing officers or panels appointed pursuant to K.S.A. 79-1602 or section 7, and amendments thereto, and the state board of tax appeals for conducting valuation appeal proceedings;

(g) the board of county commissioners for conducting any of the board's statutorily prescribed duties; and

(h) the director of property valuation for conducting any of the director's statutorily prescribed duties.

New Sec. 20. The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

(a) All oil leases, other than royalty interests therein, the average daily production from which is two barrels or less per producing well, or three barrels or less per producing well which has a completion depth of 2,000 feet or more.

(b) The provisions of this section shall apply to all taxable years commencing after December 31, 1991.

Sec. 21. On January 1, 1993, K.S.A. 79-332a, 79-1466, 79-1467, 79-1601, 79-1603, 79-1604, 79-1605, 79-1608, 79-1609 and 79-1610 and K.S.A. 1991 Supp. 19-101a, 19-430, 79-1448, 79-1460, 79-1602, 79-1606 and 79-1607 are hereby repealed.

Sec. 22. K.S.A. 79-330 and K.S.A. 1991 Supp. 79-1437c as amended by section 1 of 1992 Senate Bill No. 598 and 79-1437f are hereby repealed.

Sec. 23. This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register, May 28, 1992.)

#### SENATE SUBSTITUTE FOR SENATE SUBSTITUTE FOR HOUSE BILL No. 2892

AN ACT concerning school districts; affecting the financing thereof and providing revenue therefor; relating to quality performance and accountability; amending K.S.A. 12-1677, 12-1742, 72-4442, 72-8204, 79-2929a, 79-32, 110, 79-32, 119, 79-32, 120, 79-3602, 79-3603 and 79-3703 and K.S.A. 1991 Supp. 31-144, 72-978, 72-1106, 72-3703, 72-4437, 72-6757, 72-7063, 72-8230, 72-8233, 72-9502, 72-9504, 79-2959, 79-2964, 79-34, 147 and 79-3606, and repealing the existing sections; also repealing K.S.A. 72-7030, 72-7031, 72-7032, 72-7035, 72-7036, 72-7044, 72-7048, 72-7049, 72-7051, 72-7052, 72-7057, 72-7058, 72-7060, 72-7061, 72-7063a, 72-7065, 72-7066, 72-7072, 72-7074, 72-7075, 72-7076, 72-7077, 72-7078, 72-9505 and 72-9506 and K.S.A. 1991 Supp. 72-3702, 72-3704, 72-3705, 72-3706, 72-3707, 72-3708, 72-3709, 72-7033, 72-7034, 72-7037, 72-7038, 72-7039, 72-7040, 72-7041, 72-7042, 72-7043, 72-7045, 72-7046a, 72-7047, 72-7050, 72-7053, 72-7054, 72-7055, 72-7056, 72-7059, 72-7062, 72-7063, as amended by section 54 of this act, 72-7064, 72-7067, 72-7068, 72-7071, 72-7081, 72-8184, 72-9507, 72-9508 and 79-34, 147a.

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

New Section 1. (a) Sections 1 through 36, and amendments thereto, shall be known and may be cited as the school district finance and quality performance act.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 2. (a) "District" means a school district organized under the laws of this state which is maintaining public school for a

school term in accordance with the provisions of K.S.A. 72-1106, and amendments thereto.

(b) "Board" means the board of education of a school district.

(c) "State board" means the state board of education.

(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 3. (a) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district. Except as otherwise provided in this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the pupil's attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as  $\frac{1}{2}$  pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in grade 12 is at least  $\frac{5}{6}$  time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of the pupil's postsecondary education attendance and attendance in grade 12 bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil's vocational education enrollment and attendance together with the pupil's attendance in any of grades nine through 12 is at least  $\frac{5}{6}$  time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of the pupil's vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education services, except special education services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education services for preschool-aged exceptional children provided for by the district shall be counted as  $\frac{1}{2}$  pupil. A pupil in the custody of the secretary of social and rehabilitation services and enrolled in unified school district No. 259, Sedgwick county, Kansas, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch, shall be counted as two pupils. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted.

(b) "Preschool-aged exceptional children" means exceptional children, except gifted children, who have attained the age of three years but are under the age of eligibility for attendance at kindergarten.

(c) "At-risk pupils" means pupils who are eligible for free meals under the national school lunch act and for whom a district maintains an approved at-risk pupil assistance plan.

(d) "Enrollment" means, for districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not hereinbefore specified, the number of pupils regularly enrolled in the district on September 20.

(e) "Adjusted enrollment" means enrollment adjusted by adding at-risk pupil weighting, program weighting, low enrollment weighting, if any, school facilities weighting, if any, and transportation weighting to enrollment.

(f) "At-risk pupil weighting" means an addend component assigned to enrollment of districts on the basis of enrollment of at-risk pupils.

(g) "Program weighting" means an addend component assigned to enrollment of districts on the basis of pupil attendance in educational programs which differ in cost from regular educational programs.

(continued)

(h) "Low enrollment weighting" means an addend component assigned to enrollment of districts having under 1,900 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,900 and over enrollment.

(i) "School facilities weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget and budgeted therein the total amount authorized for the school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

(j) "Transportation weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to the provision or furnishing of transportation.

(k) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 4. (a) "School year" means the twelve month period ending June 30.

(b) "Current school year" means the school year during which general state aid is determined by the state board under section 12, and amendments thereto.

(c) "Preceding school year" means the school year immediately before the current school year.

(d) "September 20" has its usual meaning, except that in any year in which September 20 is not a day on which school is maintained, it shall mean the first day after September 20 on which school is maintained.

(e) "February 20" has its usual meaning, except that in any year in which February 20 is not a day on which school is maintained, it shall mean the first day after February 20 on which school is maintained.

(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 5. (a) "General fund" means the fund of a district from which operating expenses are paid and in which is deposited the proceeds from the tax levied under section 27, and amendments thereto, all amounts of general state aid under this act, payments under K.S.A. 72-7105a, and amendments thereto, payments of federal funds made available under the provisions of title I of public law 874, except amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program, and such other moneys as are provided by law.

(b) "Operating expenses" means the total expenditures and lawful transfers from the general fund of a district during a school year for all purposes, except expenditures for the purposes specified in section 26, and amendments thereto.

(c) "General fund budget" means the amount budgeted for operating expenses in the general fund of a district.

(d) "Budget per pupil" means the general fund budget of a district divided by the enrollment of the district.

(e) "Program weighted fund" means and includes the following funds of a district: Transportation fund, vocational education fund, and bilingual education fund.

(f) "Categorical fund" means and includes the following funds of a district: Special education fund, food service fund, driver training fund, adult education fund, adult supplementary education fund, area vocational school fund, inservice education fund, parent education program fund, and educational excellence grant program fund.

(g) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 6. (a) "State financial aid" means, for the 1992-93 school year, formula state financial aid or transitional state financial aid, whichever is the lesser amount; and for the 1993-94 school year and each school year thereafter, an amount equal to the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(b) (1) "Formula state financial aid" means an amount equal to the product obtained by multiplying base state aid per pupil by the adjusted enrollment of a district.

(2) The provisions of this subsection shall expire on June 30, 1993.

(c) (1) "Transitional state financial aid" means an amount computed for a district by the state board as follows: (A) Determine the sum of the amount of the legally adopted budget of operating expenses of the district in the 1991-92 school year and the amount of the state transportation aid, bilingual education aid and vocational education aid received by the district in the 1991-92 school year and the proceeds from the tax levied under K.S.A. 72-7072 in the 1991-92 school year if such tax was levied; (B) determine enrollment of the district in the 1991-92 school year; (C) determine enrollment of the district in the 1992-93 school year; (D) if enrollment in the 1992-93 school year is greater than enrollment in the 1991-92 school year, divide the difference by enrollment in the 1991-92 school year and add the quotient obtained to 110%; (E) if enrollment in the 1992-93 school year is greater than enrollment in the 1991-92 school year, multiply the amount determined under (A) by the sum obtained under (D) and if enrollment in the 1992-93 school year is equal to or less than enrollment in the 1991-92 school year, multiply the amount determined under (A) by 110%. The product is transitional state financial aid.

(2) The provisions of this subsection shall expire on June 30, 1993.

(d) "Base state aid per pupil" means an amount of state financial aid per pupil. The base state aid per pupil is \$3,600. The amount of base state aid per pupil is subject to reduction in proportion to any reduction under K.S.A. 1991 Supp. 75-6704, and amendments thereto, in the amount of the appropriation from the state general fund for general state aid.

(e) "Local effort" means the sum of an amount equal to the proceeds from the tax levied under authority of section 27, and amendments thereto, and an amount equal to any unexpended and unencumbered balance remaining in the general fund of the district, except amounts received by the district and authorized to be expended for the purposes specified in section 26, and an amount equal to any unexpended and unencumbered balances remaining in the program weighted funds of the district, except any amount in the vocational education fund of the district if the district is operating an area vocational school, and an amount equal to any remaining proceeds from taxes levied under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto, prior to the repeal of such statutory sections by this act, and an amount equal to the amount credited to the general fund in the current school year from amounts distributed in such year to the district under the provisions of articles 17 and 34 of chapter 12 of Kansas Statutes Annotated and under the provisions of articles 42 and 51 of chapter 79 of Kansas Statutes Annotated, and an amount equal to the federal impact aid of a district.

(f) "Federal impact aid" means an amount equal to the federally qualified percentage of the amount of moneys a district receives in the current school year under the provisions of title I of public law 874 and congressional appropriations therefor, excluding amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program. The amount of federal impact aid defined herein as an amount equal to the federally qualified percentage of the amount of moneys provided for the district under title I of public law 874 shall be determined by the state board in accordance with terms and conditions imposed under the provisions of the public law and rules and regulations thereunder.

(g) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 7. (a) The transportation weighting of each district shall be determined by the state board as follows:

(1) Determine the total expenditures of the district during the preceding school year from all funds for transporting pupils of public and nonpublic schools on regular school routes;

(2) divide the amount determined under (1) by the total number of pupils who were included in the enrollment of the district in the preceding school year and for whom transportation was made available by the district;

(3) multiply the quotient obtained under (2) by the total number of pupils who were included in the enrollment of the district in the preceding school year, were residing less than 2½ miles by the usually traveled road from the school building they attended, and for whom transportation was made available by the district;

- (4) multiply the product obtained under (3) by 50%;
- (5) subtract the product obtained under (4) from the amount determined under (1);
- (6) divide the remainder obtained under (5) by the total number of pupils who were included in the enrollment of the district in the preceding school year, were residing 2½ miles or more by the usually traveled road from the school building they attended and for whom transportation was made available by the district. The quotient is the per-pupil cost of transportation;
- (7) on a density-cost graph plot the per-pupil cost of transportation for each district;
- (8) construct a curve of best fit for the points so plotted;
- (9) locate the index of density for the district on the base line of the density-cost graph and from the point on the curve of best fit directly above this point of index of density follow a line parallel to the base line to the point of intersection with the vertical line, which point is the formula per-pupil cost of transportation of the district;
- (10) divide the formula per-pupil cost of transportation of the district by base state aid per pupil;
- (11) multiply the quotient obtained under (10) by the number of pupils who are included in the enrollment of the district, are residing 2½ miles or more by the usually traveled road to the school building they attend, and for whom transportation is being made available by, and at the expense of, the district. The product is the transportation weighting of the district.
- (b) For the purpose of providing accurate and reliable data on pupil transportation, the state board is authorized to adopt rules and regulations prescribing procedures which districts shall follow in reporting pertinent information relative thereto, including uniform reporting of expenditures for transportation.
- (c) "Index of density" means the number of pupils who are included in the enrollment of a district in the current school year, are residing 2½ miles or more by the usually traveled road from the school building they attend, and for whom transportation is being made available on regular school routes by the district, divided by the number of square miles of territory in the district.
- (d) "Density-cost graph" means a drawing having: (1) A horizontal or base line divided into equal intervals of density, beginning with zero on the left; and (2) a scale for per-pupil cost of transportation to be shown on a line perpendicular to the base line at the left end thereof, such scale to begin with zero dollars at the base line ascending by equal per-pupil cost intervals.
- (e) "Curve of best fit" means the curve on a density-cost graph drawn so the sum of the distances squared from such line to each of the points plotted on the graph is the least possible.
- (f) The provisions of this section shall take effect and be in force from and after July 1, 1992.
- New Sec. 8. The low enrollment weighting of each district with under 1,900 enrollment shall be determined by the state board as follows:
- (a) Determine the amount of the median budget per pupil for the 1991-92 school year of districts with 75-125 enrollment in such school year;
- (b) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 200-399 enrollment in such school year;
- (c) determine the amount of the median budget per pupil for the 1991-92 school year of districts with 1,900 and over enrollment;
- (d) prescribe a schedule amount for each of the districts by preparing a schedule based upon an accepted mathematical formula and derived from a linear transition between (1) the median budgets per pupil determined under (a) and (b), and (2) the median budgets per pupil determined under (b) and (c). The schedule amount for districts with 0-99 enrollment is an amount equal to the amount of the median budget per pupil determined under (a). The schedule amount for districts with 100-299 enrollment is the amount derived from the linear transition under (1). The schedule amount for districts with 300-1,899 enrollment is the amount derived from the linear transition under (2);
- (e) for districts with 0-99 enrollment:
- (1) Subtract the amount determined under (c) from the amount determined under (a);

- (2) divide the remainder obtained under (1) by the amount determined under (c);
- (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
- (f) for districts with 100-299 enrollment:
- (1) Subtract the amount determined under (c) from the schedule amount of the district;
- (2) divide the remainder obtained under (1) by the amount determined under (c);
- (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district;
- (g) for districts with 300-1,899 enrollment:
- (1) Subtract the amount determined under (c) from the schedule amount of the district;
- (2) divide the remainder obtained under (1) by the amount determined under (c);
- (3) multiply the quotient obtained under (2) by the enrollment of the district in the current school year. The product is the low enrollment weighting of the district.
- (h) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 9. The program weighting of each district shall be determined by the state board as follows:

- (a) Compute full time equivalent enrollment in programs of bilingual education and multiply the computed enrollment by 0.2;
- (b) compute full time equivalent enrollment in approved vocational education programs and multiply the computed enrollment by 0.5;
- (c) add the products obtained under (a) and (b). The sum is the program weighting of the district.
- (d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 10. (a) The at-risk pupil weighting of each district shall be determined by the state board by multiplying the number of at-risk pupils included in enrollment of the district by .05. The product is the at-risk pupil weighting of the district.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 11. (a) The school facilities weighting of each district shall be determined in each school year in which such weighting may be assigned to enrollment of the district as follows:

- (1) Determine the number of pupils, included in enrollment of the district, who are attending a new school facility;
- (2) multiply the number of pupils determined under (1) by .25. The product is the school facilities weighting of the district.
- (b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 12. (a) In each school year, the state board shall determine entitlement of each district to general state aid for the school year as provided in this section.

(b) The state board shall determine the amount of the district's local effort for the school year. If the amount of the district's local effort is greater than the amount of state financial aid determined for the district for the school year, the district shall not be entitled to general state aid. If the amount of the district's local effort is less than the amount of state financial aid determined for the district for the school year, the state board shall subtract the amount of the district's local effort from the amount of state financial aid. The remainder is the amount of general state aid the district is entitled to receive for the current school year.

(c) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 13. (a) The distribution of general state aid under this act shall be made in accordance with appropriation acts each year as provided in this section.

(b) (1) In the months of July through May of each school year, the state board shall determine the amount of general state aid which will be required by each district to maintain operations in each such month. In making such determination, the state board shall take into consideration the district's access to local effort sources and the

(continued)

obligations of the general fund which must be satisfied during the month. The amount determined by the state board under this provision is the amount of general state aid which will be distributed to the district in the months of July through May;

(2) in the month of June of each school year, payment shall be made of the full amount of the general state aid entitlement determined for the school year, less the sum of the monthly payments made in the months of July through May.

(c) Payments of general state aid shall be distributed to districts once each month at a time to be determined by the state board. The state board shall certify to the director of accounts and reports the amount due as general state aid to each district in each of the months of July through June. Such certification, and the amount of general state aid payable from the state general fund, shall be approved by the director of the budget. The director of accounts and reports shall draw warrants on the state treasurer payable to the district treasurer of each district entitled to payment of general state aid, pursuant to vouchers approved by the state board. Upon receipt of such warrant, each district treasurer shall deposit the amount of general state aid in the general fund.

(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 14. (a) In the event any district is paid more than it is entitled to receive under any distribution made under this act or under any statute repealed by this act, the state board shall notify the district of the amount of such overpayment, and such district shall remit the same to the state board. The state board shall remit any moneys so received to the state treasurer, and the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund. If any district fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to the district. In the event any district is paid less than the amount to which it is entitled under any distribution made under this act, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within 60 days after the end of such school year.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 15. (a) On or before October 10 of each school year, the clerk or superintendent of each district shall certify under oath to the state board a report showing the total enrollment of the district by grades maintained in the schools of the district and such other reports as the state board may require. Each such report shall show postsecondary education enrollment, vocational education enrollment, special education enrollment, bilingual education enrollment, and at-risk pupil enrollment in such detail and form as is specified by the state board. Upon receipt of such reports, the state board shall examine the reports and if the state board finds any errors in any such report, the state board shall consult with the district officer furnishing the report and make such corrections in the report as are necessary. One of such district officers shall also certify to the state board, on or before August 25 of each year, a copy of the budget adopted by the district.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 16. (a) There is hereby established in every district a fund which shall be called the special education fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. Notwithstanding any other provision of law, all moneys received by the district from whatever source for special education shall be credited to the special education fund established by this section, except that moneys received by a district pursuant to lawful agreements made under K.S.A. 72-968, and amendments thereto, shall be credited to the special fund established under the agreements. The expenses of a district directly attributable to special education shall be paid from the special education fund and from special funds established under K.S.A. 72-968, and amendments thereto.

Obligations of a district pursuant to lawful agreements made under K.S.A. 72-968, and amendments thereto, shall be paid from the special education fund established by this section.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 17. (a) There is hereby established in every district a fund which shall be called the vocational education fund. All moneys received by a district for any course or program authorized and approved under the provisions of article 44 of chapter 72 of Kansas Statutes Annotated, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. All moneys received by the district from tuition, fees or charges or from any other source for vocational education courses or programs, except for courses and programs conducted in an area vocational school, shall be credited to the vocational education fund. The expenses of a district directly attributable to vocational education shall be paid from the vocational education fund.

(b) Obligations of a district pursuant to lawful agreements made under K.S.A. 72-4421, and amendments thereto, shall be paid from the vocational education fund established by this section. If any such agreement expresses an obligation of a district in terms of a mill levy, such obligation shall be construed to mean an amount equal to that which would be produced by the levy.

(c) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 18. (a) There is hereby established in every district operating an area vocational school a fund which shall be called the area vocational school fund, which fund shall consist of all federal and state moneys received by the district under the provisions of article 44 of chapter 72 of Kansas Statutes Annotated, except moneys received for courses and programs not conducted in the area vocational school. All moneys received by the district from tuition, fees or charges or from any other source for vocational education courses or programs conducted in the area vocational school operated by the district shall be credited to the area vocational school fund. The expenses of a district directly attributable to operation of an area vocational school shall be paid from the area vocational school fund.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 19. (a) There is hereby established in every district a fund which shall be called the driver training fund which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district from distributions made from the state safety fund and the motorcycle safety fund and from tuition, fees or charges for driver training courses shall be credited to the driver training fund. The expenses of a district directly attributable to driver training shall be paid from the driver training fund.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 20. (a) There is hereby established in every district a fund which shall be called the food service fund, which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district for food service and from charges for food service shall be credited to the food service fund. The expenses of a district attributable to food service shall be paid from the food service fund.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 21. (a) There is hereby established in every district a fund which shall be called the transportation fund which fund shall consist of all moneys deposited therein or transferred thereto according to law. All moneys received by the district for pupil transportation shall be credited to the transportation fund. The expenses of a district attributable to pupil transportation shall be paid from the transportation fund. Any district may transfer moneys from its capital outlay fund to its transportation fund for the purpose of purchasing buses and bus equipment. If a board determines that any moneys which have been transferred to its transportation fund from its capital outlay fund are not needed for the purchase of buses or bus equipment, the board may transfer the moneys back to the capital outlay fund.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 22. (a) There is hereby established in every district a fund which shall be called the contingency reserve fund, which fund shall consist of all moneys deposited therein or transferred thereto

according to law. At no time in any school year shall the amount maintained in the fund exceed an amount equal to 1% of the general fund budget of the district for the school year. The fund shall be maintained for payment of expenses of a district attributable to financial emergencies or contingencies which could not have been reasonably foreseen at the time of adoption of the general fund budget.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 23. (a) Except as otherwise provided in this section, any revenues of a district, not required by law to be deposited in or credited to a specific fund, shall be deposited in or credited to any program weighted fund or any categorical fund of the district or to the capital outlay fund of the district.

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

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

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

(d) At the discretion of the board of any district, revenues received by the district from the federal government as the district's share of the proceeds derived from sale by the federal government of its rights to oil, gas and other minerals located beneath the surface of lands within the district's boundaries may be deposited in the bond and interest fund of the district and used for the purposes of such fund. If at any time all indebtedness and obligations of such fund have been fully paid and canceled, the revenues authorized by this subsection to be deposited in such fund shall be disposed of as provided in subsection (a).

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

(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 24. (a) Any lawful transfer of moneys from the general fund of a district to any other fund shall be an operating expense in the year the transfer is made. The board of any district may transfer moneys from the general fund to any categorical fund of the district in any school year. The board of any district may transfer moneys from the general fund to any program weighted fund of the district in any school year, subject to the following conditions:

(1) No board shall transfer moneys in any amount from the general fund to a program weighted fund prior to maturation of the obligation of the fund necessitating the transfer.

(2) The board may transfer moneys in an amount not to exceed the amount of the obligation of the program weighted fund necessitating the transfer.

(b) The board of any district may transfer moneys from the general fund to the technology education fund of the district in any school year, subject to the conditions imposed upon transferability of moneys from the general fund to program weighted funds of the district.

(c) The board of any district may transfer moneys from the general fund to the contingency reserve fund of the district in any school year, subject to the limitations imposed upon the amount authorized to be maintained in the contingency reserve fund under section 22, and amendments thereto.

(d) The board of any district may transfer moneys from the gen-

eral fund to the capital outlay fund of the district in any school year, subject to the following conditions:

(1) No board shall transfer moneys in any amount from the general fund to the capital outlay fund prior to June 1 in any school year.

(2) The board of any of the districts with 10,000 or more enrollment may transfer moneys in an amount not to exceed an amount equal to 1% of the general fund budget.

(3) The board of any district, other than the districts with 10,000 or more enrollment, may transfer moneys in an amount not to exceed an amount equal to 2% of the general fund budget.

(4) No board shall transfer moneys in any amount from the general fund to the capital outlay fund in any school year commencing after June 30, 1993, unless such board, in its adopted budget for such year, shall have budgeted a capital outlay levy at (A) not less than a 3.5 mill rate or (B) not less than the mill rate necessary to produce the same amount of money that would have been produced by a 3.5 mill rate in the 1988-89 school year, whichever of (A) or (B) is the greater mill rate.

(e) Any district may make capital outlay expenditures from the general fund for acquisition of equipment and repair of school buildings.

(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 25. (a) In each school year, any board may transfer to its general fund from any fund to which transfers from the general fund are authorized an amount not to exceed an amount equal to the amount transferred from the general fund to any such fund in the same school year.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 26. Expenditures of a district for the following purposes are not operating expenses:

(a) Payments to another district in an adjustment of rights as provided in K.S.A. 72-6776, and amendments thereto, or upon transfer of territory as provided in K.S.A. 72-7105, 72-7106 or 72-7107, and amendments to such sections, if paid from any fund other than the general fund.

(b) Payments to another district under K.S.A. 72-7105a, and amendments thereto.

(c) The maintenance of summer school and student activities which are reimbursed.

(d) Expenditures from any lawfully authorized fund of a district other than its general fund.

(e) Programs financed in part or in whole by federal funds which may be expended although not included in the budget of the district, excepting funds received under the provisions of title I of public law 874 (but not including in such exception amounts received for assistance in cases of major disaster and amounts received under the low-rent housing program), to the extent of the federal funds to be provided.

(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 27. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in each school year for the purpose of:

(1) Financing that portion of the district's general fund budget which is not financed from any other source provided by law;

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

(3) paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The tax required under subsection (a) shall be levied at a rate of 32 mills in the 1992-93 school year, at a rate of 33 mills in the 1993-94 school year, and at a rate of 35 mills in the 1994-95 school year and in each school year thereafter.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by

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cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

(d) On June 1 of each year, commencing on June 1, 1993, the amount, if any, by which a district's local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

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

(f) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 28. (a) In case a district expends in any school year an amount for operating expenses which exceeds its general fund budget, the state board shall determine the excess and deduct the same from amounts of general state aid payable to the district during the next school year.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 29. (a) (1) Subject to the other provisions of this subsection, a district may adopt a local option budget in the 1992-93 school year if the board determines that the amount budgeted for operating expenses in the general fund of the district is insufficient for such purposes and that adoption of such a budget would be in the best interests of the district.

(2) No district may adopt a local option budget under authority of this subsection if the amount of formula state financial aid determined for the district is equal to or greater than the amount of transitional state financial aid determined for the district. If the amount of formula state financial aid determined for a district is less than the amount of transitional state financial aid determined for the district, the district may adopt a local option budget in an amount not to exceed (A) an amount equal to 25% of the amount of state financial aid determined for the district or (B) an amount equal to the difference between the amount of formula state financial aid determined for the district and the amount of transitional state financial aid determined for the district, whichever of (A) or (B) is the lesser amount.

(3) The provisions of this subsection shall expire on June 30, 1993.

(b) (1) Any district may adopt a local option budget in each school year, commencing with the 1993-94 school year, for a period of time not to exceed four school years in an amount not to exceed the state prescribed percentage of the amount of state financial aid determined for the district in the school year if the board of the district determines that adoption of such a budget would be in the best interests of the district. No district may adopt a local option budget under authority of this subsection until a resolution authorizing adoption of such a budget is passed by the board and published once in a newspaper having general circulation in the district. The resolution shall be published in substantial compliance with the following form:

Unified School District No. \_\_\_\_\_ County, Kansas.

RESOLUTION

Be It Resolved that:

The board of education of the above-named school district shall be authorized to adopt a local option budget in each school year for a period of time not to exceed \_\_\_\_\_ years in an amount not to exceed \_\_\_\_\_% of the amount of state financial aid determined for the current school year. The percentage specified in this resolution may be reduced if the state prescribed percentage is reduced by operation of state law. The local option budget authorized by this resolution may be adopted, unless a petition in opposition to the same, signed by not less than 5% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 30 days after publication of this resolution. In the event a petition is filed, the county election officer shall submit the question of whether adoption of the local option budget shall be authorized to the electors of the school district at an election called for the purpose or at the next general election, as is specified by the board of education of the school district.

CERTIFICATE

This is to certify that the above resolution was duly adopted by the board of education of Unified School District No. \_\_\_\_\_ County, Kansas, on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

Clerk of the board of education.

All of the blanks in the resolution shall be appropriately filled. The blank preceding the word "years" shall be filled with a specific number, not to exceed the number 4, and the blank preceding the percentage symbol shall be filled with a specific number. The percentage specified in the resolution shall not exceed the state prescribed percentage. No word shall be inserted in either of the blanks. The resolution shall be published once in a newspaper having general circulation in the school district. If no petition as specified above is filed in accordance with the provisions of the resolution, the board may adopt a local option budget. If a petition is filed as provided in the resolution, the board may notify the county election officer of the date of an election to be held to submit the question of whether adoption of a local option budget shall be authorized. If the board fails to notify the county election officer within 30 days after a petition is filed, the resolution shall be deemed abandoned and no like resolution shall be adopted by the board within the nine months following publication of the resolution.

(2) If any district is authorized to adopt a local option budget, but the board of such district chooses, in any year, not to adopt such a budget, or chooses to adopt such budget in an amount less than the amount of the district prescribed percentage of the amount of state financial aid in any school year, such board of education may do so. If the board of any district refrains from adopting a local option budget in any one or more school years or refrains from budgeting the total amount authorized for any one or more school years, the authority of such district to adopt a local option budget shall not thereby be extended beyond the original period specified in the resolution authorizing adoption of such budget, nor shall the amount authorized to be budgeted in any succeeding school year be increased thereby.

(3) Whenever an initial resolution has been adopted under this subsection, and such resolution specified a lesser percentage than the state prescribed percentage, the board of the district may adopt a second resolution under the same procedure as provided for the initial resolution and subject to the same conditions, and shall be authorized to increase the percentage as specified in such second resolution for the remainder of the period of time specified in the initial resolution. Any percentage specified in a second resolution shall be limited so that the sum of the percentage authorized in the initial resolution and the percentage authorized in the second resolution is not in excess of the state prescribed percentage in any school year.

(4) The board of any district that has adopted a local option budget and levied a tax under authority of section 31, and amendments thereto, may initiate, at any time after the final levy is certified to the county clerk under any current authorization, procedures to renew its authority to adopt a local option budget subject to the conditions and in the manner specified in provision (1) of this subsection and, at four-year intervals thereafter, may in like manner and subject to like conditions renew such authorization for successive four-year periods.

(5) As used in this subsection:

(A) "Authorized to adopt a local option budget" means that a district has adopted a resolution under this subsection, has published the same, and either that the resolution was not protested or that it was protested and an election was held by which the adoption of a local option budget was approved.

(B) "District prescribed percentage" means the percentage specified in a resolution under which a district is authorized to adopt a local option budget. No such percentage shall exceed the state prescribed percentage and is subject to reduction by operation of state law.

(C) "State prescribed percentage" means 25%. If the amount of base state aid per pupil is increased by act of the legislature, the state prescribed percentage shall be reduced by a number of percentage points equal to the number of percentage points by which the amount of base state aid per pupil is increased.

(c) There is hereby established in every district that adopts a local option budget a fund which shall be called the supplemental general fund. The fund shall consist of all amounts deposited therein or credited thereto according to law. Amounts in the supplemental general fund may be expended for any purpose for which expenditures from the general fund are authorized or may be transferred to the general fund of the district or to any program weighted fund

or categorical fund of the district. Any unexpended and unencumbered cash balance remaining in the supplemental general fund of a district at the conclusion of any school year in which a local option budget is adopted shall be transferred to the general fund of the district.

(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 30. (a) In each school year, each district that has adopted a local option budget is eligible for entitlement to an amount of supplemental general state aid. Entitlement of a district to supplemental general state aid shall be determined by the state board as provided in this subsection. The state board shall:

(1) Determine the amount of the assessed valuation per pupil in the preceding school year of each district in the state;

(2) rank the districts from low to high on the basis of the amounts of assessed valuation per pupil determined under (1);

(3) identify the amount of the assessed valuation per pupil located at the 75th percentile of the amounts ranked under (2);

(4) divide the assessed valuation per pupil of the district in the preceding school year by the amount identified under (3);

(5) subtract the ratio obtained under (4) from 1.0. If the resulting ratio equals or exceeds 1.0, the eligibility of the district for entitlement to supplemental general state aid shall lapse. If the resulting ratio is less than 1.0, the district is entitled to receive supplemental general state aid in an amount which shall be determined by the state board by multiplying the amount of the local option budget of the district by such ratio. The product is the amount of supplemental general state aid the district is entitled to receive for the school year.

(b) If the amount of appropriations for supplemental general state aid is less than the amount each district is entitled to receive for the school year, the state board shall prorate the amount appropriated among the districts in proportion to the amount each district is entitled to receive.

(c) Payments of supplemental general state aid shall be distributed to districts at a time to be determined by the state board. The state board shall certify to the director of accounts and reports the amount due each district, and the director of accounts and reports shall draw a warrant on the state treasurer payable to the treasurer of the district. Upon receipt of the warrant, the treasurer of the district shall credit the amount thereof to the supplemental general fund of the district to be used for the purposes of such fund.

(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 31. (a) In each school year, the board of every district that has adopted a local option budget may levy an ad valorem tax on the taxable tangible property of the district for the purpose of financing that portion of the district's local option budget which is not financed from any other source provided by law and for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the supplemental general fund of the district.

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

(d) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 32. (a) Whenever a new district has been established or the boundaries of a district have been changed, the state board shall make appropriate revisions concerning the affected districts as may be necessary for the purposes of this act to reflect such establishment of a district or changes in boundaries. Such revisions shall be based on the most reliable data obtainable from the superintendent of the district and the county clerk.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 33. (a) The state board may adopt rules and regulations for the administration of this act, including the classification of expenditures of districts to insure uniform reporting of operating expenses.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 34. (a) The state school district finance fund, established by K.S.A. 1991 Supp. 72-7081 prior to its repeal by this act, shall consist of (1) all moneys credited to such fund under sections 14 and 27, and amendments thereto, and (2) all amounts transferred to such fund.

(b) All revenue, as certified by the secretary of revenue to the director of accounts and reports, attributable to the operation of the provisions of K.S.A. 79-32,110, 79-3602, 79-3603, 79-3606 and 79-3703, as each such section is specifically amended by this act, shall be transferred by the director of accounts and reports from the state general fund to the state school district finance fund on January 15, March 15 and June 15 of each year commencing on January 15, 1993. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund and shall not be subject to reduction under K.S.A. 1991 Supp. 75-6704, and amendments thereto.

(c) The state school district finance fund shall be used for the purpose of financing of school districts and for no other governmental purpose. It is the intent of the legislature that the fund shall remain intact and inviolate for such purpose, and moneys in the fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

(d) Amounts in the state school district finance fund shall be allocated and distributed to school districts as general state aid provided for under this act.

(e) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 35. (a) In order to accomplish the mission for Kansas education, the state board of education shall design and adopt a quality performance accreditation system for Kansas schools: The accreditation system will be based upon goals for schools which will be framed in measurable terms and will define the following outcomes:

(1) Teachers establish high expectations for learning and monitoring pupil achievement through multiple assessment techniques;

(2) schools have a basic mission which prepares the learners to live, learn, and work in a global society;

(3) schools provide planned learning activities within an orderly and safe environment which is conducive to learning;

(4) schools provide instructional leadership which results in improved pupil performance in an effective school environment;

(5) pupils have the communication skills necessary to live, learn, and work in a global society;

(6) pupils think creatively and problem-solve in order to live, learn and work in a global society;

(7) pupils work effectively both independently and in groups in order to live, learn and work in a global society;

(8) pupils have the physical and emotional well-being necessary to live, learn and work in a global society;

(9) all staff engage in ongoing professional development;

(10) pupils participate in lifelong learning.

(b) In designing the quality performance accreditation system, the state board of education shall incorporate a comprehensive outcomes process under which standards indicating an identified level of excellence will be established and shall provide a means of assessment for attainment by pupils in kindergarten through grade 12 of a minimum of three benchmark levels in the skills domains of mathematics, science, communications, including reading, writing, speaking and listening, and social studies, including American history and geography. In order to ensure that the academic standards established under this subsection are equal to or greater than those in the rest of the United States and other parts of the world, and in order to ensure that the outcomes process, standards and assessments emphasize higher order thinking skills, the state board of education shall utilize the services of one or more consultants familiar with worldwide standards of education. The standards shall be es-

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established on or before July 1, 1993, and shall be reviewed not less often than every three years.

(c) (1) On or before January 1, 1993, each school in every district which operates more than one school shall establish a school site council. The council shall be composed of the principal and representatives of: Teachers and other school personnel, parents of pupils attending the school, the business community, and other community groups. A school site council may be established in school districts which operate only one school or, in lieu thereof, the board of education of the school district shall serve as the council. School site councils shall be responsible for providing advice and counsel in evaluating state, school district, and school site performance goals and objectives and in determining the methods that should be employed at the school site to meet these goals and objectives.

(2) The state board of education will evaluate the work of the school site councils and the effectiveness thereof in facilitating educational improvement and restructuring. The results of the state board's evaluation will be contained in a report that will be published on July 1, 1995.

(3) The provisions of this subsection shall expire on June 30, 1996, unless extended by the legislature during the 1996 regular session.

(d) In the 1994-95 school year, at least one school in each district shall participate in the quality performance accreditation system.

(e) In the 1995-96 school year, every school in every district shall participate in the quality performance accreditation system.

(f) In order to be eligible for general state aid under this act in the 1996-97 school year and in each school year thereafter, each district will evaluate its progress toward achieving defined outcomes and submit an annual report thereon to the state board.

(g) Each district shall schedule in the 1992-93 school year an amount of time equal to not less than two school days, and in the 1993-94 school year an amount of time equal to not less than three school days, for the purpose of engaging professional employees of the district in professional development programs related to implementation and effectuation of the provisions of this section. The amount of time scheduled by a district under the provisions of this subsection shall be considered an additional part of the school term.

(h) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 36. (a) If any clause, paragraph, subsection or section of the school district finance and quality performance act shall be held invalid or unconstitutional, it shall be conclusively presumed that the legislature would have enacted the remainder of the act without such invalid or unconstitutional clause, paragraph, subsection or section.

(b) The provisions of this section shall take effect and be in force from and after July 1, 1992.

New Sec. 37. (a) There is hereby established the Kansas committee on school district finance and quality performance. The committee shall be composed of 16 members.

(b) The following members of the committee shall serve ex officio or shall designate a person to represent them on the committee: The chairperson and ranking minority member of the committee on education of the house of representatives, the chairperson and ranking minority member of the committee on education of the senate, the chairperson and ranking minority member of the committee on taxation of the house of representatives, the chairperson and ranking minority member of the committee on assessment and taxation of the senate, the chairperson and ranking minority member of the committee on appropriations of the house of representatives, the chairperson and ranking minority member of the committee on ways and means of the senate. The remainder of the members of the committee shall be representative of the general public and shall be appointed as follows: Two members shall be appointed by the governor and shall serve at the pleasure of the governor, and two members shall be appointed by the state board of education and shall serve at the pleasure of the state board.

(c) The committee shall organize annually and elect a chairperson and vice-chairperson from among the members of the committee. The vice-chairperson shall exercise all of the powers of the chairperson in the absence of the chairperson. If a vacancy occurs in the office of chairperson or vice-chairperson, another member of the

committee shall be elected by the members of the committee to fill such vacancy. Within 30 days after the effective date of this act, the committee shall organize and elect a chairperson and a vice-chairperson in accordance with the provisions of this subsection.

(d) A quorum of the committee on school district finance and quality performance shall be nine. All actions of the committee shall be taken by a majority of all of the members of the committee.

(e) The committee on school district finance and quality performance may meet at any time on the call of the chairperson.

(f) In accordance with K.S.A. 46-1204, and amendments thereto, the legislative coordinating council may provide for such professional services as may be requested by the committee on school district finance and quality performance.

(g) Members of the committee on school district finance and quality performance attending meetings of the committee or subcommittee meetings authorized by the committee shall receive compensation, subsistence allowances and mileage provided for in K.S.A. 75-3223, and amendments thereto.

(h) The staff of the legislative research department, the office of the revisor of statutes and the division of legislative administrative services shall provide such assistance as may be requested by the committee on school district finance and quality performance and authorized by the legislative coordinating council.

(i) The provisions of this section shall expire on June 30, 1994.

New Sec. 38. (a) The committee on school district finance and quality performance shall:

(1) Monitor implementation and operation of the school district finance and quality performance act and the quality performance accreditation system;

(2) evaluate the components of the act and determine whether there is a fair and equitable relationship between the costs of weighted components and the weightings assigned to such components;

(3) determine whether additional school district operations should be weighted;

(4) evaluate the effect of the act and the system on local control;

(5) determine whether operation of the act fosters or impedes successful accomplishment of the mission for Kansas education;

(6) evaluate the reform and restructuring components of the act and assess the impact of such components on the educational systems of school districts and on the educational system of the state as a whole;

(7) review and evaluate systems of financial support, reform and restructuring of public education in other states in an effort to ensure that the Kansas system is the most efficient and effective;

(8) review the amount of base state aid per pupil and, in conjunction therewith, determine whether the amount of state financial aid provided for school districts is sufficient to provide quality educational opportunities for Kansas children;

(9) if the committee determines that the amount of state financial aid should be increased by increasing the amount of base state aid per pupil, by adjusting any weighted component of the act, or by weighting any additional school district operation, examine ways to provide for a corresponding decrease in the amount authorized to be budgeted in local option budgets;

(10) explore alternative funding sources;

(11) evaluate the state's policy regarding qualification of educational programs for categorical state aid and whether entitlement formulas therefor are equitable;

(12) make an annual report, together with any recommendations for legislation relating to school finance or restructuring deemed necessary, to the legislature, the governor, and the state board of education.

(b) The committee on school district finance and quality performance shall familiarize itself with the activities of the Kansas commission on education restructuring and accountability and shall consult with and consider reports and recommendations formulated by the commission. The committee and commission shall coordinate the performance of their duties and cooperate with each other to the greatest possible extent.

(c) The provisions of this section shall expire on June 30, 1994.

Sec. 39. On July 1, 1992, K.S.A. 1991 Supp. 72-978 is hereby amended to read as follows: 72-978. (a) (1) In each school year, in



accordance with appropriations for special education services provided under this act, each school district which has provided special education services in compliance with the requirements of the state plan and the provisions of this act shall be entitled to receive:

(A) Reimbursement for actual travel allowances paid to special teachers at not to exceed the rate specified under K.S.A. 75-3203, and amendments thereto, for each mile actually traveled during the school year in connection with duties in providing special education services for exceptional children; such reimbursement shall be computed by the state board by ascertaining the actual travel allowances paid to special teachers by the school district for the school year and shall be in an amount equal to 80% of such actual travel allowances;

(B) reimbursement in an amount equal to 80% of the actual travel expenses incurred for providing transportation for exceptional children to special education services; such reimbursement shall not be paid if such child has been counted in ~~calculating determining the state transportation aid received by weighting of the district under the provisions of K.S.A. 72-7047, and amendments thereto the school district finance and quality performance act;~~

(C) reimbursement in an amount equal to 80% of the actual expenses incurred for the maintenance of an exceptional child at some place other than the residence of such child for the purpose of providing special education services; such reimbursement shall not exceed \$600 per exceptional child per school year; and

(D) after subtracting the amounts of reimbursement under (A), (B) and (C) from the total amount appropriated for special education services under this act, an amount which bears the same proportion to the remaining amount appropriated as the number of full-time equivalent special teachers employed by the school district for approved special education services bears to the total number of full-time equivalent special teachers employed by all school districts for approved special education services.

(2) Each special teacher who is a paraprofessional shall be counted as  $\frac{2}{5}$  full-time equivalent special teacher.

(b) (1) No special teacher in excess of the number of special teachers necessary to comply with the ratio of special teacher to exceptional children prescribed by the state board for the school district shall be counted in making computations under this section.

(2) No time spent by a special teacher in connection with duties performed under a contract entered into by the youth center at Atchison, the youth center at Beloit or the youth center at Topeka and a school district for the provision of special education services by such state institution shall be counted in making computations under this section.

Sec. 40. On July 1, 1992, K.S.A. 1991 Supp. 72-1106 is hereby amended to read as follows: 72-1106. (a) Subject to the other provisions of this section, a school term during which public school shall be maintained in the 1992-93 school year by each school district organized under the laws of this state shall consist of: (1) For pupils attending kindergarten, not less than 180 181 school days and each such school day shall consist of not less than  $2\frac{1}{2}$  hours; and (2) for pupils attending any of the grades one through 11, not less than 180 181 school days and each such school day shall consist of not less than six hours; and (3) for pupils attending grade 12, not less than 175 176 school days and each such school day shall consist of not less than six hours. *The minimum number of school days in a school term shall be increased by two school days in the 1993-94 school year. The school term in school years commencing after June 30, 1994, shall consist of not less than 186 school days for pupils attending kindergarten or any of the grades one through 11 and not less than 181 school days for pupils attending grade 12.*

(b) Subject to a policy developed and adopted by it, the board of any school district may provide for a school term consisting of not less than 450 school hours for pupils attending kindergarten, and not less than 1,080 school hours for pupils attending any of the grades one through 11, and not less than 1,050 school hours for pupils attending grade 12. A school term provided for in a policy adopted under this subsection shall consist of: (1) For pupils attending kindergarten, not less than  $452\frac{1}{2}$  school hours in the 1992-93 school year, not less than  $457\frac{1}{2}$  school hours in the 1993-94 school year, and not less than 465 school hours in each school year commencing after June 30, 1994; and (2) for pupils attending any of the grades one through 11, not less than 1,086

school hours in the 1992-93 school year, not less than 1,098 school hours in the 1993-94 school year, and not less than 1,116 school hours in each school year commencing after June 30, 1994; and (3) for pupils attending grade 12, not less than 1,056 school hours in the 1992-93 school year, not less than 1,068 school hours in the 1993-94 school year, and not less than 1,086 school hours in each school year commencing after June 30, 1994. Each board of education which develops and adopts a policy providing for a school term in accordance with this subsection shall notify the state board of education thereof on or before September 15 in each school year for which the policy is to be in effect.

(c) Subject to a plan developed and adopted by it, the board of any school district may schedule the school days required for a school term provided for under subsection (a), or the school hours required for a school term provided for in a policy adopted under subsection (b), on a trimestral or quarterly basis. Each board of education which develops and adopts a plan providing for the scheduling of the school days or school hours of the school term on a trimestral or quarterly basis shall submit the plan to the state board of education for approval prior to implementation. The plan shall be prepared in such form and manner as the state board shall require and shall be submitted at a time or times to be determined and specified by the state board.

(d) If the board of any school district, or its designee, shall determine that inclement weather will cause hazardous driving conditions, the board, or its designee, may close any or all of the schools within the district. The amount of time pupils have been in attendance when such determination is made shall be considered a school day of a school term or shall be considered the number of school hours for pupils to be in attendance at school in a day, whichever is applicable. Consonant with the other provisions of this section, a board may schedule any number of days or hours in excess of the regularly scheduled school days or school hours which the board determines will be necessary to compensate for those school days or school hours that schools of the district will remain closed during the school term due to hazardous driving conditions. If the number of days or hours schools remain closed due to hazardous driving conditions exceeds the number of days or hours scheduled by the board to compensate for such school days or school hours, the excess number of days or hours, not to exceed whichever is the lesser of (1) the number of compensatory days or hours scheduled by the board or (2) five days or the number of school hours regularly scheduled in five days, that schools remain closed due to such conditions shall be considered school days or school hours.

(e) The state board of education may waive the requirements of law relating to the duration of the school term upon application for such waiver by a school district. Such waiver may be granted by the state board of education upon: (1) Certification by a board that, due to the persistence of inclement weather, hazardous driving conditions have existed in the school district for an inordinate period of time; and (2) a determination by the state board that the school district cannot reasonably adjust its schedule to comply with statutory requirements. Such waiver shall not exempt a school district from providing a school offering for each pupil which is substantially equivalent to that required by law.

(f) Time reserved for parent-teacher conferences for discussions on the progress of pupils may be considered part of the school term.

(g) Time reserved for staff development or inservice training programs for the purpose of improving staff skills, developing competency in new or highly specialized fields, improving instructional techniques, or curriculum planning and study may be considered part of the school term for an aggregate amount of time equal to the amount of time in excess of the school term which is scheduled by a board of education for similar activities.

(h) Boards of education may employ noncertificated personnel to supervise pupils for noninstructional activities.

Sec. 41. On July 1, 1992, K.S.A. 1991 Supp. 72-3703 is hereby amended to read as follows: 72-3703. (a) *The board of education of any school district may develop, implement and maintain technology education programs, and may acquire equipment necessary for such programs.*

(b) (1) There is hereby established in every school district of the state a fund which shall be called the technology education fund. The technology education fund shall consist of all moneys

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deposited therein or transferred thereto in accordance with law. ~~The proceeds of any tax levied under K.S.A. 1991 Supp. 72-3702.~~ Except for an amount to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district, ~~the proceeds of any tax levied under K.S.A. 1991 Supp. 72-3702, prior to its repeal by this act, shall be paid to the school district making such levy and shall be deposited in the technology education fund of the school district making such levy.~~

(b) (2) Any moneys in the technology education fund of any school district and any moneys received from issuance of bonds under authority of ~~this act K.S.A. 1991 Supp. 72-3704, prior to its repeal by this act,~~ may be used for the purpose of developing, implementing or enhancing technology education programs and for acquiring equipment necessary for such programs. The board of education of any school district is hereby authorized to invest any portion of the technology education fund of the school district which is not currently needed in investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein or may invest the same in direct obligations of the United States government maturing or redeemable at par and accrued interest within three years from date of purchase, the principal and interest whereof is guaranteed by the government of the United States. All interest received on any such investment shall upon receipt thereof be credited to the technology education fund.

(c) *As used in this section and in K.S.A. 1991 Supp. 72-3710, and amendments thereto, the term "technology education program" means a program to incorporate electronic computer and communications technologies into educational programs of the school district, including improvement and integration of on-line information management and communications systems in all application areas.*

Sec. 42. On July 1, 1992, K.S.A. 1991 Supp. 72-4437 is hereby amended to read as follows: 72-4437. (a) Subject to the provisions of appropriations acts, vocational education instructional equipment aid shall be distributed to schools in accordance with this act. Any such distribution shall be on a competitive basis and the amount thereof for each school shall be determined by the board on the basis of the condition of existing equipment and potential for stimulating economic growth and enhancing employment opportunities within the state. The board shall establish criteria for evaluating applications of schools for vocational education instructional equipment aid.

(b) Payments of vocational education instructional equipment aid shall be distributed by the Kansas technology enterprise corporation on dates to be determined by the board. Upon receipt of such payment, the treasurer of each area vocational school, ~~except area vocational-technical schools,~~ shall deposit the amount thereof to the credit of the ~~area vocational education school fund.~~ The treasurer of each area vocational-technical school shall deposit the amount of such warrant to the credit of the vocational education instructional equipment fund established by this act.

Sec. 43. On July 1, 1992, K.S.A. 72-4442 is hereby amended to read as follows: 72-4442. The amount of vocational education capital outlay aid for each school shall be determined by the state board on the basis of need and the condition of existing facilities and equipment and payments thereof shall be distributed on payment dates to be determined by the state board. The state board shall certify to the director of accounts and reports the amount due as vocational education capital outlay aid to each school five (5) days before each payment date. The director of accounts and reports shall draw warrants on the state treasurer payable to the treasurer of each school entitled to payment of vocational education capital outlay aid, ~~upon pursuant to vouchers approved by the state board or by a person or persons designated by the state board.~~ Upon receipt of such warrant, the treasurer of each ~~area vocational school, except area vocational-technical schools,~~ shall deposit the amount thereof to the credit of the ~~area vocational education school fund.~~ The treasurer of each area vocational-technical school shall deposit the amount of such warrant to the credit of the vocational education capital outlay fund established by this act.

In the event any school is paid more than it is entitled to receive under any distribution made under this act, the state board shall

notify the school of the amount of such overpayment, and such school shall remit the same to the state board. The state board shall remit any moneys so received to the state treasurer, and the state treasurer shall deposit the same in the state treasury to the credit of the state general fund. If any such school fails so to remit, the state board shall deduct the excess amounts so paid from future payments becoming due to such school. In the event any school is paid less than the amount to which it is entitled under any distribution made under this act, the state board shall pay the additional amount due at any time within the school year in which the underpayment was made or within ~~sixty (60) 60~~ days after the end of such school year.

Sec. 44. On July 1, 1992, K.S.A. 1991 Supp. 72-6757 is hereby amended to read as follows: 72-6757. (a) As used in this section:

(1) "Receiving school district" means a school district of nonresidence of a pupil who attends school in such school district.

(2) "Sending school district" means a school district of residence of a pupil who attends school in a school district not of the pupil's residence.

(b) The board of education of any school district may make and enter into contracts with the board of education of any receiving school district located in this state for the purpose of providing for the attendance of pupils at school in the receiving school district.

(c) The board of education of any school district may make and enter into contracts with the governing authority of any accredited school district located in another state for the purpose of providing for the attendance of pupils from this state at school in such other state or for the attendance of pupils from such other state at school in this state.

(d) Pupils attending school in a receiving school district in accordance with a contract authorized by this section and made and entered into by such receiving school district with a sending school district located in this state shall be counted as regularly enrolled in and attending school in the sending school district for the purpose of computations under the school district ~~equalization finance and quality performance act.~~

(e) Any contract made and entered into under authority of this section is subject to the following conditions:

(1) The contract shall be for the benefit of pupils who reside at inconvenient or unreasonable distances from the schools maintained by the sending school district or for pupils who, for any other reason deemed sufficient by the board of education of the sending school district, should attend school in a receiving school district;

(2) the contract shall make provision for the payment of tuition by the sending school district to the receiving school district;

(3) if a sending school district is located in this state and the receiving school district is located in another state, the amount of tuition provided to be paid for the attendance of a pupil or pupils at school in the receiving school district shall not exceed  $\frac{1}{2}$  of the amount of the ~~median budget per pupil of the school districts in the sending school district's enrollment category district~~ under the school district ~~equalization finance and quality performance act~~ for the ~~preceding current~~ school year; and

(4) the contract shall make provision for transportation of pupils to and from the school attended on every school day.

(f) The provisions of subsection (e)(3) do not apply to unified school district No. 104, Jewell county.

(g) The provisions of this section do not apply to contracts made and entered into under authority of the special education for exceptional children act.

(h) The provisions of this section are deemed to be alternative to the provisions of K.S.A. 72-8233, *and amendments thereto*, and no procedure or authorization under K.S.A. 72-8233, *and amendments thereto*, shall be limited by the provisions of this section.

Sec. 45. On July 1, 1992, K.S.A. 72-8204 is hereby amended to read as follows: 72-8204. (a) The fiscal year of each school district shall close on the last day of June of each year.

(b) ~~The amount budgeted for the last six (6) months of an eighteen-month budget of a school district shall not exceed fifty percent (50%) of the amount budgeted for the first twelve (12) months of such eighteen-month budget.~~

Sec. 46. On July 1, 1992, K.S.A. 1991 Supp. 72-8230 is hereby amended to read as follows: 72-8230. (a) In the event the boards of education of any two or more school districts enter into a school

district interlocal cooperation agreement for the purpose of jointly and cooperatively performing any of the services, duties, functions, activities, obligations or responsibilities which are authorized or required by law to be performed by school districts of this state, the following conditions shall apply:

(1) A school district interlocal cooperation agreement shall establish a board of directors which shall be responsible for administering the joint or cooperative undertaking. The agreement shall specify the organization and composition of and manner of appointment to the board of directors. Only members of boards of education of school districts party to the agreement shall be eligible for membership on the board of directors. The terms of office of members of the board of directors shall expire concurrently with their terms, as board of education members. Vacancies in the membership of the board of directors shall be filled within 30 days from the date of the vacancy in the manner specified in the agreement.

(2) A school district interlocal cooperation agreement may provide for the establishment and composition of an executive board. The members of the executive board, if established, shall be selected by the board of directors from its membership. The executive board shall exercise the powers, have the responsibilities, and perform the duties and functions of the board of directors to the extent authority to do so is delegated by the board of directors.

(3) A school district interlocal cooperation agreement shall be effective only after approval by the state board of education.

(4) A school district interlocal cooperation agreement shall be subject to change or termination by the legislature.

(5) The duration of a school district interlocal cooperation agreement for joint or cooperative action in performing any of the services, duties, functions, activities, obligations or responsibilities, other than the provision of special education services, which are authorized or required by law to be performed by school districts of this state, shall be for a term of at least three years but not exceeding five years.

(6) (A) The duration of a school district interlocal cooperation agreement for joint or cooperative action in providing special education services shall be perpetual unless the agreement is partially or completely terminated in accordance with this provision. This provision applies to every school district interlocal cooperation agreement for the provision of special education services entered into under authority of this section after the effective date of this act and to every such agreement entered into under this section prior to the effective date of this act, and extant on the effective date of this act, regardless of any provisions in such an agreement to the contrary.

(B) Partial termination of a school district interlocal cooperation agreement for the provision of special education services may be accomplished only upon petition for withdrawal from the agreement by a contracting school district to the other contracting school district or school districts and approval by the state board of written consent to the petition by such other school district or school districts or upon order of the state board after appeal to it by a school district from denial of consent to a petition for withdrawal and hearing thereon conducted by the state board. The state board shall consider all the testimony and evidence brought forth at the hearing and issue its order approving or disapproving withdrawal by the school district from the agreement.

(C) Complete termination of a school district interlocal cooperation agreement for the provision of special education services may be accomplished only upon approval by the state board of a joint petition to it for termination of the agreement by all of the contracting school districts after adoption of a resolution to that effect by each of the contracting school districts. The state board shall consider the petition and approve or disapprove termination of the agreement.

(D) The state board shall take such action in approving or disapproving a complete or partial termination of a school district interlocal cooperation agreement for the provision of special education services as it deems to be in the best interests of the involved school districts and of the state as a whole in the provision of special education services for exceptional children. Whenever the state board has disapproved a complete or partial termination of such an agreement, no further action with respect to such agreement shall be considered or taken by the state board for a period of not less than three years.

(7) A school district interlocal cooperation agreement shall specify the method or methods to be employed for disposing of property upon partial or complete termination thereof.

(8) Within the limitations provided by law, a school district interlocal cooperation agreement may be changed or modified by mutual consent of the contracting school districts.

(b) Except as otherwise specifically provided in this subsection, any power or powers, privileges or authority exercised or capable of exercise by any school district of this state, or by any board of education thereof, may be jointly exercised pursuant to the provisions of a school district interlocal cooperation agreement. No power or powers, privileges or authority with respect to the levy and collection of taxes, the issuance of bonds, or the purposes and provisions of the school district ~~equalization~~ *finance and quality performance* act or title I of public law 874 shall be created or effectuated for joint exercise pursuant to the provisions of a school district interlocal cooperation agreement.

(c) Payments from the general fund of each school district which enters into any school district interlocal cooperation agreement for the purpose of financing the joint or cooperative undertaking provided for by the agreement shall be operating expenses.

(d) Upon partial termination of a school district interlocal cooperation agreement, the board of directors established under a renegotiated agreement thereof shall be the successor in every respect to the board of directors established under the former agreement.

(e) Nothing contained in this section shall be construed to abrogate, interfere with, impair, qualify or affect in any manner the exercise and enjoyment of all of the powers, privileges and authority conferred upon school districts and boards of education thereof by the provisions of the interlocal cooperation act, except that boards of education and school districts are required to comply with the provisions of this section when entering into an interlocal cooperation agreement that meets the definition of school district interlocal cooperation agreement.

(f) As used in this section:

(1) "School district interlocal cooperation agreement" means an agreement which is entered into by the boards of education of two or more school districts pursuant to the provisions of the interlocal cooperation act.

(2) "State board" means the state board of education.

Sec. 47. On July 1, 1992, K.S.A. 1991 Supp. 72-8233 is hereby amended to read as follows: 72-8233. (a) In accordance with the provisions of this act, the boards of education of any two or more unified school districts may make and enter into agreements providing for the attendance of pupils residing in one school district at school in kindergarten or any of the grades one through 12 maintained by any such other school district. The boards of education may also provide by agreement for the combination of enrollments for kindergarten or one or more grades, courses or units of instruction.

(b) Prior to entering into any agreement under authority of this section, the board of education shall adopt a resolution declaring that it has made a determination that such an agreement should be made and that the making and entering into of such an agreement would be in the best interests of the educational system of the school district. Any such agreement is subject to the following conditions:

(1) The agreement may be for any term not exceeding a term of five years.

(2) The agreement shall be subject to change or termination by the legislature.

(3) Within the limitations provided by law, the agreement may be changed or terminated by mutual agreement of the participating boards of education.

(4) The agreement shall make provision for transportation of pupils to and from the school attended on every school day, for payment or sharing of the costs and expenses of pupil attendance at school, and for the authority and responsibility of the participating boards of education.

(c) Provision by agreements entered into under authority of this section for the attendance of pupils at school in a school district of nonresidence of such pupils shall be deemed to be compliance with

(continued)

the kindergarten, grade, course and units of instruction requirements of law.

(d) The board of education of any school district which enters into an agreement under authority of this section for the attendance of pupils at school in another school district may discontinue kindergarten or any or all of the grades, courses and units of instruction specified in the agreement for attendance of pupils enrolled in kindergarten or any such grades, courses and units of instruction at school in such other school district. Upon discontinuing kindergarten or any grade, course or unit of instruction under authority of this subsection, the board of education may close any school building or buildings operated or used for attendance by pupils enrolled in such discontinued kindergarten, grades, courses or units of instruction. The closing of any school building under authority of this subsection shall require a majority vote of the members of the board of education and shall require no other procedure or approval. The provisions of this subsection shall be deemed alternative to the provisions of K.S.A. 72-8213, and amendments thereto, and the procedure and authorization for the closing of school buildings under this subsection shall not be limited by the provisions of such cited statutory section.

(e) Pupils attending school in a school district of nonresidence of such pupils in accordance with an agreement made and entered into under authority of this section shall be counted as regularly enrolled in and attending school in the school district of residence of such pupils for the purpose of computations under the school district ~~equalization~~ *finance and quality performance act*.

(f) Pupils who satisfactorily complete grade 12 while in attendance at school in a school district of nonresidence of such pupils in accordance with the provisions of an agreement entered into under authority of this section shall be certified as having graduated from the school district of residence of such pupils.

Sec. 48. On July 1, 1992, K.S.A. 1991 Supp. 72-9502 is hereby amended to read as follows: 72-9502. ~~In order to be eligible for state aid under this act:~~

(a) Programs of bilingual education shall meet standards and criteria set by the state board; ~~and.~~

(b) Boards shall employ qualified teachers for programs.

Sec. 49. On July 1, 1992, K.S.A. 1991 Supp. 72-9504 is hereby amended to read as follows: 72-9504. The state board may adopt rules and regulations for the administration of this act and shall:

(a) Prescribe and adopt criteria and procedures for assessment and identification of limited English proficient pupils including identification of the specific educational deficiencies of such pupils;

(b) establish standards and criteria for procedures, activities and services to be provided in a program to develop the English language skills and to reduce the educational deficiencies of limited English proficient pupils including entry and exit procedures based on the English language proficiency of such pupils; and

(c) establish standards and criteria for reviewing, evaluating and approving school district programs ~~and applications of boards for state aid.~~

Sec. 50. On July 1, 1992, K.S.A. 12-1677 is hereby amended to read as follows: 12-1677. (a) Except as otherwise required by state or federal law, all moneys earned and collected from investments by counties, area vocational-technical schools and quasi-municipal corporations authorized in this act shall be credited to the general fund of such county, area vocational-technical school or quasi-municipal corporation by the treasurer thereof, and all moneys earned and collected from investments by school districts authorized in this act shall be credited in accordance with the provisions of ~~K.S.A. 72-7062~~ *section 23*, and amendments thereto.

(b) The treasurer of each county, school district, area vocational-technical school or quasi-municipal corporation shall maintain a complete record of all investments authorized in this act and shall make a quarterly written report of such record to the governing body of such county, school district, area vocational-technical school or quasi-municipal corporation.

Sec. 51. On July 1, 1992, K.S.A. 12-1742 is hereby amended to read as follows: 12-1742. Such agreements shall provide for a rental sufficient to repay the principal of and the interest on the revenue bonds. Such agreements also may provide that the lessee shall reimburse the city or county for its actual costs of administering and supervising the issue. The city or county may charge an origination

fee. Such fee shall not be deemed a payment in lieu of taxes hereunder. Such fee shall be used exclusively for local economic development activities but shall not be used to pay any administrative costs of the city or county. Except for the origination fee, all other fees paid in excess of such actual costs and any other obligation assumed under the contract shall be deemed payments in lieu of taxes and distributed as provided herein. If the agreement provides for a payment in lieu of taxes to the city or county, such payment, immediately upon receipt of same, shall be transmitted by the city or county to the county treasurer of the county in which the city is located. Payments in lieu of taxes received pursuant to agreements entered into after the effective date of this act shall include all fees or charges paid for services normally and customarily paid from the proceeds of general property tax levies, except for extraordinary services provided for the facility or an extraordinary level of services required by a facility. Payments in lieu of taxes may be required only upon property for which an exemption from ad valorem property taxes has been granted by the state board of tax appeals. The county treasurer shall apportion such payment among the taxing subdivisions of this state in the territory in which the facility is located. Any payment in lieu of taxes shall be divided by the county treasurer among such taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision bears to the aggregate of such levies of all the taxing subdivisions among which the division is to be made. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them. Based upon the assessed valuation which such facility would have if it were upon the tax rolls of the county, the county clerk shall compute the total of the property taxes which would be levied upon such facility by all taxing subdivisions within which the facility is located if such property were taxable. ~~The valuation of the facility shall not be included in the computation of the adjusted valuation of a school district under the provisions of K.S.A. 72-7040, and amendments thereto.~~

Sec. 52. On July 1, 1992, K.S.A. 1991 Supp. 31-144 is hereby amended to read as follows: 31-144. (a) As used in this act, "school building" means any building or structure operated or used for any purpose by, or located upon the land of, any school district, community college district, area vocational school, area vocational-technical school, institution under the state board of regents or any private or nonpublic school, college or university, whether or not operated for profit. The term school building does not include within its meaning any single-family dwelling or duplex constructed as part of a vocational education program or construction trades class if such single-family dwelling or duplex is to be sold, after its construction, for private use.

(b) All school buildings shall be inspected at least once each year. In all cities of the first and second class in which there is a full-time fire chief or full-time fire inspector, the inspection of the school buildings shall be conducted by such chief or inspector. The chief or inspector shall report the findings from the inspection to the state fire marshal within 30 days after such inspection. In all other cases, school buildings shall be inspected by the state fire marshal or the fire marshal's authorized assistants.

(c) The state fire marshal shall order the governing body having control of any school building or facility thereof to correct any condition in such building or facility which is in violation of this act, or any condition which the fire marshal deems dangerous, or which in any way prevents a speedy exit from such building. After any such order is rendered, such governing body shall make the changes required to comply therewith. A board of education of any school district is hereby authorized to make expenditures from its general fund or capital outlay fund to comply with such order, or the board may issue no-fund warrants in such amounts as are necessary to pay expenses incurred in complying with such order. Such no-fund warrants shall be issued, registered, paid and redeemed, and bear interest as provided by K.S.A. 79-2940, and amendments thereto, except that the approval of the state board of tax appeals shall not be required. Such warrants shall recite that they are issued by the board of education of the school district under authority of this act. Any board of education issuing warrants hereunder shall make a tax levy at the same time as other tax levies are made, after such warrants

are issued, sufficient to pay such warrants and the interest thereon. Moneys paid from funds obtained under authority of this subsection may be expended outside of and in addition to all of the limitations prescribed by the school district equalization act.

(d) Whenever a board of education receives an order from the state fire marshal pursuant to subsection (c), the board, in lieu of repairing or remodeling the school building or facility as ordered by the state fire marshal, may close such building or facility as an attendance center. Whenever any board of education finds that any such order of the state fire marshal involves a cost in excess of that which the board of education finds the school district can afford, or that the changes ordered are unwarranted or unnecessary, the board may petition for review of such order in the district court of the home county of such school district. Upon receiving such petition, the district court shall appoint three disinterested commissioners, one of whom shall be a licensed architect. The commissioners shall inspect the building or facility affected by the order and report to the court its findings of fact as to the necessity for the improvements or changes ordered by the state fire marshal, together with the estimated cost of each such improvement or change and such other recommendations as the commissioners deem advisable. Upon receiving such findings of fact and recommendations, or any other evidence relating to the petition for review, the court shall enter its order affirming, reversing or modifying the order of the state fire marshal. Such order of the court may be reviewed by the appellate courts in the same manner as other orders and judgments of the district court may be reviewed.

(e) Except as provided in subsection (d), any action of the state fire marshal pursuant to this section is subject to review in accordance with the act for judicial review and civil enforcement of agency actions.

Sec. 53. On July 1, 1992, K.S.A. 79-2929a is hereby amended to read as follows: 79-2929a. (a) Subject to the provisions of subsection (b), The governing body of any taxing subdivision or municipality which is subject to the budget law provisions of K.S.A. 79-2925 to 79-2936, inclusive, and amendments thereto, which proposes to amend its adopted current budget during the year in which such budget is in effect, shall be subject to the same publication, notice and public hearing requirements as is required by K.S.A. 79-2929, and amendments thereto, for the adoption of the original budget and, in addition thereto, such published budget shall show any proposed changes in the amount of expenditures, by fund. Any proposed increase in expenditures shall be balanced by previously unbudgeted increases in revenue other than ad valorem property taxes. A copy of the adopted amended budget shall be filed with the county clerk and with the director of accounts and reports.

(b) The board of education of a school district shall not amend its legally adopted budget of operating expenses during the school year in which such budget is in effect unless the state board of tax appeals authorizes an increase in such budget as provided under the school district equalization act.

Sec. 54. K.S.A. 1991 Supp. 72-7063 is hereby amended to read as follows: 72-7063. (a) Any lawful transfer of moneys from the general fund of a district to any other fund shall be an operating expense in the year the transfer is made. In addition to other transfers authorized by law, the board of any district may transfer moneys from its general fund to its transportation fund, special education fund, food service fund, driver training fund, adult education fund, adult supplementary education fund, vocational education fund, bilingual education fund, inservice education fund, parent education program fund, or educational excellence grant program fund. Except as provided in subsection (e) (b), expenditures for capital outlay, transportation, special education, food service, driver training, adult basic education, adult supplementary education, vocational education, bilingual education, inservice education, parent education programs, and participation in the educational excellence grant program shall not be made from the general fund of a district.

(b) The board of any district may transfer moneys from its general fund to its capital outlay fund in any school year subject to the following conditions:

(1) No board of any district shall transfer moneys in any

amount from its general fund to its capital outlay fund prior to June 1 in any school year.

(2) No board of any district shall transfer moneys in any amount from its general fund to its capital outlay fund in any school year unless such district, in its adopted budget for such year, shall have budgeted a capital outlay levy at (A) not less than a 3.5 mill rate or (B) not less than the mill rate necessary to produce the same amount of money that would have been produced by a 3.5 mill rate in the 1988-89 school year, whichever of (A) or (B) is the greater mill rate.

(3) The board of any of the districts in the fifth enrollment category may transfer moneys in an amount not to exceed an amount equal to 1% of its legally adopted budget of operating expenses from its general fund to its capital outlay fund.

(4) The board of any district, other than the districts in the fifth enrollment category, may transfer moneys in an amount not to exceed an amount equal to 2% of its legally adopted budget of operating expenses from its general fund to its capital outlay fund.

(e) (b) Any district may make capital outlay expenditures from its general fund for acquisition of equipment and repair of school buildings.

Sec. 55. On July 1, 1992, K.S.A. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) Resident Individuals. Except as otherwise provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) Married individuals filing joint returns.

If the taxable income is:	The tax is:
Not over \$35,000 .....	3.65% of Kansas taxable income
Over \$35,000 .....	\$1,278 plus 5.15% of excess over \$35,000
Not over \$30,000 .....	3.5% of Kansas taxable income
Over \$30,000 but not over \$60,000 .....	\$1,050 plus 6.25% of excess over \$30,000
Over \$60,000 .....	\$2,925 plus 6.45% of excess over \$60,000

(2) All other individuals.

If the taxable income is:	The tax is:
Not over \$27,500 .....	4.5% of Kansas taxable income
Over \$27,500 .....	\$1,238 plus 5.95% of excess over \$27,500
Not over \$20,000 .....	4.4% of Kansas taxable income
Over \$20,000 but not over \$30,000 .....	\$880 plus 7.5% of excess over \$20,000
Over \$30,000 .....	\$1,630 plus 7.75% of excess over \$30,000

In lieu of the tax schedules hereinbefore prescribed, any individual taxpayer who elects to deduct federal income tax liability as defined by K.S.A. 79-32,120, and amendments thereto, from Kansas adjusted gross income, shall compute tax liability in accordance with the following tax schedules:

(3) Married individuals filing joint returns.

If the taxable income is:	The tax is:
Not over \$20,000 .....	4.75% of Kansas taxable income
Over \$20,000 but not over \$35,000 .....	\$950 plus 5% of excess over \$20,000
Over \$35,000 but not over \$45,000 .....	\$1,700 plus 8.5% of excess over \$35,000
Over \$45,000 .....	\$2,550 plus 8.75% of excess over \$45,000

(4) All other individuals.

If the taxable income is:	The tax is:
Not over \$2,000 .....	4.75% of Kansas taxable income
Over \$2,000 but not over \$10,000 .....	\$95 plus 5.6% of excess over \$2,000
Over \$10,000 but not over \$20,000 .....	\$543 plus 5.75% of excess over \$10,000
Over \$20,000 but not over \$30,000 .....	\$1,118 plus 8.5% of excess over \$20,000
Over \$30,000 .....	\$1,968 plus 8.75% of excess over \$30,000

(b) Nonresident Individuals. A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

(c) Corporations. A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(continued)

(1) The normal tax shall be in an amount equal to  $4\frac{1}{16}\%$  4% of the Kansas taxable income of such corporation; and

(2) the surtax shall be in an amount equal to  $2\frac{7}{16}\%$  3.35% of the Kansas taxable income of such corporation in excess of \$25,000 \$50,000.

(d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable income of estates and trusts at the rates provided in paragraph (2) of subsection (a) hereof.

Sec. 56. On July 1, 1992, K.S.A. 79-32,119 is hereby amended to read as follows: 79-32,119. The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be the sum of the standard deduction and the additional standard deduction allowable to such individual or to such husband and wife under the federal internal revenue code as in effect for tax year 1988, and for individuals who elect to compute tax liability in accordance with the tax schedules provided in paragraph (3) or (4) of subsection (a) of K.S.A. 79-32,110, and amendments thereto, the deduction for federal income tax liability as provided in K.S.A. 79-32,120, and amendments thereto. For purposes of the foregoing, the federal standard deduction allowable to a husband and wife filing separate Kansas income tax returns shall be determined on the basis that separate federal returns were filed, and the federal standard deduction of a husband and wife filing a joint Kansas income tax return shall be determined on the basis that a joint federal income tax return was filed.

Sec. 57. On July 1, 1992, K.S.A. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction. The Kansas itemized deduction of an individual means the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 79-32,168, and amendments thereto, is or has been claimed.

(c) The total amount of deductions from federal adjusted gross income shall be increased by: (1) The amount for the amortization deduction for a solar energy system allowed pursuant to K.S.A. 79-32,168, and amendments thereto; (2) for taxable year 1987, all unreimbursed employee business expenses allowable as a miscellaneous itemized deduction pursuant to section 67 of the federal internal revenue code except such expenses claimed as an itemized deduction pursuant to K.S.A. 79-32,120, and amendments thereto; and (3) for individuals who elect to compute tax liability in accordance with the tax schedules provided in paragraph (3) or (4) of subsection (a) of K.S.A. 79-32,110, and amendments thereto, the federal income tax liability determined under the federal internal revenue code for the same taxable year for which the Kansas return is being filed after reduction for all credits thereon, except credits for federal withholding and payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits. If, in any year to which this act relates, the taxpayer pays federal income tax pertaining to a prior year's federal income tax liability, such taxpayer may deduct such payment in the year such payment is made if, on the Kansas income tax return for such prior year, such taxpayer computed the federal income tax deduction on the basis of federal income tax paid in such prior year, rather than as accrued. The deduction for federal income tax liability for any year shall be determined by multiplying the federal income tax liability for such year by a fraction the numerator of which is the Kansas adjusted gross income for such year and the denominator of which is the federal adjusted gross income for the same year.

Sec. 58. On June 1, 1992, K.S.A. 79-3602 is hereby amended to read as follows: 79-3602. (a) "Persons" means any individual, firm, copartnership, joint adventure, association, corporation, estate or trust, receiver or trustee, or any group or combination acting as a unit, and the plural as well as the singular number; and shall specifically mean any city or other political subdivision of the state of Kansas engaging in a business or providing a service specifically taxable under the provisions of this act.

(b) "Director" means the state director of taxation.

(c) "Sale" or "sales" means the exchange of tangible personal property, as well as the sale thereof for money, and every transaction, conditional or otherwise, for a consideration, constituting a sale, including the sale or furnishing of electrical energy, gas, water, services or entertainment taxable under the terms of this act and including, except as provided in the following provision, the sale of the use of tangible personal property by way of a lease, license to use or the rental thereof regardless of the method by which the title, possession or right to use the tangible personal property is transferred. The term "sale" or "sales" shall not mean the sale of the use of any tangible personal property used as a dwelling by way of a lease or rental thereof for a term of more than 28 consecutive days.

(d) "Retailer" means a person regularly engaged in the business of selling tangible personal property at retail or furnishing electrical energy, gas, water, services or entertainment, and selling only to the user or consumer and not for resale.

(e) "Retail sale" or "sale at retail" means all sales made within the state of tangible personal property or electrical energy, gas, water, services or entertainment for use or consumption and not for resale.

(f) "Tangible personal property" means corporeal personal property. Such term shall include any computer software program which is not a custom computer software program, as described by subsection (s) of K.S.A. 79-3603, and amendments thereto.

(g) "Selling price" means the total cost to the consumer exclusive of discounts allowed and credited, but including freight and transportation charges from retailer to consumer.

(h) "Gross receipts" means the total selling price or the amount received as defined in this act, in money, credits, property or other consideration valued in money from sales at retail within this state; and embraced within the provisions of this act. The taxpayer, may take credit in the report of gross receipts for: (1) An amount equal to the selling price of property returned by the purchaser when the full sale price thereof, including the tax collected, is refunded in cash or by credit; (2) an amount equal to the allowance given for the trade-in of property.

(i) "Taxpayer" means any person obligated to account to the director for taxes collected under the terms of this act.

(j) "Isolated or occasional sale" means the nonrecurring sale of tangible personal property, or services taxable hereunder by a person not engaged at the time of such sale in the business of selling such property or services. Any religious organization which makes a non-recurring sale of tangible personal property acquired for the purpose of resale shall be deemed to be not engaged at the time of such sale in the business of selling such property. Such term shall include: (1) Any sale by a bank, savings and loan institution, credit union or any finance company licensed under the provisions of the Kansas uniform consumer credit code of tangible personal property which has been repossessed by any such entity; and (2) any sale of tangible personal property made by an auctioneer or agent on behalf of a single principal or household if such sale is nonrecurring and the principal or household is not engaged at the time of such sale in the business of selling tangible personal property.

(k) "Service" means those services described in and taxed under the provisions of K.S.A. 79-3603 and amendments thereto.

(l) "Ingredient or component part" means tangible personal property which is necessary or essential to, and which is actually used in and becomes an integral and material part of tangible personal property or services produced, manufactured or compounded for sale by the producer, manufacturer or compounder in its regular course of business. The following items of tangible personal property are hereby declared to be ingredients or component parts, but the listing of such property shall not be deemed to be exclusive nor shall such

listing be construed to be a restriction upon, or an indication of, the type or types of property to be included within the definition of "ingredient or component part" as herein set forth:

(1) Containers, labels and shipping cases used in the distribution of property produced, manufactured or compounded for sale which are not to be returned to the producer, manufacturer or compounder for reuse.

(2) Containers, labels, shipping cases, paper bags, drinking straws, paper plates, paper cups, twine and wrapping paper used in the distribution and sale of property taxable under the provisions of this act by wholesalers and retailers and which is not to be returned to such wholesaler or retailer for reuse.

(3) Seeds and seedlings for the production of plants and plant products produced for resale.

(4) Paper and ink used in the publication of newspapers.

(5) Fertilizer used in the production of plants and plant products produced for resale.

(6) Feed for animals, fowl and fish, the primary purpose of which is use in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber, fur, or the production of offspring for use for any such purpose or purposes.

(m) "Property which is consumed" means tangible personal property which is essential or necessary to and which is used in the actual process of and immediately consumed or dissipated in (1) the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, (2) the providing of services or (3) the irrigation of crops, for sale in the regular course of business, and which is not reusable for such purpose. The following items of tangible personal property are hereby declared to be "consumed" but the listing of such property shall not be deemed to be exclusive nor shall such listing be construed to be a restriction upon or an indication of, the type or types of property to be included within the definition of "property which is consumed" as herein set forth:

(A) Insecticides, herbicides, germicides, pesticides, fungicides, antibiotics, biologicals, pharmaceuticals, vitamins and chemicals for use in commercial or agricultural production of fruit, vegetables, feeds, seeds, animals or animal products whether fed, injected, applied or otherwise used; and

(B) electricity, gas and water.

(n) "Political subdivision" means any municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state or which certifies a levy to a municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state. Such term also shall include any public building commission, housing, airport, port, metropolitan transit or similar authority established pursuant to law.

(o) "Municipal corporation" means any city incorporated under the laws of Kansas.

(p) "Quasi-municipal corporation" means any county, township, school district, drainage district or any other governmental subdivision in the state of Kansas having authority to receive or hold moneys or funds.

(q) "Nonprofit blood bank" means any nonprofit place, organization, institution or establishment that is operated wholly or in part for the purpose of obtaining, storing, processing, preparing for transfusing, furnishing, donating or distributing human blood or parts or fractions of single blood units or products derived from single blood units, whether or not any remuneration is paid therefor, or whether such procedures are done for direct therapeutic use or for storage for future use of such products.

(r) "Contractor, subcontractor or repairman" means a person who agrees to furnish and install tangible personal property or install tangible personal property at a specified price. A person who maintains an inventory of tangible personal property which enables such person to furnish and install the tangible personal property or install the tangible personal property shall not be deemed a contractor, subcontractor or repairman but shall be deemed a retailer.

Sec. 59. On June 1, 1992, K.S.A. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act,

there is hereby levied and there shall be collected and paid a tax at the rate of ~~4.25%~~ 4.9%, unless otherwise more specifically provided, upon:

(a) The gross receipts received from the sale of tangible personal property at retail within this state. If any contractor has entered into a written binding contract prior to May 15, 1992, for the construction, reconstruction, repair, equipment or improvement of any building, airport, highway, street, road, alley, sewer, sewage system, water line, water system or any other improvement, and such contract and the contract price includes the furnishing by the contractor of tangible personal property subject to the tax imposed by this act and which is to become part of the completed improvement, such tax shall be imposed at the rate prescribed by law immediately prior to the effective date of this act, but this provision shall not apply unless the contractor shall give notice and proof of such contract to the director of taxation on or before July 10, 1992, which notice and proof shall be in such form and of such sufficiency as the director of taxation shall prescribe;

(b) (1) the gross receipts from intrastate telephone or telegraph services; which sale is not otherwise exempt from taxation under the provisions of this act and (2) the gross receipts received from the sale of interstate telephone or telegraph services, which (A) originate within this state and terminate outside the state and are billed to a customer's telephone number or account in this state; or (B) originate outside this state and terminate within this state and are billed to a customer's telephone number or account in this state except that the sale of interstate telephone or telegraph service does not include: (A) Any interstate incoming or outgoing wide area telephone service or wide area transmission type service which entitles the subscriber to make or receive an unlimited number of communications to or from persons having telephone service in a specified area which is outside the state in which the station provided this service is located; (B) any interstate private communications service to the persons contracting for the receipt of that service that entitles the purchaser to exclusive or priority use of a communications channel or group of channels between exchanges; (C) any value-added nonvoice service in which computer processing applications are used to act on the form, content, code or protocol of the information to be transmitted; (D) any telecommunication service to a provider of telecommunication services which will be used to render telecommunication services, including carrier access services; or (E) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by federal law (U.S.C. Section 1504);

(c) the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities;

(d) the gross receipts from the sale of meals or drinks furnished at any private club, drinking establishment, catered event, restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public;

(e) the gross receipts from the sale of admissions to any place providing amusement, entertainment or recreation services including admissions to state, county, district and local fairs, but such tax shall not be levied and collected upon the gross receipts received from fees and charges by political subdivisions of the state of Kansas for participation in sports, games and other recreational activities or from sales of admissions to any cultural and historical event which occurs triennially;

(f) the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

(g) the gross receipts from the service of renting of rooms by hotels, as defined by K.S.A. 36-501 and amendments thereto, except such tax shall not apply where a room is rented by an individual, firm, association or corporation for a period of more than 28 consecutive days;

(h) the gross receipts from the service of renting or leasing of tangible personal property except such tax shall not apply to the renting or leasing of machinery, equipment or other personal property owned by a city and purchased from the proceeds of industrial

(continued)

revenue bonds issued prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through 12-1749, and amendments thereto, and any city or lessee renting or leasing such machinery, equipment or other personal property purchased with the proceeds of such bonds who shall have paid a tax under the provisions of this section upon sales made prior to July 1, 1973, shall be entitled to a refund from the sales tax refund fund of all taxes paid thereon;

(i) the gross receipts from the rendering of dry cleaning, pressing, dyeing and laundry services except laundry services rendered through a coin-operated device whether automatic or manually operated;

(j) the gross receipts from the rendering of the services of washing and washing and waxing of vehicles;

(k) the gross receipts from cable, community antennae and other subscriber radio and television services;

(l) the gross receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen of materials and supplies for use by them in erecting structures for others, or building on, or otherwise improving, altering, or repairing real or personal property of others;

(m) the gross receipts received from fees and charges by public and private clubs, drinking establishments, organizations and businesses for participation in sports, games and other recreational activities;

(n) the gross receipts received from dues charged by public and private clubs, drinking establishments, organizations and businesses, payment of which entitles a member to the use of facilities for recreation or entertainment;

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation solely in exchange for stock or securities in such corporation; or (2) the transfer of motor vehicles or trailers by one corporation to another when all of the assets of such corporation are transferred to such other corporation. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

(p) the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible personal property when installed or applied remains tangible personal property or becomes a part of real estate, except that no tax shall be imposed upon the service of installing or applying tangible personal property in connection with the original construction of: (A) An oil or gas well; and (B) a community housing development project sponsored by a nonprofit community housing development organization; and (2) a tax at the rate of 2.5% shall be imposed upon the gross receipts received from the service of installing or applying tangible personal property in connection with the original construction of a building or facility or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.

For the purposes of this subsection:

(1) "Original construction" shall mean the first or initial construction of a new building or facility. The term "original construction" shall include the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building or facility damaged or destroyed by fire, flood, tornado, lightning, explosion or earthquake, but such term shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

(2) "building" shall mean only those enclosures within which individuals customarily live or are employed, or which are customarily used to house machinery, equipment or other property, and including the land improvements immediately surrounding such building; and

(3) "facility" shall mean a mill, plant, refinery, oil or gas well, water well, feedlot or any conveyance, transmission or distribution line of any cooperative, nonprofit, membership corporation organized under or subject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or of any municipal or quasi-municipal corporation, including the land improvements immediately surrounding

such facility. If any contractor has entered into a written binding contract prior to May 15, 1992, for the original construction of a building or facility or the construction, reconstruction, restoration, replacement or repair of a bridge or highway, and such contract and the contract price includes the furnishing by the contractor of services which would have been exempt from taxation pursuant to this subsection prior to its amendment by this act, such services shall continue to be exempt from taxation if the contractor gives notice and proof of such contract to the director of taxation on or before July 10, 1992, which notice and proof shall be in such form and of such sufficiency as the director shall prescribe;

(q) the gross receipts received for the service of repairing, servicing, altering or maintaining tangible personal property, except computer software described in subsection (s), which when such services are rendered is not being held for sale in the regular course of business, and whether or not any tangible personal property is transferred in connection therewith. The tax imposed by this subsection shall be applicable to the services of repairing, servicing, altering or maintaining an item of tangible personal property which has been and is fastened to, connected with or built into real property;

(r) the gross receipts from fees or charges made under service or maintenance agreement contracts for services, charges for the providing of which are taxable under the provisions of subsection (p) or (q);

(s) the gross receipts received from the sale of computer software, and the sale of the services of modifying, altering, updating or maintaining computer software. As used in this subsection, "computer software" means information and directions loaded into a computer which dictate different functions to be performed by the computer. Computer software includes any canned or prewritten program which is held or existing for general or repeated sale, even if the program was originally developed for a single end user as custom computer software. The sale of computer software or services does not include: (1) The initial sale of any custom computer program which is originally developed for the exclusive use of a single end user; or (2) those services rendered in the modification of computer software when the modification is developed exclusively for a single end user only to the extent of the modification and only to the extent that the actual amount charged for the modification is separately stated on invoices, statements and other billing documents provided to the end user. The services of modification, alteration, updating and maintenance of computer software shall only include the modification, alteration, updating and maintenance of computer software taxable under this subsection whether or not the services are actually provided; and

(t) the gross receipts received for telephone answering services, including mobile phone services, beeper services and other similar services; and

(u) the gross receipts received from all sales of electricity, gas and water which is essential or necessary to and which is used in the actual process of and immediately consumed or dissipated in: (1) The production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property; (2) the providing of services; or (3) the irrigation of crops, for sale in the regular course of business, and which is not reusable for such purposes which shall be taxed at the rate of 2.5%.

Sec. 60. On June 1, 1992, K.S.A. 1991 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

(a) All sales of motor-vehicle fuel or other articles upon which a sales or excise tax has been paid, not subject to refund, under the laws of this state except cigarettes as defined by K.S.A. 79-3301 and amendments thereto, cereal malt beverages and malt products as defined by K.S.A. 79-3817 and amendments thereto, including wort, liquid malt, malt syrup and malt extract, which is not subject to taxation under the provisions of K.S.A. 79-41a02 and amendments thereto, and motor vehicles as defined by K.S.A. 79-1017 and amendments thereto;

(b) all sales of tangible personal property or service, including the renting and leasing of tangible personal property, purchased directly by the state of Kansas, a political subdivision thereof, other than a school or educational institution, or purchased by a public or private nonprofit hospital or nonprofit blood, tissue or organ bank and used exclusively for state, political subdivision, hospital or non-



profit blood, tissue or organ bank purposes, except when: (1) Such state or hospital is engaged or proposes to engage in any business specifically taxable under the provisions of this act and such items of tangible personal property or service are used or proposed to be used in such business, or (2) such political subdivision is engaged or proposes to engage in the business of furnishing gas, water, electricity or heat to others and such items of personal property or service are used or proposed to be used in such business;

(c) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily by such school or institution for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair or enlargement of buildings to be used for such purposes. The exemption herein provided shall not apply to erection, construction, repair, enlargement or equipment of buildings used primarily for human habitation;

(d) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital, public or private elementary or secondary school or a public or private nonprofit educational institution, which would be exempt from taxation under the provisions of this act if purchased directly by such hospital, school or educational institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state, the total cost of which is paid from funds of such political subdivision and which would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision. Nothing in this subsection or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities which are to be leased to the donor. When any political subdivision of the state, public or private nonprofit hospital, public or private elementary or secondary school or public or private nonprofit educational institution shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, hospital, school or educational institution concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, hospital, school or educational institution concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials pur-

chased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

(e) all sales of tangible personal property or services purchased by a contractor for the erection, repair or enlargement of buildings or other projects for the government of the United States, its agencies or instrumentalities, which would be exempt from taxation if purchased directly by the government of the United States, its agencies or instrumentalities. When the government of the United States, its agencies or instrumentalities shall contract for the erection, repair, or enlargement of any building or other project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the government of the United States, its agencies or instrumentalities concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615 and amendments thereto;

(f) tangible personal property purchased by a railroad or public utility for consumption or movement directly and immediately in interstate commerce;

(g) sales of aircraft including remanufactured and modified aircraft, sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of aircraft sold to persons using such aircraft and aircraft repair, modification and replacement parts as certified or licensed carriers of persons or property in interstate or foreign commerce under authority of the laws of the United States or any foreign government or sold to any foreign government or agency or instrumentality of such foreign government and all sales of aircraft, aircraft parts, replacement parts and services employed in the remanufacture, modification and repair of aircraft for use outside of the United States;

(h) all rentals of nonsectarian textbooks by public or private elementary or secondary schools;

(i) the lease or rental of all films, records, tapes, or any type of sound or picture transcriptions used by motion picture exhibitors;

(j) meals served without charge or food used in the preparation of such meals to employees of any restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public if such employees' duties are related to the furnishing or sale of such meals or drinks;

(k) any motor vehicle, semitrailer or pole trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and delivered in this state to a bona fide resident of another state, which motor vehicle, semitrailer, pole trailer or aircraft is not to be registered or based in this state and which vehicle, semitrailer, pole trailer or aircraft will not remain in this state more than 10 days;

(l) all isolated or occasional sales of tangible personal property, services, substances or things, except isolated or occasional sale of motor vehicles specifically taxed under the provisions of subsection (o) of K.S.A. 79-3603 and amendments thereto;

(m) all sales of tangible personal property which become an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail within or without the state of Kansas; and any such producer, manufacturer or compounder may obtain from the director of taxation

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and furnish to the supplier an exemption certificate number for tangible personal property for use as an ingredient or component part of the property or services produced, manufactured or compounded;

(n) all sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, irrigation and in providing such services;

(o) all sales of animals, fowl and fish, the primary purpose of which is use in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber or fur, or the production of offspring for use for any such purpose or purposes;

~~(p) trade fixtures and equipment which are already installed and second hand when sold by a person ceasing to do business where said fixtures or equipment is installed;~~

~~(q) (p)~~ all sales of drugs, as defined by K.S.A. 65-1626 and amendments thereto, dispensed pursuant to a prescription order, as defined by K.S.A. 65-1626 and amendments thereto, by a licensed practitioner;

~~(r) (q)~~ all sales of insulin dispensed by a person licensed by the state board of pharmacy to a person for treatment of diabetes at the direction of a person licensed to practice medicine by the board of healing arts;

~~(s) (r)~~ all sales of prosthetic and orthopedic appliances prescribed in writing by a person licensed to practice the healing arts, dentistry or optometry. For the purposes of this subsection, the term prosthetic and orthopedic appliances means any apparatus, instrument, device, or equipment used to replace or substitute for any missing part of the body; used to alleviate the malfunction of any part of the body; or used to assist any disabled person in leading a normal life by facilitating such person's mobility; but such term shall not include motor vehicles, accessories to be attached to motor vehicles or personal property which when installed becomes a fixture to real property;

~~(t) (s)~~ all sales of tangible personal property or services purchased directly by a groundwater management district organized or operating under the authority of K.S.A. 82a-1020 *et seq.* and amendments thereto, which property or services are used in the operation or maintenance of the district;

~~(u) (t)~~ all sales of farm machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment. For the purposes of this subsection the term "farm machinery and equipment" shall not include any passenger vehicle, truck, truck tractor, trailer, semi-trailer or pole trailer, other than a farm trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto. Each purchaser of farm machinery or equipment exempted herein must certify in writing on the copy of the invoice or sales ticket to be retained by the seller that the farm machinery or equipment purchased will be used only in farming or ranching. Farming or ranching shall include the operation of a feedlot and farm and ranch work for hire;

~~(v) (u)~~ all leases or rentals of tangible personal property used as a dwelling if such tangible personal property is leased or rented for a period of more than 28 consecutive days;

~~(w) (v)~~ all sales of food products to any contractor for use in preparing meals for delivery to homebound elderly persons over 60 years of age and to homebound disabled persons or to be served at a group-sitting at a location outside of the home to otherwise homebound elderly persons over 60 years of age and to otherwise homebound disabled persons, as all or part of any food service project funded in whole or in part by government or as part of a private nonprofit food service project available to all such elderly or disabled persons residing within an area of service designated by the private nonprofit organization, and all sales of food products for use in preparing meals for consumption by indigent or homeless individuals whether or not such meals are consumed at a place designated for such purpose;

~~(x) (w)~~ all sales of natural gas, electricity, heat and water delivered through mains, lines or pipes to residential premises for non-commercial use by the occupant of such premises and all sales of natural gas, electricity, heat and water delivered through mains, lines or pipes for agricultural use;

~~(y) (x)~~ all sales of propane gas, LP-gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises;

~~(z) all sales of intrastate telephone and telegraph services for noncommercial use except noncommercial intrastate long distance telephone service;~~

~~(aa) (y)~~ all sales of materials and services used in the repairing, servicing, altering, maintaining, manufacturing, remanufacturing, or modification of railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States;

~~(bb) (z)~~ all sales of tangible personal property and services purchased directly by a port authority or by a contractor therefor as provided by the provisions of K.S.A. 12-3418 and amendments thereto;

~~(cc) (aa)~~ all sales of materials and services applied to equipment which is transported into the state from without the state for repair, service, alteration, maintenance, remanufacture or modification and which is subsequently transported outside the state for use in the transmission of liquids or natural gas by means of pipeline in interstate or foreign commerce under authority of the laws of the United States;

~~(dd) (bb)~~ all sales of used mobile homes or manufactured homes. As used in this subsection: (1) "Mobile homes" and "manufactured homes" shall have the meanings ascribed thereto by K.S.A. 1991 Supp. 58-4202 and amendments thereto; and (2) "sales of used mobile homes or manufactured homes" means sales other than the original retail sale thereof;

~~(ee) (cc)~~ all sales of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified business facility located within an enterprise zone, which will qualify for an income tax credit under K.S.A. 79-32, 153 and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at such a facility. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such facility, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the owner of the qualified business facility a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615 and amendments thereto. Notwithstanding the foregoing, that portion of the sales tax paid on the sale of tangible personal property which would have qualified for the exemption under this subsection during calendar year 1987 except that an exemption certificate for the purchase of such property was not timely obtained shall be refunded. The claim for such refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund the amount of the sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

(~~ff~~) (dd) all sales of tangible personal property purchased with food stamps issued by the United States department of agriculture;

(~~gg~~) (ee) all sales of lottery tickets and shares made as part of a lottery operated by the state of Kansas;

(~~hh~~) (ff) on and after July 1, 1988, all sales of new mobile homes or manufactured homes to the extent of 40% of the gross receipts, determined without regard to any trade-in allowance, received from such sale. As used in this subsection, "mobile homes" and "manufactured homes" shall have the meanings ascribed thereto by K.S.A. 1991 Supp. 58-4202 and amendments thereto;

(~~ii~~) (gg) all sales of tangible personal property purchased in accordance with vouchers issued pursuant to the federal special supplemental food program for women, infants and children;

(~~jj~~) (hh) all sales of medical supplies and equipment purchased directly by a nonprofit skilled nursing home or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923, and amendments thereto, for the purpose of providing medical services to residents thereof. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(~~kk~~) (ii) all sales of tangible personal property purchased directly by a nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities provided or sponsored by such organization. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(~~ll~~) (jj) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based mental retardation facility or mental health center organized pursuant to K.S.A. 19-4001 *et seq.*, and amendments thereto, and licensed in accordance with the provisions of K.S.A. 75-3307b and amendments thereto. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(~~mm~~) (kk) on and after January 1, 1989, all sales of machinery and equipment used directly and primarily for the purposes of manufacturing, assembling, processing, finishing, storing, warehousing or distributing articles of tangible personal property in this state intended for resale by a manufacturing or processing plant or facility or a storage, warehousing or distribution facility.

(1) For purposes of this subsection, machinery and equipment shall be deemed to be used directly and primarily in the manufacture, assemblage, processing, finishing, storing, warehousing or distributing of tangible personal property where such machinery and equipment is used during a manufacturing, assembling, processing or finishing, storing, warehousing or distributing operation:

(A) To effect a direct and immediate physical change upon the tangible personal property;

(B) to guide or measure a direct and immediate physical change upon such property where such function is an integral and essential part of tuning, verifying or aligning the component parts of such property;

(C) to test or measure such property where such function is an integral part of the production flow or function;

(D) to transport, convey or handle such property during the manufacturing, processing, storing, warehousing or distribution operation at the plant or facility; or

(E) to place such property in the container, package or wrapping in which such property is normally sold or transported.

(2) For purposes of this subsection "machinery and equipment used directly and primarily" shall include, but not be limited to:

(A) Mechanical machines or major components thereof contributing to a manufacturing, assembling or finishing process;

(B) molds and dies that determine the physical characteristics of the finished product or its packaging material;

(C) testing equipment to determine the quality of the finished product;

(D) computers and related peripheral equipment that directly control or measure the manufacturing process or which are utilized for engineering of the finished product; and

(E) computers and related peripheral equipment utilized for research and development and product design.

(3) "Machinery and equipment used directly and primarily" shall not include:

(A) Hand tools;

(B) machinery, equipment and tools used in maintaining and repairing any type of machinery and equipment;

(C) transportation equipment not used in the manufacturing, assembling, processing, furnishing, storing, warehousing or distributing process at the plant or facility;

(D) office machines and equipment including computers and related peripheral equipment not directly and primarily used in controlling or measuring the manufacturing process;

(E) furniture and buildings; and

(F) machinery and equipment used in administrative, accounting, sales or other such activities of the business;

(~~nn~~) (ll) all sales of educational materials purchased for distribution to the public at no charge by a nonprofit corporation organized for the purpose of encouraging, fostering and conducting programs for the improvement of public health;

(~~oo~~) (mm) all sales of seeds and tree seedlings; fertilizers, insecticides, herbicides, germicides, pesticides and fungicides; and services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use;

(~~pp~~) (nn) except as otherwise provided in this act, all sales of services rendered by an advertising agency or licensed broadcast station or any member, agent or employee thereof;

(~~qq~~) (oo) all sales of tangible personal property purchased by a community action group or agency for the exclusive purpose of repairing or weatherizing housing occupied by low income individuals;

(~~rr~~) (pp) all sales of drill bits and explosives actually utilized in the exploration and production of oil or gas;

(~~ss~~) (qq) all sales of tangible personal property and services purchased by a nonprofit museum or historical society or any combination thereof, including a nonprofit organization which is organized for the purpose of stimulating public interest in the exploration of space by providing educational information, exhibits and experiences, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986; and

(~~tt~~) (rr) all sales of tangible personal property which will admit the purchaser thereof to any annual event sponsored by a nonprofit organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986.

Sec. 61. On June 1, 1992, K.S.A. 79-3703 is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of ~~4.25%~~ 4.9%, *except that such rate shall be 2.5% for the privilege of using, storing or consuming within this state tangible personal property enumerated by subsection (u) of K.S.A. 79-3603, and amendments thereto.* All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 62. On July 1, 1992, K.S.A. 1991 Supp. 79-2959 is hereby amended to read as follows: 79-2959. (a) There is hereby created the local ad valorem tax reduction fund. All moneys transferred or credited to such fund under the provisions of this act or any other law shall be apportioned and distributed in the manner provided herein.

(b) On January 15 and on July 15 of each year, the director of accounts and reports shall make transfers in equal amounts which in the aggregate equal 4.5% of the total retail sales and compensating taxes credited to the state general fund pursuant to articles 36 and 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the local ad valorem tax reduction fund, except that: (1) *The transfers on January 15, 1993, and July 15, 1993, shall be in equal amounts which in the aggregate equal 4.030% of such taxes credited to the state general fund during calendar year 1992; and (2) the transfers on January 15 and July 15 of each year thereafter shall be in equal amounts which in the aggregate equal 3.630% of such taxes credited to the state general fund during the preceding calendar year.* All such transfers are

(continued)

subject to reduction under K.S.A. 1991 Supp. 75-6704, and amendments thereto. All transfers made in accordance with the provisions of this section shall be considered to be demand transfers from the state general fund.

(c) The state treasurer shall apportion and pay the amounts transferred under subsection (b) to the several county treasurers on January 15 and on July 15 in each year as follows: (1) Sixty-five percent of the amount to be distributed shall be apportioned on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201 and amendments thereto on July 1 of the preceding year; and (2) thirty-five percent of such amount shall be apportioned on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property valuation.

Sec. 63. On July 1, 1992, K.S.A. 1991 Supp. 79-2964 is hereby amended to read as follows: 79-2964. There is hereby created the county and city revenue sharing fund. All moneys transferred or credited to such fund under the provisions of this act or any other law shall be allocated and distributed in the manner provided herein. The director of accounts and reports in each year on July 15 and December 10, shall make transfers in equal amounts which in the aggregate equal 3.5% of the total retail sales and compensating taxes credited to the state general fund pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the county and city revenue sharing fund, except that: (a) *The transfers on July 15, 1993, and December 10, 1993, shall be in equal amounts which in the aggregate equal 3.134% of such taxes credited to the state general fund during calendar year 1992; and (b) the transfers on July 15 and December 10 of each year thereafter shall be in equal amounts which in the aggregate equal 2.823% of such taxes credited to the state general fund during the preceding calendar year.* All such transfers are subject to reduction under K.S.A. 1991 Supp. 75-6704, and amendments thereto. All transfers made in accordance with the provisions of this section shall be considered to be demand transfers from the state general fund.

Sec. 64. On July 1, 1992, K.S.A. 1991 Supp. 79-34,147 is hereby amended to read as follows: 79-34,147. (a) On each January 1, April 1, July 1 and October 1, the secretary of revenue shall certify to the director of accounts and reports the amount equal to 10% of the

total revenues received by the secretary from the taxes imposed under the Kansas retailers' sales tax act and deposited in the state treasury and credited to the state general fund during the preceding three calendar months.

(b) Upon receipt of each certification under subsection (a), the director of accounts and reports shall transfer from the state general fund to the state highway fund an amount equal to the amount so certified, on each January 1, April 1, July 1 and October 1, except that each such transfer during the state fiscal year 1991 shall be reduced by 1.75%: (1) *The amount so certified on October 1, 1992, January 1, 1993, and April 1, 1993, shall be the amount equal to 7.600% of such revenues; and (2) the amount so certified on July 1, 1993, and each certification date thereafter, shall be the amount equal to 7.628% of such revenues.* All transfers made pursuant to this section are subject to reduction under K.S.A. 1991 Supp. 75-6704, and amendments thereto.

(c) All transfers made in accordance with the provisions of this section shall be considered to be demand transfers from the state general fund.

New Sec. 65. The provisions of the amendments to K.S.A. 79-32,110, 79-32,119 and 79-32,120 shall apply to all taxable years commencing after December 31, 1991.

Sec. 66. K.S.A. 1991 Supp. 72-7063 is hereby repealed.

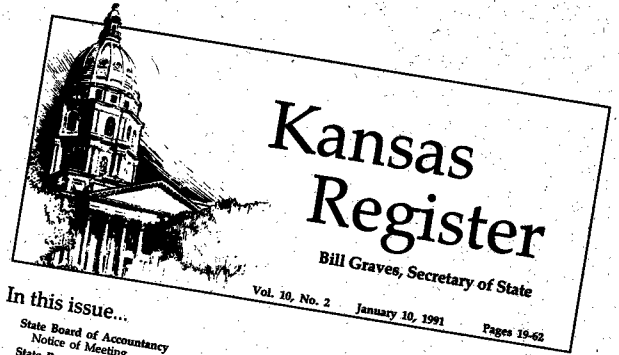
Sec. 67. On June 1, 1992, K.S.A. 79-3602, 79-3603 and 79-3703 and K.S.A. 1991 Supp. 79-3606 are hereby repealed.

Sec. 68. On July 1, 1992, K.S.A. 12-1677, 12-1742, 72-4442, 72-7030, 72-7031, 72-7032, 72-7035, 72-7036, 72-7044, 72-7048, 72-7049, 72-7051, 72-7052, 72-7057, 72-7058, 72-7060, 72-7061, 72-7063a, 72-7065, 72-7066, 72-7072, 72-7074, 72-7075, 72-7076, 72-7077, 72-7078, 72-8204, 72-9505, 72-9506, 79-2929a, 79-32,110, 79-32,119 and 79-32,120 and K.S.A. 1991 Supp. 31-144, 72-978, 72-1106, 72-3702, 72-3703, 72-3704, 72-3705, 72-3706, 72-3707, 72-3708, 72-3709, 72-4437, 72-6757, 72-7033, 72-7034, 72-7037, 72-7038, 72-7039, 72-7040, 72-7041, 72-7042, 72-7043, 72-7045, 72-7046a, 72-7047, 72-7050, 72-7053, 72-7054, 72-7055, 72-7056, 72-7059, 72-7062, 72-7063, as amended by section 54 of this act, 72-7064, 72-7067, 72-7068, 72-7071, 72-7081, 72-8184, 72-8230, 72-8233, 72-9502, 72-9504, 72-9507, 72-9508, 79-2959, 79-2964, 79-34,147 and 79-34,147a are hereby repealed.

Sec. 69. This act shall take effect and be in force from and after its publication in the Kansas register.

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