

Approved

Stephen R. Cloud 3-25-83
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at
Chairperson

9:07 a.m./~~p.m.~~ on March 23, 1983 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Carolyn Rampey - Research Dept.
Julian Efird - Research Dept.
Jackie Breymeyer - Secretary

Conferees appearing before the committee:

John Kemp, Secretary, Department of Transportation

The meeting of the House Governmental Organization Committee was called to order at 9:07 by Chairman Cloud. He announced that today's meeting would consist of the public hearing on SB 40, the bill that extends the Department of Transportation and also Rep. Murphy would give the Subcommittee Report on the Department of Revenue.

John Kemp, Secretary, Department of Transportation, gave his presentation which included the various duties and function of the Department. He then answered several questions from Committee members. The Chairman stated that, as there were no other conferees to appear on this bill, that this constituted the hearing on SB 40. A representative from the Department was requested to be present at tomorrow's meeting when the Subcommittee Report will be presented.

The Committee turned to the Subcommittee Report on the Department of Revenue. Rep. Murphy moved to accept the Subcommittee Report. Rep. Harder gave a second to the motion. The motion carried.

Rep. Murphy went through the Subcommittee Report citing the Subcommittee's recommendations and suggestions. He stated that the Committee had already adopted the recommendation on March 9 to abolish the Dealer Licensing Review Board. Discussion ensued regarding SB 309 and whether it needs to be further amended. Also discussed was the length of time the Department and/or its divisions should be extended. The Subcommittee recommended that the Chairman write a letter to the Post Audit Committee requesting a followup audit prior to next Session that would address the concerns about processing time for titles.

Alan Alderson, General Counsel, Department of Revenue, expressed his concerns regarding the entire sunset review concept. This prompted Committee response as to the intent of the Subcommittees in their quest to get a grip on agency matters. The Chairman commented that, in the future, the audits will be known as Performance Audits and not as Sunset Audit reviews.

Chairman Cloud told the Committee that the Subcommittee Report on the Department of Revenue will be continued tomorrow as well as the Subcommittee Report on the Department of Transportation. Final Action on previously heard bills and resolutions could also be acted upon.

The meeting was adjourned.

SUBCOMMITTEE REPORT

HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION SUBCOMMITTEE ON
DEPARTMENT OF REVENUE AND DEPARTMENT OF TRANSPORTATION

Subcommittee Recommendations

The Subcommittee reviewed the Division of Vehicles (Department of Revenue) post audit report and recommends the following in regard to the Post Auditor's proposed changes.

Recommendations on Dealer Licensing

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- S-4 1. The Legislature should take no action to reestablish the Dealer Licensing Bureau or the Dealer Licensing Review Board and their regulatory functions over the motor vehicle industry in Kansas.
- S-4 2. In abolishing the Bureau, the Legislature may want to consider introducing legislation to transfer the nonregulatory, necessary duties of the Bureau — such as issuing dealer plates, tax stamps, and temporary permits — to another bureau such as the Titles and Registration Bureau within the Division of Vehicles.

The Subcommittee recommended and the Committee adopted the recommendation on March 9 that the Dealer Licensing Review Board be abolished. The House Ways and Means Committee directed that legislation be drafted to effect this recommendation as a result of its Subcommittee on the Department of Revenue making a similar recommendation.

The Subcommittee studied whether the Bureau should be reestablished and believes that the Secretary of Revenue should have discretion to reorganize this activity if consolidation would improve the effectiveness and efficiency of the agency's operation.

- S-4 3. Although Legislative Post Audit recommends that the Legislature not reestablish the Dealer Licensing Bureau, if the Bureau is reestablished, Legislative Post Audit recommends that the Legislature should ensure the following changes are made in the Bureau's regulation of the motor vehicle industry:

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- S-4 a. Eliminating excessive inspections of dealers who do not have histories of problems or violations in the operations of their dealerships. Inspections required by the Bureau should focus on new dealers or dealers who have changed business locations, and on following up on problem dealers to ensure compliance with administrative rules and regulations pertaining to new and used motor vehicle sales.
- S-4 b. Providing formal written guidelines for investigators to follow in conducting dealer inspections and identifying and following up on violations. Inspection report forms should be revised accordingly to provide a checklist of the types of records, items, or practices to be checked for violations.

The Subcommittee recommends that inspections be keyed to problems identified by Departmental personnel rather than regular inspections and that the Secretary direct field personnel be utilized in this manner.

The Subcommittee understands that new written guidelines are in use and commends the Department on adopting such procedures.

- S-5 c. Eliminating licensing of motor vehicle salesmen.

The Subcommittee concurs with the recommendation that licensing of motor vehicle salesmen be eliminated and recommends that legislation be introduced to effect this change.

- S-5 d. Eliminating regulation over the dealer-manufacturer relationship provided by the Dealer Licensing Bureau. Statutes prohibiting certain actions by manufacturers could be retained, however, to provide dealers with specific civil remedies to pursue through the courts and to act as a deterrent against inequitable practices. These statutes could take the form of a dealers' Bill of Rights, which could be enforced by the Attorney General's Consumer Protection Division.

The Subcommittee believes that S.B. 309 addresses this question and should be considered in the House Transportation Committee.

Recommendations on Title Processing

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- S-5 1. The Division of Vehicles should consider reexamining its policy requiring all counties to submit regular title applications to the State on a daily basis. This examination would include a determination of whether the Division's instructions are being adhered to or ignored, and whether it is practical for smaller rural counties to follow this requirement. If any changes are made as a result of this review, they should be clearly communicated to all counties affected by the change. The Division should also continue its efforts of working with county treasurers so that its written instructions are adhered to and the timeliness improved.
- S-5 2. To assist in enforcing its deadlines for county treasurers to submit title applications to the State, the Division may wish to propose that the Legislature consider amending K.S.A. 8-145 by imposing a penalty provision for counties that do not submit title applications on a timely basis.

The Subcommittee believes that the Vehicle Information Processing System (VIPS) development which will involve county officials in a committee should help in this area and directs that the Secretary report back next Session on matters related to the working relationship with counties, especially if problems are identified by the Department.

The Subcommittee recommends that the Chairman write a letter to the Post Audit Committee requesting a followup audit prior to next Session which addresses the concerns about processing time for titles. Tabular information developed by the Post Auditor showing the length of time involved at the county and state levels should be updated and reflect more recent data for review by this Committee next Session.

The Subcommittee does not believe that a penalty imposed on counties will improve the timeliness of submitting applications.

Recommendations on the Department of Revenue

The Subcommittee recommends that the Department be continued in existence for the full eight years.

The Subcommittee recommends that the Division of Taxation be placed under the Kansas Sunset Law and be made subject to abolition in four years (July 1, 1987) in order to review that program in less than eight years. Many of the questions raised by the Post Auditor and addressed by the Subcommittee report of February 22 could not be answered because of changes taking place in the tax processing program.