

Approved December 3, 1986
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~a.m.~~/p.m. on January 30, 1986 in room 519-S of the Capitol.

All members were present except: Representative Kerry Patrick - excused.

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. Bill Green, Kansas Corporation Commission
Mr. Harley T. Duncan, Secretary, Kansas Department of Revenue

Chairman Crowell called the meeting to order and announced the main order of business would be to receive requests for bills.

Mr. Bill Green of the Kansas Corporation Commission requested the Committee introduce a bill relating to motor carriers and amending certain penalty provisions in K.S.A. 66-138 and K.S.A 66-177. (See Attachments 1 and 2)

A motion was made by Representative Spaniol to introduce the request as a Committee bill. The motion was seconded by Representative Shore. Motion passed.

Mr. Harley T. Duncan, Secretary, Kansas Department of Revenue, requested the Committee introduce legislation concerning motor fuel taxation. (See Attachment 3)

A motion was made by Representative Wilbert for the Committee to introduce the requested legislation. The motion was seconded by Representative Adam. Motion Passed.

Mr. Harley Duncan made a second set of requests pertaining to vehicle registration legislation. (See Attachment 4)

A motion was made by Representative Justice for the Committee to introduce the requested legislation. The motion was seconded by Representative Moomaw. Motion passed.

Chairman Crowell appointed a subcommittee on HB-2666, consisting of Representative Spaniol, Chairman, and Representatives Snowbarger, Harper, Schmidt and Lacey.

The meeting was adjourned at 1:55 p.m.


Rex Crowell, Chairman



JOHN CARLIN
MICHAEL LENNEN
MARGALEE WRIGHT
KEITH R. HENLEY
JUDITH A. McCONNELL
BRIAN J. MOLINE

Governor
Chairman
Commissioner
Commissioner
Executive Secretary
General Counsel

State Corporation Commission

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STATEMENT PRESENTED TO THE HOUSE TRANSPORTATION COMMITTEE
ON JANUARY 30, 1986 REQUESTING INTRODUCTION OF A BILL BY THE
STATE CORPORATION COMMISSION OF KANSAS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM BILL GREEN, ADMINISTRATOR OF THE TRANSPORTATION DIVISION OF THE STATE CORPORATION COMMISSION. I APPEAR HERE TODAY ON BEHALF OF THE COMMISSION TO REQUEST THAT THIS COMMITTEE INTRODUCE A BILL TO AMEND TWO OF THE COMMISSION'S PENALTY PROVISIONS (KSA 66-138 AND 66-177).

THIS REQUEST RESULTS FROM THE COMMISSION DISCOVERING THAT THE PENALTY STATUTES DO NOT INCLUDE ALL OF THE TYPES OF MOTOR CARRIER CURRENTLY REGULATED BY THE COMMISSION. THE COMMISSION IS REQUESTING THAT LANGUAGE BE ADDED TO THESE STATUTES WHICH WOULD CLEARLY APPLY THE PENALTY STATUTES TO ALL MOTOR CARRIERS REGULATED BY THE COMMISSION.

SHOULD YOU HAVE ANY QUESTIONS I WILL BE PLEASED TO ATTEMPT TO ANSWER THEM.

ATTACHMENT:

1/29/86

H. Transp. 1/30/86
Attach. 1

omission or failure of any officer, agent or other person acting for or employed by any such public utility or, common carrier or motor carrier holding a certificate, permit or license, while acting within the scope of his such person's employment, shall in every case be deemed to be the act, omission or failure of such public utility or, common carrier or motor carrier holding a certificate, permit or license, and every day during which any such public utility or, common carrier or motor carrier holding a

certificate, permit or license, or officer, agent or employee thereof, ~~shall fail~~ fails to comply with any order or direction of the commission, or to perform any duty required or enjoined by this act, shall constitute a separate and distinct violation of the provisions of this act.

Sec. 2. K.S.A. 66-177 is hereby amended to read as follows:
66-177. Any public utility ~~or~~, common carrier or motor carrier holding a certificate, permit or license willfully violating or evading any of the provisions of law for the regulation of such public utility ~~or~~, common carrier or motor carrier holding a certificate, permit or license not otherwise specifically provided for shall, for each offense, forfeit and pay a penalty of not less than ~~one-hundred-dollars-(\$100)~~ \$100 nor more than ~~five-thousand-dollars-(\$5,000)~~ \$5,000. All penalties provided for herein shall be recovered by a civil action, to be instituted and prosecuted in the name of the state, by the county attorney, of the county in which the offense has been committed, upon the direction of the corporation commission. If upon the trial of ~~said the~~ the action the jury ~~shall find~~ finds for the plaintiff, ~~they~~ the jury shall assess and return with their verdict the amount of the fine to be imposed upon the defendant, and the court shall render judgment accordingly. All such penalties ~~so~~ recovered shall be paid to the state treasurer pursuant to K.S.A. 20-2801, and any amendments thereto, and the corporation commission may require the attorney general to assist such county attorney in the prosecution of such action. No bond for costs shall be required of the state in any such action.

Sec. 3. K.S.A. 66-138 and 66-177 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

MEMORANDUM

TO: The Honorable Rex Crowell, Chairman
House Committee on Transportation

FROM: Harley T. Duncan, Secretary
Kansas Department of Revenue

RE: Motor Fuel Tax Legislation

The Department of Revenue respectfully requests that the Committee on Transportation introduce the following legislation.

1. Conform the Kansas Interstate Motor Fuel Use Tax to the recommendations of the National Governors' Association Working Group on Interstate Motor Carrier Issues.

For the past eighteen months, the NGA Working Group on Interstate Motor Carrier Issues has engaged in a project to devise means by which the various states can simplify and standardize the taxation, registration and regulation of interstate motor carriers. The Working Group consists of state taxation, motor vehicle and transportation officials. It is seen as a means of giving the states an opportunity to ease the regulatory burden imposed on interstate carriers by making their procedures more uniform before federal government intervention is proposed.

One of the areas in which the Working Group has made recommendations is in Interstate Motor Fuel Use Tax reporting, and the Department proposes that our law be amended to conform to the recommendations. The primary changes occasioned by this are: (a) moving the remittance date from the 25th to the 30th day of the month following the end of the calendar quarter; (b) extending the period of time for which a credit may be carried forward; (c) altering the manner in which leased

*H. Transp. 1/30/86
Attach. 3*

vehicles are handled; and (d) increasing from nine passenger to 20 passenger the size of busses subject to the tax.

The Department also proposes to expand the authority granted it in K.S.A. 79-34,114 to enter into agreements with other states for the joint audit and enforcement of the Interstate Motor Fuel Use Tax. We would propose that the Department be allowed to enter into a multi-state agreement to administer the entire tax (not only the audit function) on a base state concept. Under the base state concept, a Kansas-based carrier would be required to register only with Kansas and would pay its tax for all states who were parties to the agreement to Kansas. The Department would be responsible for apportioning the tax among the states who were members of the agreement. This is similar in principle to the International Registration Plan (IRP) for registering interstate commercial vehicles. The Department would enter into such an agreement provided only that the procedures of the agreement were consistent with our law and that no significant additional administrative costs would be imposed.

We would also request that the Interstate Motor Fuel Use Tax be amended to allow the filing of a tax lien against the property of a Kansas-based carrier who becomes delinquent in the payment of the tax. Current law contains no such provision.

2. Repeal K.S.A. 79-3408 (d)(1) allowing ex-tax deliveries of motor vehicle fuel from one distributor, importer or manufacturer to another.

The effect of this amendment would be to require the first receiver of motor fuel (gasoline only) in Kansas to be responsible for collecting the tax from subsequent purchasers and remitting it to the Department. Under current law, such fuel can pass through several hands before the tax is to be collected. The result is that the Department spends an excessive amount of time auditing returns to monitor split loads and

the like. Also, the opportunity for evasion and doubling up on the handling allowance is present under current law. The proposed amendment would rectify these situations, but should not cause hardship to any taxpayer.

3. Amend K.S.A. 79-3408 (d) to repeal the requirement that the principal business of a distributor be the marketing of fuel before he/she is entitled to the handling allowance.

Current law requires that the "principal business" of a distributor be the marketing of motor fuels before he/she is entitled to the handling allowance. The problem created is that certain entities (e.g., Kwik Shops) are licensed as distributors and deliver fuel to their retail outlets; yet it would be difficult to say that their "principal business" is the marketing of motor fuel. Nonetheless, they are in the same business as a motor fuel distributor, and it is difficult to see why they should be barred from claiming the handling allowance if it is appropriate for the regular distributor. Final consumers of fuel still would be barred from the handling allowance even if they purchased in tank load or pipeline lots.

The Department only recently became aware of the situation created by current law and the fact that certain entities who may technically not be qualified are claiming the handling allowance. We decided, however, not to change our current practice until the Legislature had an opportunity to address the matter.

Thank you for considering these requests. We will, of course, explain and justify them more fully when they are given formal consideration.

MEMORANDUM

TO: The Honorable Rex Crowell, Chairman
House Committee on Transportation

FROM: Harley T. Duncan, Secretary
Kansas Department of Revenue

RE: Vehicle Registration Legislation

The Department of Revenue respectfully requests that the Committee on Transportation introduce the following legislation.

1. Increase the vehicle registration fee by \$1.50 per vehicle for a period of three years effective January 1, 1987.

By the end of FY 1987, the Department expects to begin the phased implementation of the Vehicle Information Processing System (VIPS) that we now have under development. VIPS is a thorough overhaul of the automated and manual systems used to process all vehicle title and registration transactions in Kansas. The system will operate through a series of microcomputers in each County Treasurer's office and telecommunications links between those county systems and the host computer in Topeka.

Between 1987-1989, it will be necessary to acquire and install the computer hardware necessary to operate VIPS. We estimate that approximately \$8.0 million will be necessary to acquire the hardware, maintenance contracts and installation assistance necessary to the operation of VIPS. To finance this expenditure, we recommend that the registration fee for all vehicles be increased by \$1.50 effective January 1, 1987. Over a three-year period, this increase will generate roughly \$10.0 million. The excess would remain in the State Highway Fund.

*H. Transp. 1/30/86
Attach. 4*

2. Amend K.S.A. 8-145 to bring it into accord with practices envisioned under VIPS.

Three particular changes need to be made:

1. Enable the Division of Vehicles to collect additional title and registration fees that may not have been collected at the time of registration.
2. Enable the Division to suspend the registration of a vehicle owner who refuses to pay such additional fees.
3. Enable the Department to establish bank accounts in each county where vehicle-related receipts would be deposited daily and transmitted by wire transfer to the State Treasurer with back-up paper documentation to follow.

3. Amend K.S.A. 8-134 to bring it into accord with the SAM-123 license plate.

K.S.A. 8-134(e) currently requires that the yearly registration decal contain the two letter designation of the county in which the vehicle is registered and that the decals be serially numbered in each county.

We recommend that the statute be amended to eliminate the requirement that the **decal** carry the county designation and that they be numbered serially in each county. This would allow us to use one series of decals statewide and reduce production and maintenance costs. The effective date of this item should be January 1, 1988.

Thank you for considering these requests. We will, of course, explain and justify them more fully when they are called for a hearing.