

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by SENATOR ROBERT V. TALKINGTON at
Chairperson

9:00 a.m./p.m. on Friday, February 24, 1984 in room 254-E of the Capitol.

All members were present except:

Senator Rehorn

Committee staff present:

Fred Carman, Hank Avila, Rosalie Black

Conferees appearing before the committee:

SB 661 - Senator Edward Reilly; Jack Quinlan, KS Motor Car Dealers Assoc.; Art Brown,
Kent Brown Chevrolet

SB 700 - Senator Ronald Hein; Margie Braden, KS Manufactured Housing Institute

The meeting was called to order by Senator Talkington, Chairman. Action was
taken on Senate Bill No. 700 and Senate Bill No. 745.

SENATE BILL 661 - HEARING

Senator Edward Reilly, Jack Quinlan and Art Brown discussed problems between
manufacturers and car dealers noting that warranties ought to start when consumers
take possession of converted vans. They agreed that laws are already in effect
and there is no need for this bill. (See Attachment 1.)

SENATE BILL 700 - HEARING AND ACTION

Senator Hein and Margie Braden indicated that the bill changes terminology in
Kansas statutes to conform with current federal language and with present state-
of-the art in manufactured housing. (See Attachment 2.)

Senator Hein moved that SB 700 be reported favorable for passage; seconded by
Senator Hayden and passed.

SENATE BILL 745 - ACTION

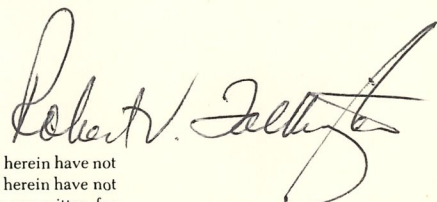
The Chairman said that SB 745 changes ages of highway patrol qualifications to
21 years of age and takes away the limit of age 35 to avoid age discrimination.

Senator Johnston moved that SB 745 be reported favorable for passage; seconded
by Senator Thiessen and passed.

SENATE BILL 545 - STATEMENT

A statement concerning SB 545 from Lon Stanton, representing Peoples Natural Gas
Company, was entered into record. (See Attachment 3.)

The meeting adjourned at 9:53 a.m.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

NAME ADDRESS ORGANIZATION BILL NO.

Gil Braxton	Topeka	KMCDA	SB-661
Harold B. Turntine	"	Dept. of Rec.	SB-661
JIM SOWNS	"	Ks. Motor Car Dealers Assn	SB-661
Art Brown	"	Kent/Brown Chev	SB 661
Jack Quinn	"	KMCDA	SB661
Margie Braden	"	KMHI	SB 700
Ed Mosher	Topeka	League of Municipal	SB 700

Attachment 1

Robert D. Beall

ATTORNEY AT LAW

ASSOCIATE
LOUIS M. CLOTHIER

403 NORTH FOURTH STREET
POST OFFICE BOX 369
LEAVENWORTH, KANSAS 66048-0369
(913) 682-7132

December 23, 1983

The Honorable Edward Reilly, Jr.
1412 South Broadway
Leavenworth, Kansas 66048

Re: My Client, Rusty Eck Ford-Lincoln-Mercury, Inc.
Ford Conversions - Retail Consumers

Dear Senator Reilly:

I have been requested to write a letter concerning a problem perceived by the above new car dealer for the retail consumer caused by the present method of sale and title transfer of van conversions.

The first problem is caused by the fact that vans are purchased by the van conversion companies who then have the vehicle in their possession during the period that the conversion is completed, after which it is then delivered to a car dealer for sale and it may be on the dealer's lot for a period of time prior to a purchaser acquiring the vehicle. The problem is that the manufacturer's warranty starts running from the time the retail delivery card is executed, which occurs at the time the van conversion company takes possession of the vehicle and continues to run through the time that the vehicle is on the dealer's lot after the conversion is completed until sale to a consumer occurs. Thus, when a consumer takes possession of

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what is represented to be a new vehicle, because it has never been titled, it may well be that the warranty time has been running on that vehicle for, in some cases, a few months and, in other cases, many months, and, in some extreme cases, possibly the entire warranty time will expire before the vehicle is titled. These vehicles are not sold through the franchise dealers, but through any car dealer who acquired the vehicle from the van conversion company. Then, when the consumer goes into a franchise dealer for warranty work, if the dealer is unaware of the date when the time period starts to run, the work may be performed and then the claim for payment rejected by the manufacturer since their records will reflect the warranty time expired. If the franchise dealer is aware of the date or checks first before undertaking warranty work or gets a subsequent claim for warranty work and refuses, the consumer is going to first be mad at the franchise dealer for refusing warranty work or is going to be mad both at the franchise dealer and the manufacturer because the period of their ownership has not exceeded the represented warranty time. In reality, the dealer has no way of knowing when the warranty time has started running because there is no record of when the vehicle was sold by the factory to the conversion company, which in effect commenced the warranty period running.

The second part of the problem involves the manufacturer's warranty which is voided if there is alteration or tampering with the warranted portion of the vehicle by an unauthorized dealer. All of the work by the conversion company is in effect work by an unauthorized dealer, or at least an unauthorized party, which could be used as a basis for the manufacturer to deny warranty claims by the consumer.

Obviously both of the above situations would be grossly unfair to the innocent consumer and it would appear that legislative changes could be enacted which would afford some protection to the consumer. One of the suggestions is that when a conversion company acquires a van, that the company be required to title same. Then the resale by the unfranchised dealer, i.e., the misrepresentation by the unfranchised dealer to the innocent purchaser of the new car warranty, etc., would be eliminated. Obviously, the other situation would be for such vehicles to be handled only through franchise dealers so that

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the manufacturer's warranty would be in effect because all modifications would be under the umbrella of an authorized dealer and the warranty would be through that authorized dealer. The dealer would have to possess one of those franchises in order to handle the vehicles as new, fully warranted, previously unsold, and untitled vehicles so that the consumer would get the full benefits of a new vehicle purchase including the full warranty from the date of the retail sale. All others would be required to title, tag, and pay taxes on the vehicle while in inventory to be resold with full disclosure of remaining warranty, if any.

Should there be any questions, please advise.
Thank you for your consideration.

Very truly yours,



Robert D. Beall

RDB:ls



Attachment 2

KANSAS MANUFACTURED HOUSING INSTITUTE
100 East Ninth Street • Suite 205 • Topeka, Kansas 66612 • (913) 357-5256

Testimony Before Senate Transportation Committee on Senate Bill 700

Thank you, Mr. Chairman, and members of the committee for allowing me to appear before you today in support of Senate Bill 700. This is probably not the most exciting piece of legislation you've had to consider this session and I will be extremely brief in my remarks.

I am Margie Braden, Executive Director of the Kansas Manufactured Housing Institute. The members of KMHI are extremely grateful to Senator Hein for agreeing to introduce this bill to help us begin the process of changing the terminology in the Kansas Statutes to conform with current federal language and with the present state-of-the art in manufactured housing. The terms "manufactured housing" cover all types of factory built homes which are completely built in a factory and transported to a homesite. The terms "manufactured home" as defined in Senate Bill 700, describe a specific factory built structure whose definition is the same as the definition traditionally used for a "mobile home". In other words, as we have discussed before in this committee, it isn't "mobile" any more, except for getting it from factory to site.

In August, 1982, the federal standards by which all formerly "mobile" homes must be built--codes promulgated by the Department of Housing and Urban Development--were changed to refer to the product as a "manufactured" home.

After taking a look at the Kansas Statutes, we determined that it would be an extremely lengthy document if we attempted to replace the term "mobile" with "manufactured" every place that it appeared. We did feel, however, that it was time to begin the process since we do refer to our product as a manufactured home. After much discussion with Fred Carman of the Revisor's Office, I suggested that we begin with the changes we are requesting here in

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Senate Bill 700. Essentially, then, that is all Senate Bill 700 does. It defines a "manufactured home" as it is now defined by the industry and applies that term to what was formerly referred to in the Kansas Statutes as a mobile home.

We hope that the committee will look favorably on our request for passage of this bill, so that we can see the updated terminology placed in more common use by the legislature, by the courts and by the public.

Thank you for your consideration of this request.

STATEMENT ON SB 545

TO THE SENATE TRANSPORTATION AND UTILITIES COMMITTEE

FEBRUARY 21, 1984

PEOPLES NATURAL GAS COMPANY

MR. CHAIRMAN AND COMMITTEE MEMBERS, MY NAME IS LON STANTON. I AM REGIONAL GOVERNMENT AFFAIRS MANAGER FOR NORTHERN NATURAL GAS COMPANY, A DIVISION OF INTERNORTH, INC. I AM HERE TODAY ON BEHALF OF ANOTHER INTERNORTH COMPANY, PEOPLES NATURAL GAS COMPANY, WHICH PROVIDES RETAIL NATURAL GAS SERVICE TO 24 KANSAS COMMUNITIES, PRIMARILY IN THE SOUTHWEST PART OF THE STATE.

AT FIRST GLANCE, THE CONCEPT OF CONSERVATION RATES HAS A CERTAIN APPEAL TO IT. SB 545 LOOKS LIKE AN EASY WAY TO PROVIDE SOME UTILITY BILL RELIEF TO RESIDENTIAL CONSUMERS. BUT, THERE MAY BE SOME PITFALLS.

I AM SURE YOU KNOW THAT IN HIS MESSAGE TO THE LEGISLATURE, GOVERNOR CARLIN RECOMMENDED THE KANSAS CORPORATION COMMISSION CONDUCT A STUDY OF THE RAMIFICATIONS OF ESTABLISHING CONSERVATION UTILITY RATES. THE GOVERNOR NOTED, "AS WITH MANY OF THE UTILITY ISSUES, PROPOSALS FOR CONSERVATION RATES INVOLVE COMPLEX QUESTIONS. WE SHOULD BE FULLY AWARE OF THE POTENTIAL IMPACT OF THIS PROPOSAL BEFORE WE IMPLEMENT SUCH AN EFFORT."

WE SHARE THE GOVERNOR'S CONCERN. AS A MATTER OF FACT, WE THINK CONSERVATION RATES COULD ACTUALLY HURT MANY OF THOSE THEY ARE INTENDED TO HELP.

IF A CERTAIN AMOUNT OF ENERGY ON THE LOW USE END IS GOING TO BE PRICED BELOW COST, THAT WILL HAVE TO BE MADE UP BY THOSE USING AMOUNTS ABOVE THAT LEVEL. I THINK WE ALL RECOGNIZE THAT MANY POOR AND ELDERLY LIVE IN OLDER HOMES WHICH MAY REQUIRE LARGER AMOUNTS OF ENERGY THAN THOSE OF HIGHER INCOME CONSUMERS. IN THOSE CASES, IT WOULD SEEM SOME PEOPLE COULD BE DOING ALL THEY POSSIBLY COULD TO CONSERVE, BUT WOULD STILL BE IN THE HIGHER RATE BRACKET.

WE THINK THERE ARE BETTER WAYS TO HELP THOSE WHO NEED HELP. FOR THE ELDERLY, ONE APPROACH MIGHT BE THROUGH THE HOMESTEAD PROPERTY TAX PROVISIONS. IN FACT, SUCH A BILL (HB 2104) WAS INTRODUCED IN THE HOUSE LAST YEAR. PERHAPS IT SHOULD BE GIVEN CONSIDERATION. FOR OTHERS, PERHAPS THE ANSWER MIGHT BE ADDITIONAL FUNDING OF EXISTING ASSISTANCE PROGRAMS.

WE JUST DON'T BELIEVE CONSERVATION RATES ARE THE ANSWER AND WE URGE YOU NOT TO PASS SB 545.

THANK YOU, MR. CHAIRMAN. I WOULD BE HAPPY TO TRY TO ANSWER ANY QUESTIONS.