

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Representative Rex Crowell at
Chairperson

1:30 ~~am~~/p.m. on March 15, 1984 in room 519-S of the Capitol.

All members were present except: Representatives Charlton, Fuller, Dempsey, and
Harper - All Excused

Committee staff present:

Fred Carman, Office of the Revisor of Statutes
Hank Avila, Legislative Research Department
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. Jack Quinlan, Kansas Motor Car Dealers Association
Mr. Art Brown, Kent-Brown Chevrolet
Mr. Harold Turntine, Division of Vehicles, Department of Revenue

Chairman Crowell called the meeting to order and the first order of
business was a hearing on SB-618.

Mr. Jack Quinlan of the Kansas Motor Car Dealers Association presented
testimony in favor of SB-618. (See Attachment 1) Mr. Quinlan told
the committee SB-618 simply reinstates the salesmen licensing provisions
of the Dealer and Manufacturer Licensing Act which was repealed during
the 1981 and 1983 sessions of the Legislature.

Mr. Quinlan stated his association supports passage of SB-618, as they
are doing everything possible to improve their industry and particularly
in regard to the relationship of the dealers with their customers and
consumers. He urged that salesmen be licensed and be required to
undergo written examinations periodically.

Mr. Art Brown, Kent-Brown Chevrolet in Topeka, Kansas, testified
favorably on SB-618. (See Attachment 2) Mr. Brown advised that the
purchase of a new automobile or truck is the second largest purchase
an individual makes, second only to purchasing a home, and the purchaser
of an automobile should have security in the knowledge that the person
with whom he is negotiating has knowledge of the product as well as the
laws surrounding the sale of the vehicle. He added that with a licensing
procedure, the customer knows that a salesperson has a license which
could be revoked if improper statements or offers are made.

The meeting was opened to questioning by the committee and Representative
Knopp asked what kind of legal information a car dealer needs to conduct
his business and what knowledge will they need to pass the test.

Mr. Brown replied that the State provides a book on housing information
and consumer laws. Product information is furnished by the car dealer-
ships.

Representative Johnson asked Mr. Brown if essentially what he is trying
to do is raise the cost of operating dealerships as well as requesting
more government intervention. Mr. Brown replied that no one likes more
regulation but there are some cases where regulation is good for the
consumer, the dealer, and for law enforcement in the state of Kansas.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~x.m.~~ p.m. on March 15, 1984.

Representative Erne asked for an explanation of how the open book test would be administered and where it would be given.

Mr. Harold Turntine of the Division of Vehicles, Department of Revenue, explained that the test would be handled similar to the driver's license test, and would be mailed out with the renewal application or the original application.

This ended the hearing on SB-618.

The next order of business was a hearing on SB-633. Mr. Jack Quinlan of the Kansas Motor Car Dealers testified in favor of SB-633. (See Attachment 3) Mr. Quinlan explained that under the present law, upon the transfer of ownership of a vehicle the new owner must immediately register the vehicle under the new owner's name. The new owner has 15 days from the date of transfer to make application for registration of the vehicle if such person obtains a temporary registration.

Mr. Quinlan reported that the dealers are experiencing difficulty in securing titles within the 15 day period due to such problems as mail delays, foreign titles which are often times difficult to secure, clearing a title of all liens, slow approval of loan applications, checks which are slow to clear a bank, and sometimes the manufacturer's statement of origin is late in arriving. Mr. Quinlan indicated that for these reasons, his organization requests the committee to favorably consider SB-633.

The meeting was adjourned at 3:20 p.m.


Rex Crowell, Chairman

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION
THE HONORABLE REX CROWELL, CHAIRPERSON

STATEMENT OF JACK A. QUINLAN
ON BEHALF OF KANSAS MOTOR CAR DEALERS ASSOCIATION
RE: SENATE BILL NO. 618

Mr. Chairman and members of the Committee I am Jack Quinlan representing the Kansas Motor Car Dealers Association of the state of Kansas. We appreciate the opportunity to appear before you again today and now in support of Senate Bill 618 which simply reinstates the salesmen licensing provisions of the Dealer and Manufacturer Licensing Act which was repealed during the 1981 and 1983 sessions of this legislature. I say both sessions because initially when we recodified the Motor Vehicle Code, we eliminated the requirement that motor vehicle salesmen be required to pass written examination as a condition precedent to licensure.

We earnestly solicit your support of this bill as our association, who represents a majority of the franchised new vehicle dealers in this state, are doing everything they possibly can do to improve their industry and particularly with regards to the relationship of the dealers with their customers and consumers. We would urge that salesmen be licensed and that as a

condition precedent to the licensure of such salesmen, they be required to undergo written examinations periodically. We would envision an "open book" type of examination such as you might take for your driver's license, but this would be changed periodically in order to be informative to the salesman with the salesman learning something about consumer protection, odometer laws, etc. As far as we are able to ascertain, almost all salespersons across the state presently working for their dealers favor this sort of approach to a professional position that they would hope to attain. We do it in the real estate business with real estate salesmen and brokers, why shouldn't we do it in the automobile business? The motor vehicle dealer is licensed, why shouldn't the salesperson be licensed?

While on this point, let me make one further observation which came out of another hearing relating to the misuse of dealer tags. The Secretary of our Department of Revenue on July 28, 1983 in his comments on the draft legislative post-audit report on the misuse of dealer license plates, said among other things:

"In particular, we are concerned about the fact that the Department no longer has authority to license vehicle dealer sales personnel. This authority was repealed by the 1983 legislature subsequent to a recommendation to do so in a post-audit sunset review of the Dealer Licensing Bureau. Thus, independent and verifiable information on the number of sales personnel cannot be easily obtained."

In other words, if salesmen were required to be examined and licensed preliminary to entering the industry then the Motor Vehicle Division of the Department of Revenue would have jurisdiction over such sales personnel.

Mr. Chairman, there are others here to speak, therefore I will yield to them and will be happy to answer any questions that you may have at the conclusion of the testimony.

Thank you.

STATEMENT

to the

HOUSE TRANSPORTATION COMMITTEE

Regarding SB 618

Thursday, March 15, 1984

Mr. Chairman and Members of the Committee. I am Art Brown, Kent-Brown Chevrolet, Topeka. I appreciate the opportunity to come before you today in support of SB 618, a proposal to reinstate the Salesman Licensing provisions of the Dealer and Manufacturer Licensing Act which were repealed during the 1983 legislative session.

I feel that we, the dealers, have lost something very important with the repeal of these statutes last session. Also, I feel that the consumers of Kansas may have been hurt by this loss as well.

The franchised dealers of Kansas are very aware of the fact that many people do not look upon our industry with a great deal of respect. We feel that this is one step which we can take which could instill some much needed consumer confidence in our industry.

The purchase of a new automobile or truck is the second largest purchase that an individual makes, second only to the purchase of a home. I feel that the purchaser of an automobile should have some security in the knowledge that the person with whom he is negotiating the purchase has some knowledge of the product as well as the laws surrounding the sale of the vehicle. With a licensing procedure, the customer knows that the salesperson has a license which could be lost if improper statements or offers are made.

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The licensing of salespersons also provides protection for the dealer, as it assures that the salesperson is working for only one dealer at a time. Presently, without the license requirements, it is quite possible that a salesperson could be working for more than one dealer, working both sides of the street if you will. I do not think this is a good situation for any dealer's business.

Senate Bill 618 is a good first step to what I would like to see happen in the future, that being a licensing procedure similar to the real estate license requirements. Currently SB 618 provides for annual testing of salespersons when they renew their license. We feel this is very important as it is a way of offering consumer protection as well as upgrading our industry. I am not suggesting an immediate step to something like the real estate test, but the provisions of SB 618 as now written is similar to what was done a few years back and would be a good stepping stone for the future.

Finally, I would like to point out one additional benefit to salespersons be licensed, one which is realized by the law enforcement officials in Kansas and other states. Today, if a salesperson is stopped for some reason while driving a dealer's vehicle, he has no way to prove to that officer that he is entitled to drive the vehicle. With a license which can be carried with a driver's license, the salesperson can immediately verify that he is an employee of the dealership and has not stolen the vehicle. I know of a case where a dealership employee was driving a vehicle back from business in Colorado and was stopped by the Colorado state patrol. It took several hours

for him to convince, and the patrol to finally verify, that he was an employee of a Kansas dealership and was entitled to operate the vehicle. In this particular case, it was the dealer's son who is the General Manager of the dealership and a part owner of the business. The officer asked for the owner's registration or some type of proof of ownership which could not be produced on the spot as dealers do not carry the information in the vehicle. The officer indicated that he had no way to tell if the person driving the vehicle was a dealership employee or that the vehicle belonged to the dealership. If we had salesman licensing provisions in the Kansas law, the dealer's son would have been able to show his license which would have verified that he was a dealership employee and the dealer number on the license would have matched the license tag on the vehicle.

I urge your favorable consideration of SB 618.

Thank you for your time, and I will be happy to answer any questions.

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Mr. Chairman and members of the Committee, we have previously appeared before you and testified on House Bill 2824 which is a bill very similar to Senate Bill 633.

Under the present law, upon the transfer of ownership of any vehicle the new owner must immediately register the vehicle under such owner's name. However, that person may have fifteen (15) days from the date of such transfer in which to make application for registration of the vehicle providing that person obtains and secures a temporary registration. This may be issued by the County Treasurer or under K.S.A. 1983 Supp. 8-2409, any dealer may purchase from the Division of Vehicles, fifteen day temporary registration permits which are valid for fifteen days at a cost of \$2.00 each. Before registration of any vehicle, the new owner must have a title which may be an assigned title or, in the case of a new vehicle, a manufacturer's statement of origin. At the present time, the dealers are experiencing difficulty in securing titles within the fifteen day period with such a

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 THE HONORABLE REX CROWELL, CHAIRPERSON
 STATEMENT OF JACK A. QUINLAN
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 RE: SENATE BILL NO. 633

temporary registration.

This can be due and is in fact due to a number of things. For example, mail delays; foreign titles or titles which come from another state which are sometimes difficult to secure; clearing the title of all liens, as sometimes financial institutions are slow in releasing the liens they may have against the vehicle. Sometimes the loan application has not yet been approved or the process of the loan is sometimes slow. There are sometimes delays when checks need to clear banks, and, infrequently but sometimes, manufacturer's statement of origin is slow in coming from the factory or is lost or mutilated and a duplicate needs to be secured. In short, there are any number of reasons why fifteen days does not seem to be enough time to get a title cleared and transferred to a new owner in order that the new owner may register the vehicle. For this reason, we are asking this Committee to consider favorably Senate Bill No. 633.

Thank you.