

MINUTES OF THE House COMMITTEE ON Transportation

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

1:00 ~~am~~/p.m. on March 28, 1984 in room 519-S of the Capitol.

All members were present except:

Representatives Sutter, Campbell 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. Ray Hauck, Legislative Research
Secretary John Kemp, Department of Transportation
Mr. Steven C. Montgomery, Kansas Oil Marketers Association
Ms. Mary Turkington, Kansas Motor Carriers Association
Mr. Ross Martin, Kansas Petroleum Council

Chairman Crowell called the meeting to order and the first order of business was a hearing on HB-3115 which deals with the indexing of the motor fuel tax.

Mr. Ray Hauck of Legislative Research gave testimony on the bill and told the committee that Section 11 of last year's HB-2566 made provisions for indexing vehicle fuels taxes. He said that Section 11 of HB-2566 became part of KSA 79-34141 and states that the tax rate per gallon should be computed as 10 per cent of the unweighted average retail price per gallon of premium, regular and unleaded as reported in the monthly Petroleum Products Price Report of the Energy Administration of the U. S. Department of Energy. This particular publication is no longer being issued. There is a successor publication under a different title which is being used. (See Attachment 1)

Mr. Hauck told the committee that if it is the intent of the Legislature for indexing to occur in fiscal year 1986, the reference would need to be updated in the statutes to the new title that has been adopted by the U. S. Department of Energy. Also, he added that research by the Department of Transportation and also information supplied by the U. S. Department of Energy indicates that the data reported in former publications is not comparable to that as reflected in the new publication. This is largely due to the new table not including data from large retailers and resellers which was included in the previous report. Mr. Hauck stated that research indicates the difference between the old and the new tables is an average price of approximately 4¢ per gallon less in the new tables than would have been the case had the old tables still been being used.

The meeting was opened to questioning by the committee and Representative Knopp asked if there is any particular need to deal with this bill this year rather than letting whoever is here next year deal with it. Mr. Hauck replied that it certainly is an issue that could be addressed either year.

Chairman Crowell stated probably one answer to this question is the fact KDOT has a two year firm program and a three year semi-firm program, and we need to address it as soon as possible to assist in their planning.

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Representative Knopp asked if their two year firm program is based on gas prices in terms of what they will do. Mr. Hauck stated KDOT's firm plan that was released a year ago for FY 84 and 85 and their contingent plan beginning in 1986 is predicated on an increase of 1¢ in FY 86.

Secretary John Kemp of the Kansas Department of Transportation was introduced and testified favorably concerning HB-3115. (See Attachment 2) Secretary Kemp discussed two different methods which could be used to correct the problem caused by the discontinuance of the publication we had indexed to. Secretary Kemp pointed out that the 10.5% method would increase the tax by 1¢ sooner at certain points when the unweighted average of the three types of fuel were \$1.10, \$1.20, \$1.30, \$1.40 and so on at each 10¢ increment.

Secretary Kemp told the committee the reason KDOT brought this up is so they might be able to forecast with some degree of certainty as to whether they might have the 1¢ additional tax revenue in FY 1986. He pointed out that a technical amendment may be needed by adding the words "the sum of" after the word "times" at the end of Line 0032 which would clarify the 4¢ is to be added to the average price and then that total taken times 10%. Secretary Kemp urged the committee to consider HB-3115 favorably.

Mr. Steven C. Montgomery of the Kansas Oil Marketers Association testified on HB-3115. (See Attachment 3) Mr. Montgomery stated the motor fuel tax indexing process does not become effective until July 1, 1985, and is to be based on the average price during November 1984. He added that HB-3115 proposes not to use the average price of fuel to determine the rate of motor fuel taxes but instead, to adjust the average fuel price by adding 4¢ per gallon which will have the ultimate effect of raising the rate of motor fuel taxes. He informed the committee that it is the proposed adjusting of the average fuel price that the Kansas Oil Marketers Association opposes.

Mr. Montgomery recommended that HB-3115 be amended by striking the language "\$.04 plus" in line 33, and such an amendment would base the indexed rate of tax upon the unadjusted average fuel price.

Mr. Montgomery stated that when HB-2566 was passed, members of the Kansas Oil Marketers had an understanding that any increases in the tax rate would be based on an average fuel price in November, and making changes in the average is what his association is opposed to.

Ms. Mary Turkington of the Kansas Motor Carriers Association testified on HB-3115 and said that she is in support of statements made by Mr. Steve Montgomery of the Kansas Oil Marketers Association and told the committee she was among those in the coalition group that worked very hard to perfect the revenue package that was finally adopted by the Legislature to finance highways. She added that their understanding of that indexing feature was that it would be 10% of the unweighted retail price, and if the 4¢ is put in this year what is to keep anyone from coming in next year and wanting to add 10¢ to that. Ms. Turkington stated her industry would have no objection to a bill that simply brought the publication up to date, but to introduce a factor of 4¢ or 10% is what they would object to.

Chairman Crowell asked Ms. Turkington if she would still oppose the bill if she could be shown that by making one of these two adjustments it would maintain what would have been status quo had the other publication continued to be published.

Ms. Turkington replied that she would oppose the bill's principle because the price of fuel has gone down and that is an important element in indexing.

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Mr. Ross Martin of the Kansas Petroleum Council appeared before the committee in support of HB-3115, however, advised his organization is opposed to the 4¢ "fudge factor".

This ended the hearing on HB-3115.

The next order of business taken up for committee discussion and action was HB-3107, and a balloon was distributed. (See Attachment 4)

Mr. Fred Carman advised that Section 3 of the bill had been amended into a piece of legislation before the House and the balance of the bill is directed to the problems of auto theft and the matter of certificates of title. Mr. Carman explained to members of the committee various amendments to HB-3107 as shown in the balloon.

The motion was made by Representative Ott to adopt the amendment to HB-3107. The motion was seconded by Representative Knopp.

Representative Cloud requested more time to look over the amendments. Chairman Crowell recommended the committee wait another day to take action on HB-3107, and the motion was withdrawn with the consent of the second.

The meeting was adjourned at 2:00 p.m.


Rex Crowell, Chairman

MOTOR FUEL INDEXING AND FUELS PRICES WHICH WOULD RESULT
IN TAX INCREASES

Under present statute indexing would be triggered by an average price per gallon reflected by federal publications of \$1.15

i.e. $\$1.15 \times .10\% = .116$ or 12 cents gallon

Using .105% indexing would be triggered by an average price per gallon of \$1.10

i.e. $\$1.10 \times .105\% = .116$ or 12 cents gallon
 $\$1.09 \times .105\% = .114$ or 11 cents gallon

Using addition of 3.98 cents (rounded to 4 cents) to latest Petroleum Marketing Monthly, indexing would be triggered by an average price per gallon of \$1.11

i.e. $\$1.11 + 4 \text{ cents} \times .10\% = .115$ or 12 cents
 $\$1.10 + 4 \text{ cents} \times .10\% = .114$ or 11 cents

Using average from Petroleum Marketing Monthly of November 1983

i.e. $\$.96 \times .105\% = .1008$ or 11 cents under current statute
 $\$.96 \times .10\% = .0960$ or 11 cents under current statute
 $\$.96 \times 4 \text{ cents} = \$1.00 \times .1 = .10$ or 11 cents

Att. 1

Excerpt from House Ways and Means Subcommittee Report
on Department of Transportation

2. The Subcommittee learned that K.S.A. 1983 Supp. 79-34,141, which governs motor fuels indexing, bases indexing upon a publication which has been discontinued. A successor publication, Petroleum Marketing Monthly, has been released; however, its data is not comparable to the previous publication, Monthly Petroleum Products Price Report. The successor publication excludes data from certain large retailers and resellers, which were included in the data base of the former publication. Studies by the Kansas Department of Transportation reflect that the successor publication lists fuel prices that are approximately four cents per gallon less than could have been expected in the former publication.

Indexing of motor fuels taxes to the price of fuel is not scheduled to occur until FY 1986; however, such indexing could not occur if reference is made to a nonexistent publication. The Subcommittee recommends that K.S.A. 79-34,141 be amended to incorporate the following technical changes:

- a. By striking reference to the Monthly Petroleum Products Price Report, inserting Petroleum Marketing Monthly, and referencing the revised table title.
- b. To equate the prices in the new publication to those listed by the previous publication, add four cents to fuels totals used for computation of the tax rate.
- c. Add a provision for successor publications in the statute, reducing the need to amend the section each time a table title or publication changes.

The Subcommittee notes that November, 1983 prices for regular, unleaded, and premium gasoline, as listed in Petroleum Marketing Monthly, average 96.13 cents per gallon. At those gasoline price levels a tax increase would not occur in FY 1986, regardless of whether four cents per gallon was added to the aforementioned 96.13 cent average price per gallon. An average price of \$1.15 would be necessary to trigger a one cent per gallon increase during FY 1986. The Subcommittee learned that the agency's contingent highway plan is predicated upon an FY 1986 one cent per gallon tax increase due to indexing. Unless fuels prices increase significantly, indexing will not occur, reducing projects contained in the agency's plan by approximately \$9.1 million.

3. The Subcommittee learned that a subsection reference, contained in K.S.A. 79-34,143 should be corrected as a technical matter. The Subcommittee recommends that this reference be corrected in the same bill requested in item 2 above.

Table 5. Refiner and Gas Plant Operator Sales Prices of Petroleum Products to End-Users, by Type of Seller
(Cents per Gallon Excluding Taxes)

Product	Major Refiners		Other Refiners and Gas Plant Operators		Average	
	November 1983	October 1983	November 1983	October 1983	November 1983	October 1983
Finished Motor Gasoline	94.3	95.7	93.0	94.6	93.9	95.4
Leaded Regular	88.8	90.5	88.8	90.7	88.8	90.6
Unleaded Regular	95.1	96.6	95.7	97.0	95.3	96.7
Premium ^a	104.4	105.5	103.7	105.2	104.3	105.4
Finished Aviation Gasoline	124.6	125.7	W	W	124.5	124.7
Kerosene-Type Jet Fuel	85.8	86.0	86.6	86.0	85.8	86.0
Kerosene	97.1	NA	114.6	09.3	100.0	NA
No. 1 Distillate	95.7	98.2	W	91.5	95.4	98.0
No. 2 Distillate	84.6	84.9	83.4	83.6	84.5	84.7
No. 2 Fuel Oil	91.1	90.4	85.9	84.7	90.1	89.0
No. 2 Diesel Fuel	83.6	84.3	82.6	83.3	83.5	84.2
No. 4 Fuel ^b	78.0	78.8	NA	68.7	77.4	73.0
Residual Fuel Oil	67.4	68.5	67.4	69.8	67.4	68.7
Sulfur Content not > 1 percent	71.2	72.4	68.6	71.0	70.7	72.1
Sulfur Content > 1 percent	64.3	64.8	65.5	66.3	64.4	64.9
Propane (Consumer Grade)	61.5	W	79.9	78.4	72.7	69.6

^a Includes unleaded and leaded premium and gasohol.

^b Includes No. 4 fuel oil and No. 4 diesel fuel.

Dashes (-) = No data reported.

NA = Not Available.

R = Revised value.

W = Withheld to avoid disclosure of individual company data.

Note: Values shown for the current month are preliminary. All other values are final. Totals or Averages may not equal the sum of components due to rounding.

Source: Energy Information Administration Form EIA-782A, "Monthly Petroleum Product Sales Report."

KANSAS DEPARTMENT OF TRANSPORTATION

STATE OFFICE BUILDING—TOPEKA, KANSAS 66612



JOHN B. KEMP, Secretary of Transportation

JOHN CARLIN, Governor

MEMORANDUM TO: HOUSE TRANSPORTATION COMMITTEE

FROM: JOHN B. KEMP, P.E.
SECRETARY OF TRANSPORTATION

DATE: MARCH 28, 1984

REGARDING: HOUSE BILL 3115

IN THE 1983 LEGISLATIVE SESSION, THE LEGISLATURE PASSED AND THE GOVERNOR SIGNED INTO LAW, H.B. 2566 - KNOWN AS THE HIGHWAY FINANCE PACKAGE. ONE OF THE COMPONENTS OF THAT PACKAGE WAS A FUEL TAX INCREASE FROM 8 TO 10 CENTS PER GALLON, EFFECTIVE JULY 1, 1983. THE PROCEEDS WERE DISTRIBUTED TO LOCAL UNITS OF GOVERNMENT. THE TAX INCREASED TO 11 CENTS ON JANUARY 1, 1984 WITH THAT PENNY GOING TO KDOT.

THE BILL FURTHER PROVIDED THAT THE TAX BE INDEXED TO FUEL PRICE BEGINNING JULY 1, 1985 AND THAT 35 PERCENT OF AN ADDITIONAL PENNY GO TO LOCAL UNITS AND 65 PERCENT TO KDOT. THE MECHANISM TO INDEX CURRENTLY IN THE LAW IS THE AVERAGE RETAIL PRICE OF REGULAR, UNLEADED, AND PREMIUM FUEL FOR THE PRIOR NOVEMBER AS PUBLISHED IN TABLE 1 OF THE MONTHLY PETROLEUM PRODUCT PRICE REPORT.

DURING MY APPEARANCE BEFORE THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON THE KDOT APPROPRIATIONS BILL, I NOTED THAT THE MONTHLY PETROLEUM PRODUCT PRICE REPORT IS NO LONGER PUBLISHED. IT WAS LAST PUBLISHED FOR DECEMBER, 1982. THEREFORE, THE LAW REQUIRES AMENDMENT TO SUBSTITUTE A NEW PUBLICATION.

Attach. 2

MEMORANDUM TO: HOUSE TRANSPORTATION COMMITTEE
REGARDING: HOUSE BILL 3115
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I POINTED OUT THAT THERE IS A SUCCESSOR PUBLICATION, BUT THAT THE MOST COMPARABLE TABLE IN THAT PUBLICATION CONTAINS DIFFERENCES SUCH THAT THE AVERAGE PRICES ARE APPROXIMATELY 4 CENTS PER GALLON LESS THAN THE OLD TABLE. MY STAFF HAS DISCUSSED THESE DIFFERENCES WITH LEGISLATIVE STAFF AND A NUMBER OF STATISTICAL PROCESS THAT WOULD PRODUCE AN APPROPRIATE ADJUSTMENT FACTOR TO MAKE THE TABLES COMPARABLE WERE DISCUSSED.

THE HOUSE COMMITTEE RECOMMENDED INTRODUCTION OF HOUSE BILL NUMBER 3115 TO MAKE THE TECHNICAL AMENDMENTS TO THE INDEXING MECHANISM SO IT WILL OPERATE AS IT WOULD HAVE HAD THE PUBLICATION NOT CHANGED. IT DOES THIS BY CHANGING TO THE NEW PUBLICATION, THE NEW DATA TABLE TITLE, AND BY ADDING THE 4 CENTS DIFFERENCE TO THE CALCULATED UNWEIGHTED AVERAGE PRICES OF TABLE 5. THE RESULT IS THAT YOU ADD 4 CENTS TO THE CALCULATED UNWEIGHTED AVERAGE PRICE AND THEN TAKE 10 PERCENT OF THAT TOTAL TO ARRIVE AT THE TAX RATE.

ANOTHER METHOD, AND THE ONE ORIGINALLY RECOMMENDED BY KDOT, WOULD BE TO SIMPLY ADJUST THE PRESENT INDEXATION PERCENTAGE OF 10 PERCENT TO 10.5 PERCENT AND LEAVE THE TABLE 5 PRICES ALONE.

I MUST POINT OUT THAT THERE ARE CERTAIN PRICE POINTS WHERE THE VARIANCE BETWEEN THE TWO METHODS MAKE A SIGNIFICANT DIFFERENCE TO HIGHWAY FUNDING. THESE POINTS ARE WHEN THE TABLE PRICE IS \$1.10, \$1.20, \$1.30 AND SO ON IN 10 CENT INCREMENTS. LET ME EXPLAIN USING \$1.10 AS AN EXAMPLE:

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UNDER THE "ADD 4 CENTS AND MULTIPLY BY 10 PERCENT" METHOD, WE WOULD ADD 4 CENTS TO \$1.10 FOR A TOTAL OF \$1.14. TEN PERCENT OF THAT IS 11.4 CENTS, WHICH ROUNDED TO THE NEAREST WHOLE CENT AS SPECIFIED IN CURRENT LAW, WOULD BE A TAX RATE OF 11 CENTS PER GALLON. THIS IS THE RATE IN EFFECT SINCE JANUARY, 1984.

UNDER A "10.5 PERCENT" METHOD, 10.5 PERCENT OF \$1.10 IS 11.55 CENT, WHICH ROUNDS TO A 12 CENT TAX RATE FOR FY 1986. OBVIOUSLY, I MUST TELL YOU THAT I FEEL THE LATTER METHOD GOES FURTHER IN MEETING HIGHWAY NEEDS. [OUR NEEDS ARE GREAT.]

I WOULD ALSO POINT OUT THAT A TECHNICAL ADJUSTMENT MAY BE NEEDED TO CLARIFY A PARTICULAR PART OF THE BILL. LEGISLATIVE STAFF HAS INDICATED THE WORDS "THE SUM OF" NEED TO BE ADDED AFTER THE WORD "TIMES" AT THE END OF LINE 0032. THIS CHANGE CLARIFIES THE 4 CENTS IS TO BE ADDED TO THE AVERAGE PRICE AND THEN THAT TOTAL TAKEN TIMES 10 PERCENT.

IN SUMMARY, I SUPPORT HOUSE BILL 3115. IT IS A TECHNICAL ADJUSTMENT NECESSITATED BY CIRCUMSTANCES BEYOND THE CONTROL OF ANYONE IN KANSAS. THE CHANGES BRING US BACK TO THE STATUS QUO ESTABLISHED ORIGINALLY IN HOUSE BILL 2566. I URGE YOUR FAVORABLE CONSIDERATION AND ACTION ON HOUSE BILL 3115.

THANK YOU.

TO: House Committee on Transportation
FROM: Steven C. Montgomery, Kansas Oil Marketers Association (KOMA)
RE: Testimony in Opposition to House Bill No. 3115
DATE: March 28, 1984

The motor fuel tax indexing process does not become effective until July 1, 1985. The indexed tax rate to be imposed on July 1, 1985, will be based upon/the average fuel price during the month of November, 1984. House Bill No. 3115 proposes not to use the average price of fuel to determine the rate of motor fuel taxes, but, instead, to adjust the average fuel price by adding \$.04 per gallon. This will have the ultimate effect of raising the rate of motor fuel taxes. It is the proposed adjusting of the average fuel price that the Kansas Oil Marketers Association (KOMA) opposes.

House Bill No. 3115 reopens a controversial issue which the 1983 Kansas Legislature supposedly had resolved: the issue of motor fuel tax rates. Although the KOMA membership opposed motor fuel tax increases in general because of their adverse effect upon the volume of fuel sold and although KOMA specifically opposed the concept of indexing motor fuel taxes in 1983, the KOMA membership believed that 1983 House Bill No. 2566 had resolved the issue of the motor fuel tax rate for several years.

Att. 3

Our members viewed the enactment of H.B. 2566 with mixed feelings. Legislation was passed which our association opposed, yet there was a sense of relief that this controversial issue would not surface again for a period of time. We believe that the administration, the legislature and the other private groups who were involved in the struggle over the motor fuel tax rate shared our members' sense of relief. This is not the type of issue that should be debated year after year. It is not in the best interest of this state to allow the rate of motor fuel taxation to become an annual battle. The legacy of the annual struggle over school finance should serve as a guide.

The KOMA believes that portions of H.B. 3115 set a dangerous precedent: to wit, turning the motor fuel tax rate into an annual legislative issue. KOMA understands that indexing motor fuel taxes requires a reference to an average fuel price in order to establish the indexed rate of tax. However, we question the propriety of adjusting the average price of fuel by \$.04 per gallon or by any other amount. Any adjustments to the average price of fuel create a convenient avenue for raising motor fuel tax rates by indirect means. By allowing the average fuel price to be adjusted as proposed in H.B. 3115, the gates are opened for annual attempts by anyone to adjust the average fuel price up or down.

KOMA urges this committee not to allow any such precedent to be established. KOMA urges the committee to amend H.B. 3115 by striking the language "\$.04 plus" in line 33. Such an amendment would base the indexed rate of tax upon the unadjusted average fuel price.

HOUSE BILL No. 3107

By Committee on Federal and State Affairs

3-16

0016 AN ACT concerning motor vehicles; voluntary inspection pro-
0017 gram; nonhighway vehicle titles; certificates of title; amend-
0018 ing K.S.A. 8-198, as amended by section 1 of 1984 Senate Bill
0019 No. 288 and repealing the existing section.

8-116 and

; also repealing section 5 of 1984 Senate Bill No. 288

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 8-198, as amended by section 1 of 1984
0022 Senate Bill No. 288, is hereby amended to read as follows: 8-198.

0023 (a) A nonhighway vehicle shall not be required to be registered
0024 in this state, as provided in K.S.A. 8-135 and amendments
0025 thereto, but nothing in this section shall be construed as abro-
0026 gating, limiting or otherwise affecting the provisions of K.S.A.
0027 8-142 and amendments thereto, which make it unlawful for any
0028 person to operate or knowingly permit the operation in this state
0029 of a vehicle required to be registered in this state.

0030 (b) Upon the sale or transfer of any nonhighway vehicle, the
0031 purchaser thereof shall obtain a nonhighway certificate of title in
0032 the following manner:

0033 (1) If the transferor is a vehicle dealer, as defined in K.S.A.
0034 8-2401 and amendments thereto, and a certificate of title has not
0035 been issued for such vehicle under this section or under the
0036 provisions of K.S.A. 8-135 and amendments thereto, such trans-
0037 feror shall make application for and assign a nonhighway certifi-
0038 cate of title to the purchaser of such nonhighway vehicle in the
0039 same manner and under the same conditions prescribed by
0040 K.S.A. 8-135 and amendments thereto for the application for and
0041 assignment of a certificate of title thereunder. Upon the assign-
0042 ment thereof, the purchaser shall make application for a new
0043 nonhighway certificate of title, as provided in subsection (c).

0044 (2) Except as provided in subsection (b) of K.S.A. 8-199 and

Attach. 4

Attach. 4

15 amendments thereto, if a certificate of title has been issued for
0046 any such vehicle under the provisions of K.S.A. 8-135 and
0047 amendments thereto, the owner of such nonhighway vehicle
0048 may surrender such certificate of title to the division of vehicles
0049 and make application to the division for a nonhighway certificate
0050 of title, or ~~said~~ *the* owner may obtain from the county treasurer's
0051 office a form prescribed by the division of vehicles *and*, upon
0052 proper execution thereof ~~and~~, may assign the nonhighway cer-
0053 tificate of title or the regular certificate of title with ~~said such~~
0054 form attached ~~thereto~~ to the purchaser of the nonhighway vehi-
0055 cle. Upon the receipt of the nonhighway certificate of title or the
0056 regular certificate of title ~~and with~~ such form attached ~~thereto~~,
0057 the purchaser shall make application for a new nonhighway
0058 certificate of title ~~in the manner prescribed as provided~~ in
0059 subsection (c).

0060 (3) If the transferor is not a vehicle dealer, as defined in
0061 K.S.A. 8-2401 and amendments thereto, and a certificate of title
0062 has not been issued for ~~such~~ *the* vehicle under this section or a
0063 certificate of title was not required under K.S.A. 8-135 and
0064 amendments thereto, the transferor shall make application to the
0065 division for a nonhighway certificate of title, as provided in this
0066 section, except that in addition thereto, the division shall require
0067 a bill of sale or such transferor's affidavit, with at least one other
0068 corroborating affidavit, that such transferor is the owner of such
0069 nonhighway vehicle. If the division is satisfied that the transferor
0070 is the owner ~~thereof~~, the division shall issue a nonhighway
0071 certificate of title for such vehicle, and the transferor shall assign
0072 the same to the purchaser, who shall make application for a new
0073 nonhighway certificate of title, ~~in the manner as~~ provided in
0074 subsection (c).

0075 (c) Every purchaser of a nonhighway vehicle, whether as-
0076 signed a nonhighway certificate of title or a regular certificate of
0077 title with the form specified in part (2) of subsection (b) attached
0078 ~~thereto~~, shall make application to the county treasurer of the
0079 county in which such person resides for a new nonhighway
0080 certificate of title in the same manner and under the same
0081 conditions ~~prescribed as~~ for an application for a certificate of title

0082 under K.S.A. 8-135 and amendments thereto. Such application
0083 shall be in the form prescribed by the director of vehicles and
0084 shall contain substantially the same provisions as required for an
0085 application under subsection (c)(1) of K.S.A. 8-135 and amend-
0086 ments thereto. In addition, such application shall provide a place
0087 for the applicant to certify that the vehicle for which ~~an~~ *the*
0088 application for a nonhighway certificate of title is made is a
0089 nonhighway vehicle, and ~~shall contain such~~ other provisions ~~as~~
0090 the director deems necessary. Each application for a nonhighway
0091 certificate of title shall be accompanied by a fee of \$3.50, and ~~in~~
0092 ~~addition~~, if the application is not made to the county treasurer
0093 within the time prescribed by K.S.A. 8-135 and amendments
0094 thereto for making application for a certificate of title thereunder,
0095 an additional fee of \$2 ~~shall be charged~~.

0096 (d) A nonhighway certificate of title shall be in ~~such~~ form *and*
0097 *color* as ~~may~~ be prescribed by the director of vehicles; ~~and may~~
0098 ~~be of a distinctive color so as to distinguish it from a certificate of~~
0099 ~~title issued under the provisions of K.S.A. 8-135 and amend-~~
0100 ~~ments thereto~~. A nonhighway certificate of title shall indicate
0101 clearly and distinctly on ~~the~~ *its* face ~~thereof~~ that it is issued for a
0102 nonhighway vehicle. A nonhighway certificate of title shall con-
0103 tain substantially the same information *as* required on a certifi-
0104 cate of title issued under K.S.A. 8-135 and amendments thereto,
0105 and ~~such~~ other information ~~as~~ the director deems necessary.

0106 (e) A nonhighway certificate of title may be transferred in the
0107 same manner and under the same conditions *as* prescribed by
0108 K.S.A. 8-135 and amendments thereto for the transfer of a certifi-
0109 cate of title ~~thereunder~~, except as otherwise provided ~~herein in~~
0110 *this section*. A nonhighway certificate of title may be assigned
0111 and transferred only ~~so long as~~ *while* the vehicle ~~for which such~~
0112 ~~title is issued~~ remains a nonhighway vehicle. Upon ~~the~~ transfer
0113 or sale of a nonhighway vehicle which has been rebuilt or
0114 restored or is otherwise in a condition which will allow the
0115 registration of such vehicle, the owner ~~of such vehicle~~ shall
0116 assign the nonhighway certificate of title to the purchaser, and
0117 the purchaser shall obtain a certificate of title and register such
0118 vehicle as provided in K.S.A. 8-135 and amendments thereto. *No*

0119 *certificate of title shall be issued for a vehicle for which there has*
0120 *theretofore been issued a nonhighway certificate of title until*
0121 *there has been compliance with section 2.*

regular

0122 (f) If a nonhighway vehicle, for which a nonhighway certifi-
0123 cate of title has been issued, is destroyed, dismantled or sold as
0124 junk, the owner thereof immediately shall surrender to the
0125 division the original or assigned nonhighway certificate of title,
0126 with the word "salvage" written across ~~the~~ its face ~~thereof~~, and
0127 no certificate of title of any type shall be issued nor any registra-
0128 tion allowed again for such ~~destroyed, dismantled or junked~~
0129 vehicle.

0130 (g) The owner of ~~such~~ a vehicle *which has been rebuilt,*
0131 *restored or otherwise placed in an operable condition* may make
0132 application to ~~any~~ the county treasurer for a permit to operate
0133 such vehicle on the highways of this state over the most direct
0134 route from the place such nonhighway vehicle is located to a
0135 ~~specified inspection station location~~ named on the permit and to
0136 return to the original location. No such permit shall be issued for
0137 any vehicle unless the owner thereof has motor vehicle liability
0138 insurance coverage or an approved self-insurance plan as re-
0139 ~~quired by~~ under K.S.A. 40-3104 and amendments thereto. Such
0140 permit shall be on a form ~~prescribed and~~ furnished by the
0141 director of vehicles and shall state ~~thereon~~ the exact date ~~such~~
0142 *the vehicle is to be taken to the inspection station other location,*
0143 the name of the insurer, as defined in K.S.A. 40-3103 and
0144 amendments thereto, and the policy number (or a statement that
0145 the vehicle is included in a self-insurance plan approved by the
0146 commissioner of insurance), a statement attesting to the correct-
0147 ness of the information concerning financial security, the vehicle
0148 identification number and a description of the vehicle. Such
0149 permit shall be signed by the owner of the vehicle ~~for which the~~
0150 ~~permit is issued. Every permit issued pursuant to. Permits issued~~
0151 *under this subsection (g) shall be prepared in triplicate. One*
0152 *copy shall be carried in the vehicle for which it is issued and*
0153 *shall be displayed so that it is visible when viewing from the rear*
0154 *of such the vehicle. The second copy shall be retained by the*
0155 *county treasurer, and the third copy shall be forwarded by the*

assembled, reconstructed, reconstituted or

0. county treasurer to the division of vehicles. The fee for such
 0157 permit shall be \$1 which shall be retained by the county trea-
 0158 surer, who shall annually forward 25% of all such fees collected
 0159 to the division of vehicles to reimburse the division for adminis-
 0160 trative expenses, and shall deposit the remainder thereof in a
 0161 special fund to be used to defray for expenses incurred in of
 0162 issuing such permits.

0163 (g) (h) A nonhighway vehicle for which a nonhighway cer-
 0164 tificate of title has been issued pursuant to this section shall not
 0165 be deemed a motor vehicle for the purposes of K.S.A. 40-3101 to
 0166 40-3121, inclusive, and amendments thereto except when such
 0167 vehicle is being operated pursuant to subsection (f) (g). Any
 0168 person who shall knowingly make makes a false statement con-
 0169 cerning financial security in obtaining a permit pursuant to
 0170 subsection (f) (g), or who shall fail fails to obtain a permit when
 0171 required by law to do so, shall be is guilty of a class C mis-
 0172 demeanor.

0173 New Sec. 2. When an application is made for a vehicle
 0174 which has been reconstructed, reconstituted or restored from
 0175 one or more vehicles, and the proper identification number of
 0176 the vehicle as reconstructed, reconstituted or restored is in
 0177 doubt, the procedure in this section shall be followed. The
 0178 owner of the vehicle shall request the Kansas highway patrol to
 0179 inspect the vehicle. At the time of such inspection the owner
 0180 shall supply the highway patrol with information concerning the
 0181 history of the various parts of the vehicle. Such information shall
 0182 be supplied by affidavit of the owner, if so requested by the
 0183 highway patrol. If the highway patrol is satisfied that the vehicle
 0184 is not a stolen vehicle, it shall assign an existing or new identifi-
 0185 cation number to the vehicle and direct the places and manner in
 0186 which the identification number is to be located and affixed or
 0187 implanted. The superintendent of the highway patrol shall es-
 0188 tablish a charge to be made to the owner of a vehicle requesting
 0189 inspection under this subsection (g) of K.S.A. 8-198 and amend-
 0190 ments thereto, and such charge shall be paid prior to the inspec-
 0191 tion under this section. If an identification number assignment or
 0192 verification of an identification number is refused, no refund of

(a)

or

a

assembled,

(b) From and after the effective date of this act, any person making application for any original Kansas title for a used vehicle which is, at the time of making application, titled in another jurisdiction, shall, as a condition precedent to obtaining any Kansas title, have such vehicle inspected by the Kansas highway patrol for verification that the vehicle identification number shown on the foreign title is genuine and agrees with the number on the vehicle. The verification shall be made upon forms prescribed by the division of vehicles which shall contain such information as the secretary of revenue shall require by rules and regulations.

3 such charge shall be made.

0194 New Sec. 3. Except as authorized under other laws of this
 0195 state, motor vehicles, trailers and semitrailers shall be inspected
 0196 by the Kansas highway patrol for compliance with the equipment
 0197 statutes of this state only upon request of the owner or operator
 0198 thereof. If the condition of the equipment of the motor vehicle,
 0199 trailer or semitrailer is found to be in compliance with the laws of
 0200 this state, the highway patrol shall issue a certificate of inspec-
 0201 tion stating its approval and the date of the inspection. Every
 0202 certificate of approval issued pursuant to this section for motor
 0203 vehicles, trailers or semitrailers shall be issued in duplicate. One
 0204 copy of such certificate shall be carried in the motor vehicle of
 0205 the combination of vehicles of which a trailer or semitrailer is a
 0206 part, or in the motor vehicle if applicable to a motor vehicle,
 0207 during the time such certificate is valid or in effect, and one copy
 0208 shall be retained by the highway patrol as prescribed by rules
 0209 and regulations adopted by the superintendent. The superin-
 0210 tendent shall establish a schedule of charges for inspection of
 0211 various vehicles under this section. Such charge shall be paid
 0212 before the inspection and retained whether or not a certificate of
 0213 compliance is issued. Rules and regulations of the superintend-
 0214 ent shall establish such charges and may provide for reinspection
 0215 after correction, repair or replacement of particular equipment.

, or a designee of the superintendent

or designee

delivered to and

The superintendent of the Kansas highway patrol may designate any person as defined in K.S.A. 8-126, and amendments thereto, as designee to perform the inspections provided for by this section, and may adopt rules and regulations for the manner and compliance with this section by any such designee.

5 0216 Sec. 4. K.S.A. 8-198, as amended by section 1 of 1984 Senate
 0217 Bill No. 288, is hereby repealed. 8-116 and

, and section 5 of 1984 Senate Bill No. 288 are

6 0218 Sec. 5. This act shall take effect and be in force from and
 0219 after its publication in the statute book.

Kansas register

See Sec. 4. K.S.A. 8-116, attached

Sec. 1. K.S.A. 8-116 is hereby amended to read as follows:

~~8-116. Any person who after the taking effect of this act shall~~
(a) It is unlawful to sell, barter or exchange or offer for sale, barter or exchange in this state, or who shall any motor vehicle, or to own or have the custody or possession of a motor vehicle the original engine number, vehicle identification number or serial number of which has been destroyed, removed, altered or defaced, or who shall sell, barter or exchange or offer for sale, barter or exchange, own or have the custody or possession of a motor vehicle having no engine number, identification number or serial number, whichever number is used by the division of vehicles in titling and registering such vehicles according to the year and make, except electrically propelled motor vehicles, shall be punished by a fine of not less than two hundred dollars (\$200) nor more than five hundred dollars (\$500), or by imprisonment in the county jail for a term of not less than thirty (30) days nor more than ninety (90) days, or by both fine and imprisonment and except for a vehicle which is within the purview of section 2. Violation of this subsection (a) is a class C misdemeanor. ~~If the original motor number cannot be determined, the division of vehicles shall then issue consecutive numbers beginning with the number one (1) preceded by the letter "S" and followed by the "KAN" and in the order of the filing of applications. If the original identification number cannot be determined, the division shall either issue a special identification number following the same procedure as set out for engine numbers or upon proper forms or affidavits as may be required, authorize the owner to make application to the manufacturer for a duplicate identification number.~~

~~Upon the receipt of such application together with a fee of one dollar (\$1) it shall be the duty of the division of vehicles, provided it shall find said application to be in good faith and the facts therein stated to be true, to issue to said applicant a~~

special engine number or a special identification number or authorize the owner to secure a duplicate identification number from the manufacturer as provided for above, and when such special engine number, special identification number or duplicate identification number so designated has been stamped or otherwise placed on the engine or chassis or body of such motor vehicle, it shall become and thereafter be the lawful engine number, identification number or duplicate identification number of such motor vehicle for the purpose of identification and registration, and for all other purposes under the provisions of this act, and the owner thereof may sell and transfer the same under said special engine number, identification number or duplicate identification number so designated by the division; and

(b) Any person or persons who shall destroy, remove, alter or deface any special engine number, vehicle identification number or duplicate identification number so designated by the division, shall be deemed, except as contemplated by section 2 when no part of the motor vehicle has been stolen, is guilty of a class E felony, and upon conviction thereof shall be punished by imprisonment in the state penitentiary for a term of not less than two (2) nor more than five (5) years. It shall be the duty of every sheriff, deputy sheriff, constable, deputy constable, chief of police, or other peace officer in this state having knowledge of a motor vehicle the engine number, identification number or duplicate identification number of which has been destroyed, removed, altered or defaced, to immediately seize and take possession of such motor vehicle, arrest the owner or custodian thereof and cause prosecution to be brought in a court of competent jurisdiction.

It shall be the duty of the court to retain the custody of such motor vehicle pending the prosecution of the person arrested, and in case such person shall be found guilty said motor vehicle shall remain in the custody of the court until the fine and costs of prosecution shall be paid. In case fine and costs shall not be paid within thirty (30) days after the

rendition--of--judgment--said--court--shall--proceed--to--advertise--and
sell--said--motor--vehicle--in--the--manner--provided--by--law--for--the
sale--of--personal--property--under--execution--The--proceeds--of--such
sale--shall--be--applied--on--the--payment--of--the--fine--and--costs--of
such--prosecution--and--sale--and--if--after--the--payment--of--the--same
there--shall--be--any--sum--remaining--such--sum--shall--be--paid--by--the
court--to--the--legal--owner--or--custodian--of--such--motor--vehicle--
Provided--further--That--if--any--person--being--the--owner--or--in
possession--of--any--such--vehicle--the--original--engine--number--or
identification--number--or--serial--number--of--which--has--been
destroyed--removed--altered--or--defaced--at--the--time--of--the
taking--effect--of--this--act--shall--apply--as--hereinbefore--provided--
for--permission--to--stamp--or--cause--to--be--stamped--on--such--engine
special--number--such--persons--shall--not--be--subject--to--the
prosecution--under--the--provisions--thereof--