

Approved April 9, 1986  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at  
Chairperson

5:30 /a.m/p.m. on April 2, 1986 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Robin Hunn  
Revisor's Office: Norman Furse  
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Senator Jack Walker  
Barbara Sabol, Secretary, Department of Health and Environment

The Chairman explained that the meeting had been called for the purpose of acting upon bills which had previously been heard by the committee.

SB 621 - Medical Scholarship Program

Senator Walker distributed his written testimony (Attachment A) and reviewed it for the committee. He also distributed a balloon of SB 621, showing proposed amendments. The balloon is attached.

Following his presentation, Senator Walker said it is his understanding that the medical scholarship fund has not been completely spent this fiscal year, and that there are two loan funds available to medical students which have not been completely spent this year. He suggested that those funds be studied before any loan fund is set up in lieu of the scholarship fund.

Secretary Sabol indicated that she is in agreement with the amendments Senator Walker is suggesting.

Senator Johnston asked if it were necessary to extend the scholarship fund for any additional time. He wondered if there are not now enough students available in the Medical School to be placed in the next few years. Dr. Walker indicated that it is reasonable to expect that, but the problem is in the distribution rather than in the numbers, and it his feeling that SB 621 will assist in the distribution. Senator Johnston countered by stating that he thinks the program should be terminated now.

Senator Werts presented information concerning designation of underserved counties. According to this information (from the March 15 Topeka Capital-Journal) Riley and Geary are underserved. He said it is his understanding that the population of Fort Riley is included in the countys' populations, but the doctors on the post are not included in the total of area physicians. There was a discussion about this problem, and a comment was made that SB 621 may take care of the designation of underserved areas.

Mr. Furse said there were certain technical adjustments which should be made in the balloon of SB 621. He was given permission to make those adjustments if the amendments are adopted.

Motion was made by Senator Doyen and seconded by Senator Gaines to adopt the amendments to SB 621. The motion carried by voice vote.

A conceptual motion was made by Senator Johnston and seconded by Senator Feleciano to set aside a maximum of 25 slots on an annual basis for loan payments of tuition only (Type II scholarships), to be awarded to Kansas residents on the basis of financial need as determined by the University;

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.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,  
room 123-S, Statehouse, at 5:30 a.m./p.m. on April 2, 1986

and that the loans be funded from the scholarship repayment fund. The motion lost on a show of hands.

Motion was made by Senator Gaines and seconded by Senator Doyen to report SB 621 as amended favorably for passage. The motion carried by roll call vote.

SB 546 - Farm Home-Quarter Bill

Senator Bogina presented some proposed amendments to the bill which had been suggested to him by Joan Finney, State Treasurer.

Motion was made by Senator Feleciano and seconded by Senator Gannon to approve the suggested amendments (See balloon of SB 546 attached). The motion carried by voice vote.

There followed a discussion of the bill, with some members of the committee suggesting it will provide little help for troubled farmers. Senator Kerr suggested that banks will balk at negotiating loans, and will wait for payments provided by the state under this measure. Senator Doyen commented that he is not aware of banks foreclosing on homesteads. He said he is afraid SB 546 may give farmers false hope. Senator Johnston said perhaps it would help the person who couldn't pay his loan, because the banks may be inclined to renogiate if the farmer had some assistance.

Motion was made by Senator Feleciano and seconded by Senator Gannon to report SB 546 as amended favorably for passage. The motion carried by roll call vote.

SB 727 - Meat and Poultry Inspection Act fees

Senator Kerr presented the changes recommended in the committee report (See report attached).

Motion was made by Senator Kerr and seconded by Senator Harder to amend SB 727 as proposed in the committee report attached. The motion carried

Motion was made by Senator Harder and seconded by Senator Gannon to report SB 727 as amended favorably for passage. The motion carried by roll call vote.

HB 2776 - Appropriations for FY 1987, Fish and Game Commission

Senator Bogina explained that the committee needs to reconsider its action on HB 2776 because of the need to include certain figures in the proviso beginning on Line 135, page 9.

Motion was made by Senator Gaines and seconded by Senator Werts to reconsider committee action on HB 2776. The motion carried by voice vote.

Motion was made by Senator Werts and seconded by Senator Gaines to amend HB 2776, Section 5, on line 137, to increase the expenditure limitation of the Forestry, fish and game Commission Fee fund to make a technical adjustment to reflect expenditures in the Boat Permit Fund, by adding \$425,000 to the amount on Line 137. The motion carried by voice vote.

Motion was made by Senator Werts and seconded by Senator Gannon to report HB 2776 as further amended favorably for passage. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.

ADDITIONAL TESTIMONY ON REVISED SENATE BILL 621 BEFORE THE SENATE  
WAYS AND MEANS COMMITTEE  
by Senator Jack Walker

On March 18th I testified before the Senate Ways and Means Committee on SB 621 with explanations as to how the bill came about and specifically what SB 621 was designed to accomplish.

Following the conclusions of the testimony, the Chairman, Senator Bogina, asked that I meet with Mr. Jerry Slaughter and Mr. Rick Von Ende in an attempt to review SB 621 and reach a consensus on any changes, deletions, or additions to SB 621 which we deemed appropriate. We have done so and the following sets forth specific changes which now appear before you in the balloon form of SB 621.

1. It transfers the administrative responsibilities for the program to the Chancellor of the University of Kansas or his designee effective July 1, 1986. Secretary of Health and Environment, Barbara Sabol, is in agreement with this move and Mr. Von Ende, Mr. Slaughter and I agree that this is a more logical approach to administering the program. It continues to require the establishing annually of a list of critically medically underserved areas and medically underserved areas by specialty; it requires continued reporting to the legislature; it establishes an advisory committee to assist the Chancellor or his designee in the planning and

S. Walker 4/2/86  
5:30 P.M.  
A 4-2-86  
5:30 P.M.

administration of the program; it provides for one additional unclassified staff health planner to assist in carrying out the mandates of the program.

2. It continues to address the students now in the pipeline (1200 plus) in an attempt to make the options a little more flexible which should allow the scholarship holder to repay the obligation by serving the State of Kansas. It does so by implementing the following changes:

A. It permits flexibility for Type I Scholarship holders prior to July 1, 1986, to meet a part of their scholarship obligation (tuition only) by serving a medically underserved area. Currently the Type I Scholarship holder must serve in a critically medically underserved area to have his/her entire obligation met. There is no provision for serving in just the medically underserved area and having a part (tuition) of the obligation met.

B. Permits flexibility by allowing a scholarship holder to establish his/her main base of practice with a group or alone in a county which is not underserved, but agrees to an affiliation agreement approved by the Chancellor of the

University of Kansas or his designee that he/she would practice a reasonable amount of time in a county which is currently underserved or critically underserved. Such an arrangement would forgive the tuition portion on any obligation. We believe that there are at least ten to twelve underserved or critically underserved areas in Kansas where such an arrangement would be beneficial to the area and also assist the student in a more flexible arrangement for repaying a part of their scholarship obligation.

C. Permits a recipient of a medical scholarship to satisfy the scholarship obligation by serving full time as a faculty person in an approved Kansas Family Practice Residency Program.

In addition to attempting to make the program more flexible for the students already in the pipeline, this bill suggests changes which address the next two years of the program as follows:

1. Effective July 1, 1986, reduce the number of scholarships to 25 annually for two academic years (7/1/86 and 7/1/87).
2. Defines by contract the professional commitment that the scholarship holder must make to be eligible for the scholarship effective 7/1/86.
3. Defines the locale in Kansas which the scholarships awarded after 7/1/86 agree to enter full-time medical

practice to have the obligation forgiven.

4. Sets the interest for monies advanced for scholarships awarded after 7/1/86 at 10% annually.

Note: The current balloon version of SB 621 before you removes any sunset provision. The 1987 and/or 1988 Legislature can examine the program and determine how they wish to handle the program beyond the next two entering classes and if they so desire to consider the establishment of some type of loan fund from the Medical Student Repayment Fund.

I believe there is consensus now, at least among myself, Mr. Slaughter, Mr. Von Ende, and Secretary Sabol, that the changes suggested in the balloon version before you are reasonable, timely, and will address some of the growing concerns about some aspects of the program at this point in time. The program will continue to be carefully monitored and suggestions for additional additions, deletions, etc., can be brought before the Legislature on an annual basis as needed.

# SENATE BILL No. 621

By Senator Walker

2-12

0017 AN ACT concerning scholarships available to medical students;  
0018 placing limitations on the awarding thereof; concerning re-  
0019 payment obligations; amending K.S.A. 76-374, 76-376 and  
0020 76-377a and K.S.A. 1985 Supp. 76-375 and repealing the  
0021 existing sections.

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. K.S.A. 76-374 is hereby amended to read as fol-  
0024 lows: 76-374. An agreement entered into by the university of  
0025 Kansas school of medicine and an undergraduate student  
0026 enrolled in or admitted to the university of Kansas school of  
0027 medicine in a course of instruction leading to the degree of  
0028 doctor of medicine for the awarding of a scholarship under K.S.A.  
0029 76-377a and 76-373 to 76-377, inclusive, and amendments  
0030 thereto shall require that the person receiving the scholarship:

0031 (a) Complete the required course of instruction and receive  
0032 the degree of doctor of medicine *and, for persons* awarded first  
0033 *scholarships after December 31, 1985, apply for and enter an*  
0034 *approved three-year primary care postgraduate residency*  
0035 *training program;*

0036 (b) apply for and obtain a license to practice medicine and  
0037 surgery in Kansas;

0038 (c) if the scholarship is a type I scholarship, engage in the  
0039 full-time practice of medicine and surgery for a period of 12  
0040 months within a service commitment area I; or, if the scholarship  
0041 is a type II scholarship, engage in the full-time practice of  
0042 medicine and surgery for a period of 12 months within a service  
0043 commitment area II, *except that for persons* awarded type I or first  
0044 *type II scholarships after December 31, 1985, engage in the*  
0045 *full-time practice of medicine and surgery for a period of 12*

0016 months in an incorporated city of this state as specified in  
0017 subsection (d)(2);

0048 (d) (1) for persons awarded scholarships prior to January 1,  
0049 1986, commence such full-time practice of medicine and surgery  
0050 within nine months after licensure or within nine months after  
0051 completion of a residency program and licensure, whichever is  
0052 later, in an appropriate service commitment area and continue  
0053 such full-time practice in such service commitment area for a  
0054 consecutive period of months equal to the total number of  
0055 months required under the agreement;

first

0056 (2) for persons awarded scholarships after December 31,  
0057 1985, commence such full-time practice of medicine and surgery  
0058 within nine months after completion of a residency program  
0059 and licensure, whichever is later, in any incorporated city of this  
0060 state of less than 7,500 population based upon the most current  
0061 legal census, excluding any such incorporated cities located in  
0062 the following counties: Wyandotte, Johnson, Sedgwick and  
0063 Shawnee;

first

12,000

0064 (e) agree that the service commitment for each agreement  
0065 entered into under this act is in addition to the service commit-  
0066 ment contained in any other agreement which has been or may  
0067 be entered into under this act for the purpose of obtaining  
0068 scholarship aid;

0069 (f) maintain records and make reports to the university of  
0070 Kansas school of medicine to document the satisfaction of the  
0071 obligation under such agreement to engage in the full-time  
0072 practice of medicine and surgery within an appropriate service  
0073 commitment area and to continue such full-time practice in such  
0074 service commitment area for a consecutive period of months  
0075 equal to the total number of months required under the agree-  
0076 ment; and

0077 (g) upon failure to satisfy an agreement to engage in the  
0078 full-time practice of medicine and surgery within the appropriate  
0079 service commitment area of the state for the required period of  
0080 time under any such agreement, the person receiving a scholar-  
0081 ship under this act shall repay amounts to the university of  
0082 Kansas school of medicine as provided in K.S.A. 76-376 and

0083 amendments thereto.

0084 Sec. 2. K.S.A. 1985 Supp. 76-375 is hereby amended to read  
 0085 as follows: 76-375. (a) On or before December 31 in each year,  
 0086 the secretary of health and environment shall prepare a list of the  
 0087 areas of this state which the secretary determines to be critically  
 0088 medically underserved areas by specialty and the areas of this  
 0089 state which the secretary determines to be medically under-  
 0090 served areas by specialty. In preparing such a list the secretary of  
 0091 health and environment shall consult with representatives of the  
 0092 university of Kansas school of medicine and the Kansas medical  
 0093 society and the secretary shall consult with representatives of the  
 0094 state board of healing arts, any health systems agency located in  
 0095 whole or in part within the state and the statewide health  
 0096 coordinating council. All medical care facilities or institutions  
 0097 operated by the state of Kansas, other than the university of  
 0098 Kansas medical center, *full-time faculty positions in an ap-*  
 0099 *proved Kansas family practice residency program* and all medi-  
 100 cal clinics which are located in Kansas cities, other than Kansas  
 0101 City, and which are operated by professional corporations that  
 0102 are affiliated by contract with the university of Kansas medical  
 0103 center are qualified for service in both service commitment area  
 0104 I and service commitment area II without being determined  
 0105 medically underserved areas, except that such medical clinics  
 0106 shall not qualify for such service by more than 12 persons at any  
 0107 one time. Every such list shall note that all medical care facilities  
 0108 or institutions operated by the state of Kansas qualify for such  
 0109 service commitments, in addition to listing those areas deter-  
 0110 mined to be critically medically underserved or medically un-  
 0111 derserved.

0112 (b) (1) A service commitment area shall be designated as a  
 0113 service commitment area I or a service commitment area II.  
 0114 Service commitment area I shall be any area determined by the  
 0115 secretary of health and environment under subsection (a) to be,  
 0116 for purposes of all agreements entered into under K.S.A. 76-374  
 0117 and amendments thereto with students who first entered into  
 0118 any such agreement prior to January 1, 1982, a medically under-  
 0119 served area and, for purposes of all agreements entered into

As used in this section, "primary care" means general  
 pediatrics, general internal medicine and family practice.

, including such program at the university of Kansas  
 medical center,

0120 under K.S.A. 76-374 and amendments thereto with students who  
0121 first entered into any such agreement after December 31, 1981,  
0122 any area determined by the secretary under subsection (a) to be  
0123 or a critically medically underserved area. Service commitment  
0124 area II shall be, for purposes of all agreements entered into  
0125 under K.S.A. 76-374 and amendments thereto with students who  
0126 first entered into any such agreement prior to January 1, 1982,  
0127 the entire state and, for purposes of all agreements entered into  
0128 under K.S.A. 76-374 and amendments thereto with students who  
0129 first entered into any such agreement after December 31, 1981,  
0130 any area determined by the secretary to be a medically under-  
0131 served area, the state of Kansas.

0132 (2) The service commitment area I or II for persons awarded  
0133 scholarships after December 31, 1985, shall be an incorporated  
0134 city of this state as specified in subsection (d)(2) of K.S.A. 76-374  
0135 and amendments thereto.

first

0136 (c) In selecting a service commitment area I or II, whichever  
0137 is applicable, prior to the commencement of the full-time prac-  
0138 tice of medicine and surgery pursuant to all agreements entered  
0139 into under K.S.A. 76-374 and amendments thereto requiring  
0140 service for a period of time in a service commitment area I or II,  
0141 whichever is applicable, the person so selecting shall select such  
0142 area from among those areas appearing on the list of areas  
0143 prepared by the secretary of health and environment under this  
0144 section. The service commitment area selected shall have ap-  
0145 peared on any such list not more than 36 months prior to the  
0146 commencement of such full-time practice of medicine and sur-  
0147 gery by the person selecting such service commitment area.  
0148 Upon the selection of such service commitment area, the person  
0149 so selecting shall inform the university of Kansas school of  
0150 medicine and the secretary of health and environment of the area  
0151 selected.

0152 (d) A person serving in a service commitment area I or II,  
0153 whichever is applicable, pursuant to any agreement under this  
0154 act may serve all or part of any commitment in the service  
0155 commitment area initially selected by such person. If such per-  
0156 son moves from one service commitment area I or II to another

0157 service commitment area I or II, as applicable, such person shall  
 0158 notify the university of Kansas school of medicine ~~and the~~  
 0159 ~~secretary of health and environment~~ of such person's change of  
 0160 service commitment area. Service in any such service commit-  
 0161 ment area I or II, as applicable, selected from the appropriate  
 0162 lists of service commitment areas, shall be deemed to be contin-  
 0163 uous for the purpose of satisfying any agreement entered into  
 0164 under this act. Any service commitment area I or II, as applica-  
 0165 ble, selected after the initially selected service commitment area  
 0166 I or II shall have appeared on a service commitment area I list or  
 0167 on a service commitment area II list, as applicable, which shall  
 0168 have been prepared by the secretary of health and environment  
 0169 not more than 12 months prior to the move by such person from  
 0170 one service commitment area I or II to another service commit-  
 0171 ment area I or II, as applicable.

0172 (e) In connection with the determination of critically medi-  
 0173 cally underserved areas and medically underserved areas under  
 0174 this section, the secretary of health and environment shall assess  
 0175 annually the need in the state as a whole for medical services  
 0176 provided by persons engaged in the practice of medicine and  
 0177 surgery and shall report thereon annually to the legislature. Each  
 0178 report shall include any recommendations for needed legisla-  
 0179 tion, including any recommended amendments to this act, which  
 0180 relate to the need for such medical services in the various areas  
 0181 of this state.

0182 Sec. 3. K.S.A. 76-376 is hereby amended to read as follows:  
 0183 76-376. (a) (1) Except as otherwise provided in ~~paragraph (2)~~  
 0184 ~~paragraphs (2) and (3)~~ of this subsection (a) or in K.S.A. 76-377  
 0185 ~~and amendments thereto~~, upon the failure of any person to  
 0186 satisfy the obligation to engage in the full-time practice of medi-  
 0187 cine and surgery within the appropriate service commitment  
 0188 area of this state for the required period of time under any  
 0189 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,  
 0190 inclusive, and amendments thereto, such person shall repay to  
 0191 the university of Kansas school of medicine an amount equal to  
 0192 the total of (A) the amount of money received by such person  
 0193 pursuant to such agreement, or the amount of money determined

(e) A person awarded a scholarship prior to Janu-  
 1, 1986, may satisfy the obligation to engage in the full-  
 time practice of medicine and surgery in a service commit-  
 ment area I even though such person is engaged in such  
 practice in two or more locations, at least one of which  
 is not located in a service commitment area I, if: (1)  
 The person is engaged in the full-time practice of medi-  
 cine and surgery in such locations pursuant to a practice  
 affiliation agreement approved by the chancellor of the  
 university of Kansas, or the designee of the chancellor;  
 and (2) the person is engaged in the practice of medicine  
 and surgery in the location which is located in a service  
 commitment area I at least 50% of the total time such per-  
 son is so engaged.

(f)

0194 under rules and regulations of the university of Kansas plus (B)  
 0195 annual interest at a rate of 10%, if the agreement was entered into  
 0196 prior to January 1, 1982, ~~or 15%~~, if the agreement was entered  
 0197 into after December 31, 1981, *or 10% if the agreement was*  
 0198 *entered into after December 31, [1986]*, from the date such money  
 0199 was received.

1985

0200 (2) If a person fails to satisfy an obligation to engage in the  
 0201 full-time practice of medicine and surgery within a service  
 0202 commitment area I for the required period of time under an  
 0203 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,  
 0204 inclusive, and amendments thereto, but is engaged in the full-  
 0205 time practice of medicine and surgery within this state in a  
 0206 service commitment area II which would have applied to such  
 0207 person had such person received a type II scholarship under an  
 0208 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,  
 0209 inclusive, and amendments thereto, and if the chancellor of the  
 0210 university of Kansas, or the designee of the chancellor, ~~and the~~  
 0211 ~~secretary of health and environment, or the designee of the~~  
 0212 ~~secretary of health and environment, find~~ *finds* that exceptional  
 0213 circumstances caused the failure of such person to engage in  
 0214 such practice in a service commitment area I, such person shall  
 0215 *not be required to repay to the university of Kansas school of*  
 0216 *medicine an amount equal to the total of (A) the amount of*  
 0217 *money received by such person for living expenses and tuition*  
 0218 *fees pursuant to such agreement plus (B) annual interest at a rate*  
 0219 *of 10%, if the agreement was entered into prior to January 1,*  
 0220 *1982, or 15%, if the agreement was entered into after December*  
 0221 *31, 1981, from the date such money was received.*

0222 (3) *If a person who has received a type I scholarship fails to*  
 0223 *satisfy the obligation to engage in the full-time practice of*  
 0224 *medicine and surgery within the service commitment area I but*  
 0225 *does engage in the full-time practice of medicine and surgery*  
 0226 *within the state of Kansas such person shall not be required to*  
 0227 *repay the tuition fees portion of the type I scholarship* *on the*  
 0228 *basis of 12 months' practice for each scholarship received.*

0229 (b) Except as otherwise provided in this section, if the person  
 0230 first entered into an agreement under K.S.A. 76-374 and amend-

0231 ments thereto prior to January 1, 1982, the person shall make 10  
0232 equal annual installment payments totaling the entire amount to  
0233 be repaid under all such agreements for which such obligations  
0234 are not satisfied, including all amounts of interest at the rate  
0235 prescribed.

0236 (c) If the person first entered into an agreement under K.S.A.  
0237 76-374 and amendments thereto after December 31, 1981, the  
0238 person shall repay an amount totaling the entire amount to be  
0239 repaid under all such agreements for which such obligations are  
0240 not satisfied, including all amounts of interest at the rate pre-  
0241 scribed. Except as otherwise provided in this section, such  
0242 repayment shall be in installment payments and each such  
0243 installment shall be not less than the amount equal to  $\frac{1}{5}$  of the  
0244 total amount which would be required to be paid if repaid in five  
0245 equal annual installments.

0246 (d) All installment payments under this section shall com-  
0247 mence six months after the date of the action or circumstance that  
0248 causes the failure of the person to satisfy the obligations of such  
0249 agreements, as determined by the university of Kansas school of  
0250 medicine based upon the circumstances of each individual case.  
0251 In all cases where the person first entered into an agreement  
0252 under K.S.A. 76-374 and amendments thereto after December  
0253 31, 1981, if an installment payment becomes 91 days overdue,  
0254 the entire amount outstanding shall become immediately due  
0255 and payable, including all amounts of interest at the rate pre-  
0256 scribed.

0257 (e) The total repayment obligation imposed under all agree-  
0258 ments entered into under K.S.A. 76-374 and amendments thereto  
0259 may be satisfied at any time by any person who first entered into  
0260 an agreement under such statute prior to January 1, 1982, and at  
0261 any time prior to graduation from the university of Kansas school  
0262 of medicine by any persons who first entered into an agreement  
0263 under such statute after December 31, 1981, by making a single  
0264 lump-sum payment equal to the total of (1) the entire amount to  
0265 be repaid under all such agreements upon failure to satisfy the  
0266 obligations under such agreements to practice in Kansas, plus (2)  
0267 all amounts of interest thereon at the rate prescribed to the date

0268 of payment.

0269 (f) There is hereby created in the state treasury the medical  
 0270 scholarship repayment fund. The university of Kansas school of  
 0271 medicine shall remit all moneys received under this section to  
 0272 the state treasurer at least monthly. Upon receipt of each such  
 0273 remittance the state treasurer shall deposit the entire amount  
 0274 thereof in the state treasury, and such amount shall be credited to  
 0275 the medical scholarship repayment fund. All expenditures from  
 0276 the medical scholarship repayment fund shall be for scholarships  
 0277 awarded under K.S.A. 76-373 to 76-377a, inclusive, and amend-  
 0278 ments thereto, and for the expenses of administration of these  
 0279 sections and shall be made in accordance with appropriation acts  
 0280 upon warrants of the director of accounts and reports issued  
 0281 pursuant to vouchers approved by the chancellor of the univer-  
 0282 sity of Kansas or by a person designated by the chancellor.

0283 Sec. 4. K.S.A. 76-377a is hereby amended to read as follows:

0284 76-377a. (a) Within the limits of appropriations therefor: (1)  
 0285 Commencing with the class of students enrolled in or admitted  
 0286 to the university of Kansas school of medicine in a course of  
 0287 instruction leading to the degree of doctor of medicine for the  
 0288 first time during the academic year first commencing after July 1,  
 0289 ~~1983~~ 1986, ~~not more than 400~~ 25 scholarships shall be awarded  
 0290 under K.S.A. 76-373 to 76-377, inclusive, and amendments  
 0291 thereto, during ~~the~~ year to students of such class; ~~(2)~~ commencing  
 0292 with the class of students enrolled in or admitted to the  
 0293 university of Kansas school of medicine in a course of instruction  
 0294 leading to the degree of doctor of medicine for the first time  
 0295 during the academic year first commencing after July 1, ~~1984~~  
 0296 1987, not more than ~~75~~ 25 scholarships shall be awarded under  
 0297 K.S.A. 76-373 to 76-377, inclusive, and amendments thereto,  
 0298 during the year to students of such class; and ~~(3)~~ commencing  
 0299 with the class of students enrolled in or admitted to the univer-  
 0300 sity of Kansas school of medicine in a course of instruction  
 0301 leading to the degree of doctor of medicine for the first time  
 0302 during the academic year first commencing after July 1, ~~1985~~  
 0303 1988, and for each academic year commencing thereafter, ~~not~~  
 0304 ~~more than 50~~ no scholarships shall be awarded under K.S.A.

and for the first time during the academic year first commencing after July 1, 1987,

each such

and (2)

0305 76-373 to 76-377, inclusive, and amendments thereto, during  
 0306 ~~each~~ such year to students of such class.

any

0307 (b) If the scholarships allocated under subsection (a) for one  
 0308 class of students are not all awarded to members of such class,  
 0309 such scholarships may be awarded to eligible students in other  
 0310 classes, within the limits of appropriations therefor. Any person  
 0311 awarded a scholarship subject to the limitations of subsection (a)  
 0312 may be awarded additional scholarships under K.S.A. 76-373 to  
 0313 76-377, inclusive, and amendments thereto, so long as such  
 0314 person is eligible to receive such a scholarship. Scholarships  
 0315 subject to the limitations of subsection (a) shall be awarded  
 0316 subject to criteria established by rules and regulations of the  
 0317 university of Kansas.

as it existed prior to the effective date of this  
 act or as amended by this act

0318 (c) Any person who, prior to the commencement of the first  
 0319 academic year commencing after the effective date of this act,  
 0320 was a recipient of a scholarship awarded under K.S.A. 76-373 to  
 0321 76-377, inclusive, *and amendments thereto* may be awarded  
 0322 additional scholarships under K.S.A. 76-373 to 76-377, inclusive,  
 0323 *and amendments thereto* so long as such person is eligible under  
 0324 K.S.A. 76-373 to 76-377, inclusive, *and amendments thereto* to  
 0325 receive a scholarship.

as it existed prior to the effective date of this  
 act or as amended by this act

0326 (d) Nothing in this section shall be construed to modify or  
 0327 limit in any way the terms or conditions of any agreement  
 0328 entered into under K.S.A. 76-373 to 76-377, inclusive, *and*  
 0329 *amendments thereto*.

0330 Sec. 5. K.S.A. 76-374, 76-376 and 76-377a and K.S.A. 1985  
 0331 Supp. 76-375 are hereby repealed.

0332 Sec. 6. This act shall take effect and be in force from and  
 0333 after its publication in the Kansas register.

SENATE BILL No. 546

By Committee on Agriculture

2-3

0018 AN ACT concerning agriculture; establishing the farm credit  
0019 review board; creating the home-quarter purchase fund; mak-  
0020 ing appropriations.

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

0022 Section 1. As used in this act:

0023 (a) "Board" means the credit review board or its authorized  
0024 agent where applicable.

0025 (b) "Farm" means a tract or tracts of land suitable for use in  
0026 farming.

0027 (c) "Farmer" means a person involved in the production of  
0028 an agricultural commodity.

0029 (d) "Fund" means the home-quarter purchase fund.

0030 (e) "Home-quarter" means a single contiguous tract of not  
0031 more than 160 acres (64-75 hectares) which serves as the base  
0032 unit of a farm and upon which the farm residence and buildings  
0033 are located. *A tract of not more than 160 acres, a part of which is*  
0034 *separated by a road, shall be deemed a contiguous tract.*

0035 Sec. 2. The governor shall appoint one member to serve as  
0036 chairperson of the board. Such member shall be appointed  
0037 subject to confirmation by the senate as provided in K.S.A.  
0038 75-4315b and amendments thereto. The *president of the senate*  
0039 ~~majority leader~~ and the senate minority leader shall appoint one  
0040 member each and the *speaker of the house* ~~majority leader~~ and  
0041 house minority leader shall appoint one member each. All board  
0042 members shall serve ~~for one year~~. The state treasurer shall  
0043 serve as an ex-officio nonvoting member of the board.

0044 Sec. 3. The board shall meet at the call of the chairperson, as  
0045 is necessary to fulfill its duties under this act. The board shall

at the pleasure of the appointing authority. Two of the board members shall have financial institution experience and two shall be farmers.

0046 serve as a negotiator between a farmer who is in danger of  
0047 ~~immediate imminent~~ foreclosure or who has received a notice of  
0048 foreclosure on a farm ~~and or if the farmer is in bankruptcy and in~~  
0049 ~~any such case, the farmer~~ has petitioned the board, and any  
0050 lender who holds a valid mortgage *or contract for deed* upon the  
0051 property. The board may hire staff, subject to appropriations, to  
0052 serve as negotiators for the board. Board members shall be paid  
0053 compensation, subsistence allowance, mileage and other ex-  
0054 penses as provided in K.S.A. 75-3223 and amendments thereto.  
0055 Sec. 4. (a) Any farmer may petition the board for aid after  
0056 receipt of a notice of foreclosure, or if the farmer is in danger of  
0057 ~~immediate imminent~~ foreclosure, ~~or if the farmer is in bank-~~  
0058 ~~ruptcy~~. Upon receipt of the petition, the board or its authorized  
0059 agent shall enter into negotiations with the lender, on behalf of  
0060 the farmer.

0061 (b) The board or its authorized agent shall negotiate with the  
0062 lender in an attempt to extend the term of the loan, reduce the  
0063 dollar amount of payments under the loan or otherwise negotiate  
0064 a settlement that will allow the farmer to reside in the farm  
0065 residence and allow the farmer to continue to produce agricul-  
0066 tural commodities. Any change in the terms of the mortgage *or*  
0067 *contract for deed* shall be approved by the lender and the  
0068 farmer.

0069 Sec. 5. (a) If the board, or its authorized agent, is unable to  
0070 mediate a settlement in the negotiation of a farmer's debt, the  
0071 board may approve the purchase, refinancing or redemption of  
0072 the farmer's home-quarter. If the board approves the purchase,  
0073 refinancing or redemption of the home-quarter, it shall subsidize  
0074 the interest rate paid by the farmer after credit has been obtained  
0075 by the farmer from any governmental or private financial insti-  
0076 tution or agency. Other portions of the farm may be considered.

0077 (b) The board may only approve an interest subsidy if the  
0078 farmer has the financial ability to meet all payments and finan-  
0079 cial responsibilities, including the payment of principal and  
0080 interest on loans subsidized under this act.

0081 Sec. 6. A revolving fund shall be maintained in the state  
0082 treasury for the subsidy of interest rates on home-quarter pur-

0083 chases *and administrative costs*, as provided in this act. All  
0084 moneys transferred into the fund, interest upon moneys in the  
0085 fund and payments to the fund are hereby appropriated for the  
0086 purpose of providing subsidies *and administrative costs* in ac-  
0087 cordance with this act.

0088 Sec. 7. An interest subsidy may only be approved on the first  
0089 \$50,000 of principal loaned to the farmer for the purchase or  
0090 refinancing of the home-quarter. The board may set the sub-  
0091 sidized interest rate for any loan which shall not exceed the  
0092 amount of interest actually charged on the first \$50,000 of prin-  
0093 cipal. The board may change the rate of subsidized interest  
0094 payments due from the farmer annually, not to exceed the  
0095 amount of interest actually charged on the first \$50,000 of prin-  
0096 cipal. The amount of any interest payments subsidized by the  
0097 board must be added to the principal amount of the loan, and the  
0098 lender shall repay this amount into the fund as it is repaid by the  
0099 borrower. *Interest subsidy added to the principal amount of the*  
0100 *loan shall not accrue interest.* Repayment of the interest subsidy  
0101 shall commence no later than five years from the time the  
0102 subsidy is approved by the board. Loans approved by the board  
0103 shall be amortized and may have terms of up to 40 years.

0104 Sec. 8. The board shall determine the appraised value of  
0105 home-quarters for the purposes of this act. In determining ap-  
0106 praised value, the board shall receive testimony from either  
0107 party on the value of the home-quarter as a single tract of land.

0108 Sec. 9. The board may adopt rules and regulations to carry  
0109 out the provisions of this act. The board may prepare forms and  
0110 contracts appropriate to carry out the provisions of this act.

0111 Sec. 10. There is hereby authorized the transfer to the  
0112 home-quarter purchase fund the sum of \$500,000 from the un-  
0113 claimed property receipts in the state general fund. For the  
0114 period beginning with the effective date of this act, all interest  
0115 earnings on unclaimed property moneys, shall be credited to the  
0116 home-quarter purchase fund. Any funds transferred under this  
0117 section are hereby appropriated to the home-quarter purchase  
0118 fund for interest buydowns *and administrative costs*.

0119 Sec. 11. This act shall take effect and be in force from and  
0120 after its publication in the ~~statute book~~ *Kansas register*.

"collected since the enactment of the Disposition of Unclaimed Property Act and not subsequently returned to the rightful owner or their heirs or successors"

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Ways and Means

Recommends that Senate Bill No. 727

"AN ACT concerning the Kansas meat and poultry inspection act; establishing certain annual fees; amending K.S.A. 65-6a26 and 65-6a34 and repealing the existing sections."

Be amended:

On page 1, by striking all of lines 21 to 36, inclusive, and inserting in lieu thereof the following:

"Section 1. K.S.A. 65-6a18 is hereby amended to read as follows: 65-6a18. As used in this act:

(a) "Secretary" means the secretary of the state board of agriculture.

(b) "Person" means any individual, partnership, firm, corporation, association or other business unit or governmental entity.

(c) "Meat broker" means any person, firm or corporation engaged in the business of buying or selling carcasses, parts of carcasses, meat or meat food products of livestock on commission, or otherwise negotiating purchases or sales of such articles other than for the person's own account or as an employee of another person.

(d) "Poultry products broker" means any person engaged in the business of buying or selling poultry products on commission, or otherwise negotiating purchases or sales of such articles other than for the person's own account or as an employee of another person.

(e) "Animal food manufacturer" means any person engaged in the business of manufacturing or processing animal food derived wholly or in part from carcasses, or parts or products of the carcasses, of livestock, domestic rabbits or poultry.

(f) "Intrastate commerce" means commerce within the state of Kansas.

(g) "Meat food product" means any product capable of use as human food which is made wholly or in part from any meat or other portions of the carcasses of any livestock or domestic rabbits, excepting products which contain meat or other portions of such carcasses only in a relatively small proportion or historically have not been considered by consumers as products of the meat food industry and which are exempted from definition as a meat food product by the secretary under such conditions as the secretary may prescribe to assure that the meat or other portions of such carcasses contained in such product are not adulterated and that such products are not represented as meat food products.

(h) "Poultry" means any domesticated bird, whether live or dead.

(i) "Poultry product" means any poultry carcass, or part thereof or any product which is made wholly or in part from any poultry carcass or part thereof, excepting products which contain poultry ingredients only in a relatively small proportion or historically have not been considered by consumers as products of the poultry food industry and which are exempted by the secretary from definition as a poultry product under such conditions as the secretary may prescribe to assure that the poultry ingredients in such products are not adulterated and that such products are not represented as poultry products.

(j) "Capable of use as human food" means any carcass, or part or product of a carcass, of any animal unless it is denatured or otherwise identified as required by regulations adopted by the state board of agriculture to deter its use as human food or it is naturally inedible by humans.

(k) "Prepared" means slaughtered, canned, salted, rendered, boned, cut up or otherwise manufactured or processed.

(l) "Adulterated" means any carcass, or part thereof, any meat or meat food product, or any poultry or poultry product under one or more of the following circumstances:

(1) If the product bears or contains any poisonous or deleterious substance which may render it injurious to health, except that if the substance is not an added substance, the product shall not be considered adulterated if the quantity of such substance on or in the product does not render it injurious to health;

(2) (A) if the product bears or contains, by reason of administration by feeding or by injection of any substance to the live animal or otherwise, any added poisonous or added deleterious substance, other than one which is (i) a pesticide chemical in or on a raw agricultural commodity; (ii) a food additive; or (iii) a color additive, which, in the judgment of the secretary, may make the product unfit for human food;

(B) if the product is, in whole or in part, a raw agricultural commodity and bears or contains a pesticide chemical which is unsafe within the meaning of rules and regulations adopted by the state board of agriculture;

(C) if the product bears or contains any food additive which is deemed unsafe in accordance with rules and regulations adopted by the state board of agriculture;

(D) if the product bears or contains any color additive which is deemed unsafe in accordance with rules and regulations adopted by the state board of agriculture; or

(E) any such product which is not adulterated under provisions (B), (C) or (D) shall nevertheless be deemed adulterated if the use of the pesticide chemical, the food additive or the color additive on or in such product is prohibited by rules and regulations of the state board of agriculture in establishments at which inspection is maintained under this act;

(3) if the product consists, in whole or in part, of any filthy, putrid or decomposed substance or is for any other reason unsound, unhealthful, unwholesome or otherwise unfit for human food;

(4) if the product has been prepared, packed or held under

insanitary conditions whereby it may have become contaminated with filth or whereby it may have been rendered injurious to health;

(5) if the product is, in whole or in part, the product of an animal which has died otherwise than by slaughter;

(6) if the container for the product is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health;

(7) if the product has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a regulation or exemption in effect pursuant to rules and regulations adopted by the state board of agriculture;

(8) (A) if any valuable constituent on or in the product has been, in whole or in part, omitted or abstracted therefrom;

(B) if any substance has been extracted and substitution made therefor, in whole or in part, or if any damage to, or inferiority of, the product has been concealed in any manner; or

(C) if any substance has been added to such product, or if any substance has been mixed or packed therewith, so as (i) to increase the bulk or weight of the product (ii) to reduce the quality or strength of the product or (iii) to make the product appear better or of greater value than it is, except that this provision does not apply to any cured or smoked pork product by reason of its containing added water; or

(9) if the product is a margarine containing animal fat and if any of the raw material used therein consisted, in whole or in part, of any filthy, putrid or decomposed substance.

(m) "Misbranded" means any carcass, part thereof, meat or meat food product, or poultry or poultry product, under any one or more of the following circumstances:

(1) If the labeling on the product or product container is false or misleading in any particular;

(2) if the product is offered for sale under the name of another food;

(3) if the product is an imitation of another food, unless

its label bears, in type of uniform size and prominence, the word "imitation" and immediately thereafter, the name of the food imitated;

(4) if the container on the product is so made, formed or filled as to be misleading;

(5) if the product is in a package or other container, unless it bears a label showing (A) the name and place of business of the manufacturer, packer or distributor and (B) an accurate statement of the quantity of the contents in terms of weight, measure or numerical count; under clause (A) of this provision, reasonable variations may be permitted and exemptions as to small packages may be established by rules and regulations adopted by the state board of agriculture;

(6) if any word, statement or other information, which is required by or under authority of this act to appear on the label or other labeling for the product, is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs or devices in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

(7) if the product purports to be, or is represented to be, a food for which a definition and standard of identity or composition has been prescribed by rules and regulations of the state board of agriculture, unless (A) it conforms to such definition and standard and (B) the label thereon bears the name of the food specified in the definition and standard, and insofar as may be required by such rules and regulations, the common names of optional ingredients (other than spices, flavoring and coloring) present in such food;

(8) if the product purports to be, or is represented to be, a food for which a standard of fill of container has been prescribed by rules and regulations of the state board of agriculture and if such product falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such rules and regulations specify, a

statement that it falls below such standard;

(9) if the product is not subject to provision (7), unless its label bears (A) the common or usual name of the food, if there is any, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient, except that spices, flavorings and colorings, when authorized by the secretary, may be designated as spices, flavorings and colorings without naming each; to the extent that compliance with the requirements of clause (B) of this provision is impracticable or results in deception or unfair competition, exemptions shall be established by rules and regulations adopted by the state board of agriculture;

(10) if the product purports to be, or is represented to be, for special dietary uses, unless its label bears such information concerning its vitamin, mineral and other dietary properties as the secretary, after consultation with the secretary of agriculture of the United States, determines to be, and by rules and regulations adopted by the state board of agriculture are prescribed to be, necessary in order to fully inform a purchaser as to its value for such uses;

(11) if the product bears or contains any artificial flavoring, artificial coloring or chemical preservative, unless it bears labeling stating that fact; to the extent that compliance with the requirements of this provision is impracticable, exemptions shall be established by rules and regulations adopted by the state board of agriculture; or

(12) if the product fails to bear directly thereon, or on the product container, as the state board of agriculture may prescribe by rules and regulations, the inspection legend unrestricted by any of the foregoing and such other information as the state board of agriculture may require in such rules and regulations to assure that the product will not have any false or misleading labeling and that the public will be informed of the manner of handling required to maintain the product in a wholesome condition.

(n) "Label" means a display of written, printed or graphic matter upon the immediate container (not including package liners) of any article.

(o) "Labeling" means all labels and other written, printed or graphic matter (1) upon any article or any of its containers or wrappers or (2) accompanying the article.

(p) "Federal meat inspection act" means the act so entitled, approved March 4, 1907, (21 U.S.C.A. 601 et seq., 34 Stat. 1260) as amended by the federal wholesome meat act (8 Stat. 584).

(q) "Federal food, drug and cosmetic act" means the act so entitled, approved June 25, 1938, (21 U.S.C.A. 301 et seq., 52 Stat. 1040) and acts amendatory thereof or supplementary thereto.

(r) "Federal poultry products inspection act" means the act so entitled, approved August 28, 1957, (21 U.S.C.A. 451 et seq., 71 Stat. 441) as amended by the federal wholesome poultry products act (82 Stat. 791).

(s) "Pesticide chemical," "food additive," "color additive" and "raw agricultural commodity" have the meanings for purposes of this act as ascribed thereto under K.S.A. 65-656 and amendments thereto.

(t) "Official mark" means the official inspection legend or any other symbol prescribed by rules and regulations of the state board of agriculture to identify the status of any article or animal under this act.

(u) "Official inspection legend" means any symbol prescribed by rules and regulations of the state board of agriculture showing that an article was inspected and passed in accordance with this act.

(v) "Official certificate" means any certificate prescribed by rules and regulations of the state board of agriculture for issuance by an inspector or other person performing official functions under this act.

(w) "Official device" means any device prescribed or authorized by the state board of agriculture for use in applying

any official mark.

(x) "Slaughterhouse" means any plant which carries on the slaughter and dressing of animals but which does not engage in the further processing of meat into meat food products.

(y) "Packing plant" or "packing house" means any installation processing meat into meat food products.

(z) "Buffalo" means the American buffalo or bison (Bos, Bison bison or Bison americanus).

(aa) "Livestock" means cattle, buffaloes, sheep, swine, goats or horses, mules or other equines.

(bb) "Slaughter facility" means a slaughterhouse or poultry dressing plant.

(cc) "Processing facility" means a packing house, sausage plant or poultry packing plant.

Sec. 2. K.S.A. 65-6a27 is hereby amended to read as follows: 65-6a27. (a) It shall be a violation of this act for any person:

(1) To slaughter any livestock, domestic rabbits or poultry, except in compliance with this act;

(2) to prepare any meat, meat food product, poultry or poultry product which is capable of use as human food, at any establishment preparing such products, except in compliance with the requirements of this act;

(3) to do, with respect to any meat, meat food product, poultry or poultry product which is capable of use as human food, any act, while being transported or while being held for sale after such transportation, which has the effect of causing such products to be adulterated or misbranded; or

(4) to engage in a business specified in subsection (a) of K.S.A. 65-6a34 and amendments thereto or engage in business or operate as a packing house, sausage plant or, poultry packing plant or--as--a, slaughterhouse or poultry dressing plant unless such person is currently registered with the secretary in accordance with the provisions of K.S.A. 65-6a34 and amendments thereto and has paid the fees required for the current calendar

year as required by that section.

(b) It shall be a violation of this act for any person to sell, offer or expose for sale or to transport:

(1) Any carcass or part thereof which is capable of use as human food, or any meat, meat food product, poultry or poultry product which is adulterated or misbranded; or

(2) any carcass or part thereof which is capable of use as human food, or any meat, meat food product, poultry or poultry product, which is required to be inspected under the provisions of this act, unless such products have been so inspected and passed.";

On page 2, in line 48, by inserting before the period the following: "and having paid the registration fee established by this section, if applicable"; in line 54, by striking "An" and inserting in lieu thereof "Prior to January 1, 1987, an"; also in line 54, by striking "\$250" and inserting in lieu thereof "\$200"; in line 58, by striking "An" and inserting in lieu thereof "Prior to January 1, 1987, an"; also in line 58, by striking "\$200" and inserting in lieu thereof "\$150"; by striking all of lines 61 to 73, inclusive, and by inserting in lieu thereof the following:

"(d) (1) Commencing on January 1, 1987, an annual registration fee of \$50 shall be charged for the registration of each meat broker, poultry product broker, animal food manufacturer, seasonal poultry packing or dressing plant, state-owned slaughter or processing facility operated in conjunction with education and research and located at institutions under the jurisdiction of the state board of regents, or slaughter or processing facility operated in conjunction with education and research and located at a public secondary school, and each such registration shall expire on December 31 of each year.

(2) Except for persons who register under paragraph (1) of this subsection (d), commencing on January 1, 1987, an annual registration fee of \$150 shall be charged for the registration of each slaughter facility which slaughters 300 animal units or less

annually, and such registration shall expire on December 31 of each year.

(3) Commencing on January 1, 1987, an annual registration fee of \$200 shall be charged for the registration of each slaughter or processing facility which operates solely on a custom basis as defined by subsection (b)(1) of K.S.A. 65-6a31 and amendments thereto, and such registration shall expire on December 31 of each year.

(4) Except for those persons who have registered under paragraphs (1), (2) or (3) of this subsection (d), commencing on January 1, 1987, an annual registration fee of \$250 shall be charged for each processing facility and each slaughter facility which slaughters more than 300 animal units annually, and such registration shall expire on December 31 of each year.

(5) As used in this subsection (d), animal units shall be computed by using one unit for each bovine, bison, horse, mule or other equine, .6 unit for each swine, .4 unit for each sheep or goat and as specified by rule and regulation for other animal units.";

And by renumbering sections accordingly;

Also on page 2, in line 74, by striking "65-6a26" and inserting in lieu thereof "65-6a18, 65-6a27";

On page 1, in the title, line 18, by striking "65-6a26" and inserting in lieu thereof "65-6a18, 65-6a27";

And the bill be passed as amended.

\_\_\_\_\_  
Chairperson