

Approved 2-25-86
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by SENATOR ROY M. EHRLICH at
Chairperson

10:00 a.m. ~~p.m.~~ on February 21, 1986 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Emalene Correll, Legislative Research
Norman Furse, Revisors Office
Clarene Wilms, Committee Secretary

Conferees appearing before the committee:

Lyle E. Eckhart, Bureau of Emergency Medical Service
Richard Maginot, Chief, Soldier Township
Written Testimony presented concerning SB-569 Attachment III

In answer to questions by committee members, Chairman Ehrlich stated that SB-625 had been requested by Senator Burke.

Hearings had been scheduled on SB-625 on February 20, 1986, and were postponed due to lack of time.

Lyle Eckhart testified and presented written testimony supporting the concept of SB-625. Attachment I Mr. Eckhart stated concern with Section 6 which requests the township board to establish minimum standards for the operation and equipping of ambulances and rescue services or both, and for the qualifications and training of any personnel operating such ambulances or rescue service, or both. No person shall act as an ambulance driver or attendant unless such person shall have completed a basic course in first-aid or a comparable course in life support procedures. Staff advised any licensed ambulance service would have to meet these standards. Senator Hayden made a motion to renumber the existing sections of SB-625 deleting section 6. Senator Salisbury seconded the motion and the motion carried.

Richard Maginot testified and presented written testimony on SB-625. Chief Maginot pointed out changes he felt needed to be made. The fire department provides rescue services as well as fire services and it was questioned whether or not firefighters could help under rescue circumstances. Attachment II

Chairman Ehrlich stated that due to the absence of several committee members and in view of projected amendments no final voting would take place today.

Chairman Ehrlich told the committee that the Department of Aging, on request of the Alzheimers Task Force, had sent three recommendations for legislation to the committee. Three recommendations also were sent to the House committee. The three requested from the committee are as follows: (1) Establish a toll-free "Help" line (call in telephone service) which could provide resource and other information on Alzheimers and related diseases. (2) Creation of certain multi-disiplinary centers to do research, basically the University of Kansas Medical Center and several other medical centers or hospitals in the state that would do research and develop information in relationship to Alzheimers Disease and to perform other services. (3) A Resolution that would relate to the education of professionals to the unique problems and situations that develop out of Alzheimers disease and in general encourage professionals to become more knowledgeable in this area.

Senator Francisco moved that the committee accept these 3 bills on Alzheimers Disease. Senator Hayden seconded the motion and the motion carried.

The meeting adjourned at 10:29 a.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

SENATE
PUBLIC HEALTH AND WELFARE COMMITTEE

DATE 2-21-86

(PLEASE PRINT)
NAME AND ADDRESS

ORGANIZATION

BARBARA REINEBT

PLANNED PARENTHOOD

Marilyn Brandt

WIKI-

Joan Grace

KS Homes for Aging

Ad Mancost

Bedier Scholarship

Tom Brown

Soldier Township

Pauline

Simons

RICHARD MAGINOT

SOLDIER TWP. FIRE DEPT

James

May

Joseph

W. J. ...

Charles R. Klumpership

Victory Life Ins. Co.

Bill ...

Am ...

Richard Harmon

...

Sam ...

...

H. Smith

...

KEITH R LANDIS

CHRISTIAN SCIENCE COMMITTEE
ON PUBLICATION FOR KANSAS

Lyle Eckman

...

SUMMARY OF TESTIMONY
BEFORE THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

SENATE BILL 625

PRESENTED BY THE KANSAS HIGHWAY PATROL
AND
THE STATE EMS COUNCIL

APPEARED IN SUPPORT

The Kansas Highway Patrol supports, with reservations, H.B. 2726. Township fire departments should have the authority to establish and operate rescue services as defined in this bill. Rescue services provide a valuable adjunct to ambulance services. Emergency care can be provided more quickly and at a lower cost than ambulance services operating alone.

We are concerned about Sec. 6. This section requires the township board to establish minimum standards for the operation and equipping of ambulances and rescue services, or both and for the qualifications and training of any personnel operating such ambulances. The patrol recommends that this section be deleted.

We believe that state regulation of ambulance services and qualified personnel as provided in K.S.A. 65-4301 through 65-4328 preempts Sec. 6 of this bill and makes this section unnecessary and unwise.

The concept of this bill is also endorsed by the Emergency Medical Services Council, a council appointed by the Governor whose statutory responsibilities include the adoption of administrative rules and regulations and the development of a state plan for emergency medical services. The council voted at its January 10, 1986 meeting to endorse legislation which would permit township fire departments to operate rescue services. The conceptual approval of the council assumes appropriately trained personnel identified in the bill.

S.B. 625 is identical to H.B. 2726. I testified in support of that bill with the reservations mentioned above about Section 6.

There was an attempt to amend this bill to expand the definition of qualified personnel as defined in the bill to include several classifications of health care providers as defined in K.S.A. 65-2891. This expanded definition of health care providers would authorize untrained personnel to deliver emergency care as defined in the bill.

The House Committee on Local Government asked me to prepare additional written testimony to clarify the bill. I am attaching a copy of my letter to Chairman Ivan Sand with this testimony in the event there is an attempt to amend S.B. 625.

Please understand the State Council and the Highway Patrol fully support the development of new first response rescue services and continuation of existing services but the bill should clearly state the purpose for which a levy is authorized. We believe the definition of qualified personnel under S.B. 625 will assure quality care to the public. The attempted amendment before the House Committee on Local Government would misrepresent the level of care being provided.

2/21/86
Attachment I
S. PH&W

KANSAS HIGHWAY PATROL

Service—Courtesy—Protection

John Carlin
Governor



Col. Bert Cantwell
Superintendent

February 7, 1986

Representative Ivan Sand, Chairman
Local Government Committee
State Capitol
Topeka, KS 66612

Dear Representative Sand:

Following the hearing on February 5, 1986 on House Bill 2726 I was asked to present additional written comments to the committee.

Our written testimony suggested that Section 6 of the bill be deleted. We continue to believe the ambulance permit required by K.S.A. 65-4317 (a) preempts this section. Satisfactory language was discussed after the hearing by eliminating all references to ambulance service.

Our understanding was that the original intent of the bill was to authorize township fire departments to operate rescue services with appropriately trained personnel. The bill as written supports this understanding since the qualified personnel defined in the bill could in fact deliver the emergency care defined under the New Section 1, paragraph (b).

The attempt to amend the bill would include all personnel named in K.S.A. 65-2891 (e). This would allow pharmacists, optometrists, dentists, physical therapists, persons trained in CPR and an unspecified course offered by the Red Cross to provide the emergency care defined in the bill. The fact is that due to the absence of training none of these classifications would themselves claim to have such a capability. Certainly no medical professional would agree the defined level of care could be provided with this broad definition of qualified personnel.

Organized rescue services such as those being authorized under the H.B. 2726 are an important part of the state wide system of emergency medical services. These services need structured training to fill their role in the continuum of care necessary to the system. We consider their role as vital to the survival of many patients when they have appropriate training.

(Over)

BUREAU OF EMERGENCY MEDICAL SERVICES
111 W. Sixth Street
Topeka, KS 66603-3505 (913) 296-7296

Representative Ivan Sand, Chairman
February 7, 1986
Page 2

We understand the problem of the fire interests attempting to amend the bill. Since there is no mandatory statewide training for firefighters it does not appear logical to require emergency medical training since many of these fine dedicated firefighters have absolutely no interest in patient care.

To resolve the problem, please let me respectfully suggest that the bill be amended to read as follows:

NEW Section 1

(a) Rescue service means a service which provides assistance at the scene of accidents and other medical emergencies until such time as an ambulance arrives.

(b) Delete

(c) Delete

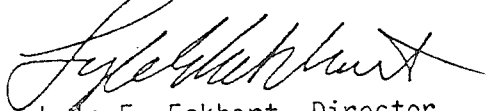
Section 6 should then be changed to read as follows:

Sec. 6. K.S.A. 80-1427 is hereby amended to read as follows: 80-1427. The township board of such township shall establish minimum standards for the operation and equipping of rescue services, and for the qualifications and training of any personnel operating such rescue service.

We believe these changes will accomplish the original purpose of the legislation and that was to enable existing programs to continue. We also believe the legislation would not be misleading and suggest care that is not assured under the bill.

I would appreciate notification of future hearings on the bill and will try to be available to discuss any questions.

Sincerely,



Lyle E. Eckhart, Director
Bureau of Emergency Medical Services

dy

Testimony Offered by Richard Maginot, Chief-Soldier Township
Position of Soldier Township Fire Department on Rescue
Service Personnel in relation to SB625.

During a rescue situation--whether it is a wreck, flood, tornado or fire-related incident--the fire department is one of the first agencies to be called. Our department has for many years provided rescue services to the citizens of our township. We have a very well-equipped department and our firefighters are skilled professionals seeking to help their neighbors. They are our most important resource--without them all of our equipment would be useless.

It is difficult to find good, dedicated, skilled personnel who are willing and able to volunteer their time as firefighters. These men leave their families and personal pursuits to attend many hours of training to become knowledgeable, proficient firefighters. Some then make further sacrifices in order to become Emergency Medical Technicians.

Our fire department has, for several years, been involved in Emergency Medical Technician training and currently 50%-- 14 out of 28--of our firefighters are state-certified EMT's. The rest of our personnel have CPR and First Aid training. We consistently stress the need for advanced training in both our firefighting and emergency medical programs in order to provide a high-quality service to our community.

Often the firefighters who are not EMT's are needed to provide support services during a rescue. This may include handling of equipment, extrication of victims, searching for victims and many other non-medical services. They may also be needed to do CPR or minor first aid while the EMT's provide more advanced treatment.

By restricting a rescue service to "Qualified Personnel" as defined in SB625, we would not be able to use anyone but our EMT's in a rescue situation. For this reason, we would like to see the bill amended to delete Lines 24 through 38 and replace them with the following:

New Section 1

Rescue service means a service which provides assistance at the scene of accidents and other

Attachment II
2/21/86 S. PH&W

Attachment II

medical emergencies.

We would also support amending Section 6 to delete reference to ambulance minimum standards as these are set by other state statutes and regulations.

SENATE BILL No. 625

By Committee on Public Health and Welfare

2-12

0017 AN ACT concerning townships; authorizing rescue services
0018 provided through township fire departments; amending
0019 K.S.A. 80-1423, 80-1424, 80-1425, 80-1426, 80-1427 and 80-
0020 1428 and repealing the existing sections.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 New Section 1. As used in K.S.A. 80-1423 to 80-1428, inclu-
0023 sive, and amendments to these sections:

0024 (a) "Rescue service" means a service which provides emer-
0025 gency care by qualified personnel through a township fire de-
0026 partment.

0027 (b) "Emergency care" means the services provided after the
0028 onset of a medical condition manifesting itself by acute symp-
0029 toms of sufficient severity such that the absence of immediate
0030 medical attention could reasonably be expected to: (1) Place the
0031 patient's health in serious jeopardy; (2) seriously impair bodily
0032 functions; or (3) result in serious dysfunction of any bodily organ
0033 or part.

0034 (c) "Qualified personnel" means any individual who holds a
0035 certificate as a crash injury management technician, an emer-
0036 gency medical technician, an emergency medical technician-in-
0037 termediate or a mobile intensive care technician, as these terms
0038 are defined in K.S.A. 65-4301 and amendments thereto.

0039 Sec. 2. K.S.A. 80-1423 is hereby amended to read as follows:
0040 80-1423. The township board of any township may establish and
0041 operate as a township function an ambulance service *or rescue*
0042 *service, or both*, within or without such township or may contract
0043 with any city, county, person, firm or corporation for the fur-
0044 nishing of ambulance services *or rescue services, or both*, within
0045 all or any part of the township upon such terms and conditions,

DELETE

0046 and for such compensation as may be agreed upon.

0047 Sec. 3. K.S.A. 80-1424 is hereby amended to read as follows:
0048 80-1424. The township board of such township may establish
0049 charges to persons utilizing the ambulance service *or rescue*
0050 *service* inside or outside of such district. The charges so made
0051 and received shall be deposited in the general funds of such
0052 township, and the same may be used in addition to funds re-
0053 ceived under the tax levies authorized by this act.

0054 Sec. 4. K.S.A. 80-1425 is hereby amended to read as follows:
0055 80-1425. The township board of such township is authorized to
0056 levy taxes for ambulance service *or rescue service* purposes but
0057 shall not fix a rate of levy in any one year exceeding two mills. No
0058 levy shall be made under the provisions of this act until a
0059 resolution authorizing the making of such levies be passed by
0060 the township board by publication for three successive issues in
0061 a newspaper of general circulation within the township, where-
0062 upon such levies may be made unless a petition in opposition to
0063 the same, signed by not less than 10% of the registered voters of
0064 such township as determined by the vote for secretary of state in
0065 the last preceding election, is filed with the township clerk of
0066 such township within 30 days following the last publication of
0067 the resolution.

0068 In the event such petition is filed it shall be the duty of the
0069 township board to submit the question to the voters at an elec-
0070 tion called for such purpose or at the next general election. The
0071 levy herein authorized for ambulance purposes *or rescue service*
0072 *purposes, or both*, shall be in addition to all other tax levies
0073 authorized or limited by law and shall not be subject to or within
0074 the aggregate tax levy limit prescribed by K.S.A. 79-1962, and
0075 amendments thereto.

0076 Sec. 5. K.S.A. 80-1426 is hereby amended to read as follows:
0077 80-1426. Any operating funds of such township may be used for
0078 the operation of an ambulance service, *or rescue service, or both*,
0079 together with any funds received under such contracts. Any
0080 township board shall have the authority to purchase ambulances
0081 and equipment *and equipment for a rescue service* and to pay
0082 therefor with funds of the township.

Amend

0083 Sec. 6. K.S.A. 80-1427 is hereby amended to read as follows:
0084 80-1427. The township board of such township shall establish
0085 minimum standards for the operation and equipping of ~~ambu-~~
0086 ~~lances and rescue services, or both~~, and for the qualifications and
0087 training of any personnel operating such ~~ambulances~~. ~~Provided,~~
0088 ~~That or rescue service, or both. No person shall act as an~~
0089 ~~ambulance driver or attendant unless such person shall have~~
0090 ~~completed a basic course in first aid or a comparable course in~~
0091 ~~life support procedures.~~

0092 Sec. 7. K.S.A. 80-1428 is hereby amended to read as follows:
0093 80-1428. The township board of any township is hereby autho-
0094 rized and empowered to furnish ambulance service *or rescue*
0095 *service, or both*, within or without the boundaries of such dis-
0096 trict.

0097 Sec. 8. K.S.A. 80-1423, 80-1424, 80-1425, 80-1426, 80-1427
0098 and 80-1428 are hereby repealed.

0099 Sec. 9. This act shall take effect and be in force from and
0100 after its publication in the Kansas register.

Recommendations for the Organization for Fire Services

NFPA 1201-1984

NOTE: Information on referenced publications can be found in Chapter 18 and in Appendix B.

Chapter 1 Purpose of a Fire Department

1-1 Control of Combustibles, Fire Prevention, and Preservation of Life.

1-1.1 Control of the Community Complex of Combustibles.

1-1.1.1 Purpose. The fundamental purpose of an "Organization for Fire Services" is the protection of people and property in an intricate society. The fire department program should be aimed at controlling the community complex of combustibles with which modern man surrounds himself and the preservation of life.

Society has long recognized its responsibility for extinguishment once combustibles are ignited. The responsibility of today's fire department has expanded beyond the extinguishment of combustibles to include a widening range of purposes which include the investigation of situations which result in fires and providing emergency medical services for on-scene patient stabilization, control of hazardous materials and the preservation of life in disasters or major emergencies.

1-1.1.2 Inspection Program. Every fire department should have a program under which its personnel should be constantly examining every part of the community where a fire problem may develop. The personnel should regularly inspect all property in the community with emphasis on identified high hazard occupancies.

1-1.1.3 Enforcement. Fire chiefs are required through state or provincial and local statutes to safeguard the public and its property from the dangers of fire and panic through prudent code enforcement. Case law has made it very clear that the fire chief, any authorized representatives, and other governmental agencies, must discharge the duties of their positions and are liable for not carrying out their legal obligations for fire prevention. It is essential that all members of the fire service realize that this is an important part of their activity. Many fire departments have developed a combination fire inspector and fire company inspection organization to accomplish their inspection goals. This approach has gained wide acceptance because it allows for both the technical expertise and the necessary personnel to maintain a regular inspection program throughout the community.

1-1.1.4 Consultation. A service of the fire department should be to consult with local individuals and organizations who have fire problems and assist in their solution. The availability of a fire protection engineer and other firesafety specialists would greatly assist in consultations

with developers, architects, contractors and other engineers. In addition, such availability of expertise would enhance the on-going program of continued improvement of the fire defense system within the community. A number of fire departments have employed fire protection engineers on a full-time status.

The fundamental way to prevent large fires is to keep at one location only as much material as can be controlled if it catches fire. Concentration of too much combustible material at one location may make control of fire difficult or impossible. Many of these matters involve more than simple law enforcement and must be solved by a process of consultation among the representatives, agencies and individuals involved.

1-1.1.5 Education. Recent studies indicate that the majority of building fires are caused by carelessness and ignorance, and are preventable primarily through educational and motivational efforts. Reducing the number of life losses, casualties, dollar losses and fire incidents in this category is dependent on the fire department developing ongoing, comprehensive firesafety programs targeted at "high risk" populations. Public firesafety education is becoming an increasingly important and cost-effective element in the community fire protection system. It must be a planned program including needs assessment, determination of objectives, evaluation and allocation of sufficient resources.

1-2 Fire Suppression Services.

1-2.1 Scope of Services. The fire department should be organized to perform fire prevention and control and related emergency services to protect life and property. Other services demanded of the fire department, because of its availability and specialized training, should be undertaken only to the extent that they do not interfere with the department's basic purpose and are activities justifiably related to it.

1-2.2 Fire Suppression Capability. The fire department goal should be to prevent the propagation of fires. Except for fires in buildings, vehicles, aircraft, trains, ships and boats, the individual losses involved in calls answered by the fire department are often negligible. The majority of fires in buildings are held to small losses without requiring much more than first-aid fire fighting service because of early discovery and prompt response. A few large fires cause most of the total loss.

1-2.2.1 Pre-Fire Planning. One purpose of an inspection program should be to evaluate the potential fire conditions it finds and to plan how the fire department is to deal with these conditions. Plans should be developed as to how fires in specific properties are to be handled. Decisions should be made on the potential severity of the fire emergency, response to be provided, positions the fire companies may take, and on phases of personnel operations at fires. Such activities are necessary components for tactical training.

Effective fulfillment of operations as preplanned, requires serious and comprehensive training of all personnel concerned in the operations and frequent practice under critical direction. Fire emergencies are usually escalating situations.

1-2.2.2 Master Planning. Long-range planning should be undertaken to determine how a community can best meet its fire and emergency management needs. Master planning is a process by which this can be accomplished. It utilizes a systematic approach to evaluating and selecting technical options that best meet a community's fire and emergency management needs, given the available resources and involves community leaders in making fire and emergency management decisions. The process examines four areas to determine the options for fire and emergency management delivery systems. These areas are prevention, suppression, emergency response and administration. Each community is unique and must devise its own program by working through the analysis of its data and the master planning steps.

1-2.2.3 Mutual Aid Agreements. Every fire department should enter into agreements with its neighboring jurisdictions to provide additional resources to combat major fire and other emergencies. These "mutual aid" agreements should be in writing and need to include specifics on the empowering authority, resources to be made available and the designation of incident command. This will allow aid to be quickly mobilized and reduce misunderstandings. Having the agreement in writing will also aid in insurance and liability questions should any personnel be injured or equipment damaged while fighting fires outside a fire department's primary response district.

1-2.3 Other Emergency Services.

1-2.3.1 Hazardous Materials. The rising incidences of illegal disposal and accidental spillage of hazardous chemicals and the discovery of their many harmful effects on human beings has brought the hazardous materials problem into sharper focus. The responsibility for establishing control over hazardous material emergencies varies from one jurisdiction to another. In many communities it is the fire department that has primary responsibility over such incidents.

In order to deal effectively with this type of incident, the fire department must be well prepared. Quick response, communication capabilities, evacuation plans, reference data and materials, specialized protective clothing, breathing apparatus, and other necessary safety equipment must be available.

Expertise in the area of dealing with hazardous materials may be available in both the private and public sectors. The ability to remove and transport the hazardous substances are capabilities that the fire service usually does not have. Many private companies can provide this service and should be contacted in advance. Fire departments having the resources to do so should utilize specialized apparatus equipped to deal with hazardous materials and should provide specialists who can identify and evaluate the unknown substances. Jurisdictions must also establish "chemical spill response plans" to address the question of which agency has responsibility in the various places where an incident could occur.

1-2.3.2 Rescue Work. Preservation of human life should be a primary responsibility of the fire department in connection with fires and other emergencies. Departments also should be prepared to do rescue work and pro-

vide emergency care for the injured in connection with such incidents as traffic accidents, train wrecks, aircraft crashes, floods, windstorms and earthquakes.

All personnel in any fire department should complete the Department of Transportation Emergency Medical Technician (EMT) course in emergency care and transportation. Because of this specialized rescue capability and the EMT capability, the fire department is the logical agency to carry out the emergency medical care function.

1-3 Emergency Medical Services. It was the intent of the U.S. Emergency Medical Services Systems Act (1973) to address Emergency Medical Services (EMS) on a regional level. It is a comprehensive approach that, by design, involves all of the component resources available to contribute to an effective EMS system. These resources, comprised of any combination of both public agencies and private entities cooperate to reduce the frequency of death and injury within their respective regions.

One of the most readily available component resources in all regions is the fire department. With a sizable body of reliable, trained and disciplined personnel, operating within an existing command structure, possessing vehicles and communications located throughout the community, the local fire department is a natural source of medical aid responsibility.

Fire department involvement in EMS can vary greatly from one region to another. It can include: operation of the communications and dispatch network; training of personnel in basic life support; operation of Emergency Medical Technician-staffed, first-responder pumper and/or ladder companies; basic life support units with or without patient transportation; advanced life support units involving fire fighters or civilian paramedics; and public education through blood pressure screening and training the public in cardiopulmonary resuscitation (CPR).

1-4 Disaster Planning. Disaster planning activities include responses for everything from the small incident to the major disaster. Response plans should be in writing and provide for control and coordination of all public and private services called into action in such cases as explosions, air crashes, floods, building collapses, earthquakes and radiological incidents. Disaster coordination is a state or province responsibility and may be delegated to a municipal level.

1-5 Governmental Purpose.

1-5.1 Municipality or Local Agency.

1-5.1.1 Municipality. The term "municipality" is here and elsewhere used as a general term for units performing local government functions. It includes cities, towns, incorporated villages, and other terms which are defined by statute law of the various states and provinces. NFPA 1202, *Organization of a Fire Department*, provides discussion on the legal basis for a fire department and the establishment of a governing body for a fire department and should be used to clarify the fire department's role in the community.

KANSAS HIGHWAY PATROL

Service—Courtesy—Protection



John Carlin
Governor

Col. Bert Cantwell
Superintendent

February 20, 1986

Senator Roy Ehrlich, Chairman
Senate Committee on Health and Welfare
Statehouse
Topeka, KS 66621

Dear Senator Ehrlich:

Thank you for the opportunity to meet with representatives of the Insurance Department to discuss the impact of Senate Bill 569.

I am attaching a fact sheet to demonstrate the impact of the bill on the state general fund, the insurance industry and the development of Kansas emergency medical services. The information on philosophy is listed to the best of my recollection according to the testimony of the insurance industry. Also attached is a discussion of these concerns.

Mr. Ron Nicher of the Insurance Department was assigned to SB 569 and provided this information. I have discussed the attached fact sheet with Mr. Nicher and he concurs with the data.

Following this discussion, I am confident of this rationale for a permanent funding base for emergency medical services.

Please contact me if you have any questions concerning this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lyle E. Eckhart".

Lyle E. Eckhart, Director
Bureau of Emergency Medical Services

dy

C: Col. Cantwell
Col. Moomau
Dave Nachtigal

BUREAU OF EMERGENCY MEDICAL SERVICES
111 W. Sixth Street
Topeka, KS 66603-3505 (913) 296-7296

2/21/86

Attachment III
S. PH&W

Attachment III

FACT SHEET

SB 569

SUMMARY

The EMS development fund should receive approximately \$1,450,000 based on Insurance Department estimates. Of this amount, \$122,500 can be credited back to Kansas companies to offset their tax payments if SB 569 is amended to permit the offset. This would leave a balance of \$1,337,500 in the EMS fund which would fund the current budget and leave \$794,648 for additional needed EMS development described in testimony before the committee.

The general fund could receive \$461,564 less because retaliatory taxes collected from foreign companies would be reduced, but the general fund would not have the BEMS budget of \$542,852 for a net gain of \$149,676.

DEFINITIONS

There are three specialized taxes levied on the life insurance industry; the premium tax, privilege tax and retaliatory tax. The privilege tax and the retaliatory tax would be affected by SB 569. One other reimbursed assessment is also discussed.

(Privilege Tax)

This tax is paid on the adjusted gross income reported to the IRS and then modified to the Kansas adjusted gross income for business written in Kansas. The tax is 5% of the adjusted gross income from the corporate tax return. The amount of this tax varies with the profits of the company. SB 569 will reduce this revenue to the general fund by an estimated \$2000 since the EMS levy would act as a deduction in the tabulation of adjusted gross income. This tax is paid only by Kansas domestic companies and amounted to \$104,000 in FY 1985.

(Retaliatory Tax)

This tax is paid by companies to other states in which they do business to compensate for taxes levied by the home state on insurance companies from the other states. Essentially all of the states have a retaliatory tax statute (Kansas - K.S.A. 40-253). According to the Insurance Department, Kansas enforces this law with vigor. Some states do not. The Insurance Department does not have data on the amount of retaliatory tax paid by Kansas companies to other states.

SB 569 could be amended to authorize the deduction of all retaliatory tax payments from the premium tax. This would remove this potential problem from this bill.

(EMS Development Fund Levy)

Based on FY 1985 data, Kansas life insurance companies would pay \$122,500 into the EMS development fund. Foreign companies would pay an additional \$1,327,000 for a total of \$1,450,000. SB 569 could be amended to provide an offset of the \$122,500 Kansas companies would pay.

(Kansas Life and Health Guaranty Association)

All companies doing business in Kansas are assessed by the Kansas Life and Health Guaranty Association to pay claims of insolvent companies. This is not an additional tax since any assessments paid are deducted from the amount of premium tax paid in Kansas. According to the Insurance Department, assessments in the amount of \$6,286,300 have been made for the benefit of this fund. These assessments were deducted from the premium tax payments of the companies as they will be in the future. The State of Kansas actually funds claims against insolvent companies since the payment represents funds originally destined for the general fund. EXHIBIT "A" shows this offset on the premium tax statement.

IMPACT ON STATE GENERAL FUND

FY 1985 REVENUE (ACTUAL) (LIFE INSURANCE ONLY)

Privilege Tax (Kansas companies only)	\$ <u>104,000</u>
Retaliatory Tax (from foreign companies)	\$ <u>852,740</u>
<u>TOTAL</u> Revenue	\$ <u>956,740</u>

FY 1985 REVENUE (IF SB 569 had been law)

Privilege tax (reduced by \$2000)	\$ <u>102,000</u>
Retaliatory tax (from foreign companies) (worst care scenario)	\$ <u>393,176</u>
(SB 569 <u>TOTAL</u> Revenue)	\$ <u>495,176</u>

CHANGE IN FY 1985 GENERAL FUND (with SB 569)

Removal of BEMS budget	\$ <u>542,852</u>
Loss of retaliatory tax money	\$ <u>393,176</u>
Net gain to general fund	\$ <u>149,676</u>

EMS DEVELOPMENT FUND

EMS Levy (.25%) to development fund	\$ <u>1,450,000</u>
Deduct premium tax offset for Kansas companies	\$ <u>122,500</u>
Balance	\$ <u>1,337,500</u>

Current approved EMS budget (FY '86)	\$ <u>542,852</u>
Balance remaining for needed development	\$ <u>794,648</u>

PHILOSOPHY

The insurance industry representatives testified at the hearing on SB 569 and presented these philosophical objections to the bill.

The Legislature should not:

1. Single out an industry to fund a program of statewide benefit.
2. Tax existing insurance policies since these premiums can not be changed and the insurance companies must absorb the tax.
3. Hinder economic growth of existing industry during a year of great interest in economic development.

The legislatures of past years established levies from the insurance industry for statewide programs. Presently money from fire insurance premium tax funds the State Fire Marshalls office and the Insurance Department, both in part. These funds are also distributed for training and insurance purposes around the state. This precedent was established many years ago and recently reviewed, modified and renewed by the legislature. There is no philosophical difference between the Firemens Relief Tax on fire insurance companies and SB 569. Both provide statewide services to all citizens from special tax sources.

Existing insurance policies are contracts on which the premiums are fixed. Actuarial methods include estimates in the increased cost of doing business. The policies written 30 years ago have been balanced out in the subsequent premium setting process to accomodate the considerable change in the cost of doing business. The impact of SB 569 can likewise be accomodated. Hopefully, improved EMS will offset any need for adjustments.

New industries consider effective EMS in their decisions to locate plants. Improved emergency medical services would be a selling point for economic development.

YEAR 1985 ANNUAL PREMIUM TAX STATEMENT

The following is a full and complete statement of all premiums received, whether in cash or notes, by _____ of _____, on risks

located in the State of Kansas, during the year ending December 31, 19____. This statement is required by K.S.A. 40-252.

Table with 4 columns: Description, Life Insurance Premiums, Annuity Considerations, and Accident & Health Insurance Premiums Including Policy, Membership and Other Fees. Rows 1-18 detailing premium calculations and tax due.

* 2% if home, principle or executive office removed or maintained outside the State of Kansas. **Copy of each Guaranty Association Certificate used at arriving at this figure must be attached. See K.S.A. 40-3016.

Notes: 1. This statement must be furnished with the annual statement on the first day of January or within sixty days thereafter. 2. The amount reported on Line 18 should be the amount entered on Line 1 of the Estimated/Actual Tax, Fee and Retaliatory Adjustment Form.

State of _____)
County of _____)

ss.

and _____

BEING DULY SWORN, ON OATH SAY THAT THEY ARE THE _____ and

_____ respectively of the _____

_____ of _____ (City) _____ (State)

authorized to transact business in the State of Kansas during the year 19____ and that the statement on the reverse side hereof includes all premiums on all risks written, assumed, or renewed in the State of Kansas, without deductions except as therein set forth.

President

Secretary

Subscribed and sworn to before me, this _____ day of _____ A.D. 19____

(Seal)

Notary Public

My commission expires _____ 19____

***Summary Schedule - Admitted Assets invested in Kansas Securities as per K.S.A. 40-252c.

Total Admitted Assets \$ _____

Admitted Assets Invested in Kansas Securities
(Attach a complete listing of items comprising 30%)

- Real Estate \$ _____
- Bonds \$ _____
- Stocks \$ _____
- Mortgage Loans \$ _____
- Policy Loans \$ _____
- Collateral Loans \$ _____
- Certificates of Deposit:
 - Federally Insured Banks \$ _____
 - Federally Insured Savings and Loan Associations \$ _____
- Cash:
 - Checking and Savings Accounts in Banks \$ _____
 - (Average of Monthly Deposits) \$ _____
 - Savings Accounts in Savings and Loan Associations \$ _____
 - (Average of Monthly Deposits) \$ _____
- Other:
 - (Itemized) \$ _____

Total Admitted Assets Invested In Kansas Securities \$ _____

Percentage of Total Admitted Assets Invested in Kansas Securities _____ %

(If last line is 30% or more, Line 16, page 1, applies)

(Name and telephone number of individual responsible for completion of this schedule)