

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~AM~~/p.m. on March 4, 1986 in room 519-S of the Capitol.

All members were present except:

Representatives Justice and Adam - Excused.

Committee staff present:

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

Conferees appearing before the committee:

Mr. Norman Sherbert, General Motors Corporation
Mr. Jim Sullins, Kansas Motor Car Dealers Association
Mrs. Pat Wiechman
Secretary Harley T. Duncan, Kansas Department of Revenue

The meeting was called to order by Chairman Crowell, and the first order of business was a hearing on HCR-5044 which urges the National Highway Traffic Safety Administration to amend its 1987 and 1988 corporate average fuel economy standards.

Mr. Norman Sherbert, General Motors Corporation, testified in support of HCR-5044. He stated that this resolution basically asks the National Highway and Traffic Safety Administration to rescind their CAFE requirements for 1987 and 1988 from 27.5 back to 26.0 miles per gallon.

Mr. Sherbert noted that the buying public is demanding larger automobiles once again, instead of smaller vehicles.

Mr. Jim Sullins, Kansas Motor Car Dealers Association, testified in support of HCR-5044. (See Attachment 1)

Mr. Sullins stated a continuation of the CAFE standard at 26.0 for the 1987 and 1988 model years is very appropriate because 1) fuel prices are lower now than they have been for many years, 2) supplies of petroleum are high, 3) sales of vehicles are up and the demand for larger vehicles is up, and 4) employment within the manufacturing arena is up.

The hearing on HCR-5044 was concluded.

The next business was a hearing on HB-3059 concerning exempting vehicle dealers from the requirement of displaying upon demand evidence of motor vehicle liability insurance.

Mrs. Pat Wiechman, representing the Kansas Automotive Dismantlers and Recyclers Association, testified in support of HB-3059, and requested the Committee recommend the bill favorable for passage. (See Attachment 2)

Mr. Jim Sullins, Kansas Motor Car Dealers Association, testified concerning HB-3059. (See Attachment 3)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on March 4, 1986.

Mr. Sullins stated he is neither a proponent nor an opponent of HB-3059, but requested the existing exemption for new vehicle dealers, whereby they do not have to carry proof of insurance, be retained in the bill.

The next order of business was a hearing on HB-3031, deleting the requirement for county designations on vehicle license plate decals.

Secretary Harley T. Duncan, Department of Revenue, testified in support of HB-3031. (See Attachment 4)

Secretary Duncan stated the elimination of county designation on registration decals would enable the Division of Vehicles to have one set of a particular decal rather than one set for each county. He said the decals would be sequentially numbered statewide, resulting in increased control and inventory procedures for both the State and counties.

The hearing on HB-3031 was ended.

Discussion on HCR-5044 was held. A motion was made by Representative Spaniol that HCR-5044 be recommended favorable for passage. The motion was seconded by Representative Harper. Motion passed.

The meeting was adjourned at 2:15 p.m.


Rex Crowell, Chairman

Statement Before the
HOUSE COMMITTEE ON TRANSPORTATION

Tuesday, March 4, 1986

by the
KANSAS MOTOR CAR DEALERS ASSOCIATION

RE: HCR 5044

Mr. Chairman and Members of the Committee. I am Jim Sullins, Executive Vice President of the 392 member Kansas Motor Car Dealers Association which represents the franchised new car and new truck dealers of Kansas. I am pleased to come before you today in support of House Concurrent Resolution #5044.

I am going to be as brief as possible considering that the Resolution before you contains a very good explanation of what the Corporate Average Fuel Economy (CAFE) standards are and why they exist. What I would like to do is briefly explain how the CAFE standards directly affect the consumers in the state of Kansas, and why KMCDCA feels that it is necessary to retain a CAFE standard of 26.0 mpg for the 1987 and 1988 model years.

Over the past few years we have all seen a dramatic increase in the amount of front-wheel drive vehicles produced by the manufacturers as well as a continuing effort to "down-size" vehicles. Virtually every mid-size and full-size luxury car which we had grown accustomed to has been down-sized to a smaller body and frame. Think back to the full-size Ford LTDs and Thunderbirds, and Oldsmobile 88 and 98 series of even just one to three years ago, and compare them to the 1986 model year versions. You will

*H. Transp. 3/4/86
Attach. 1*

find that they bear little or no resemblance to the big "boats" that we have all known. Additionally, these same vehicles are, at least to some degree, now front-wheel drive vehicles rather than the standard rear-wheel drive configuration. These changes, along with many others such as the virtual non-existence of a V-8 engine, are due to the CAFE standards which the manufacturers must meet.

Lying in the balance between the 26.0 mpg standard and higher standards is the willingness of the consuming public to accept the smaller cars. No matter what steps the manufacturers take to down-size both the vehicles and the engines as well as convert to front-wheel drive, if the consumers continue to demand large vehicles, the CAFE of the manufacturers will be adversely affected. For every one vehicle sold with a fuel economy of 20 mpg, two vehicles with a 29 mpg rating must be sold to meet the 26.0 CAFE standard. It is easy to see that if the buying public wants large vehicles and purchases a larger number of large vehicles, the manufacturer's CAFE will suffer.

If the demands for large cars becomes big enough, the only alternative the manufacturer will have is to cease production of the large vehicles and thereby limit availability. At this point, the franchised dealers will not be able to supply the vehicles their customers want and desire, and one of two things will happen. Either the consumer will give in and buy a smaller vehicle which he may not really want, or, he won't buy at all. Either way the customer is not satisfied.

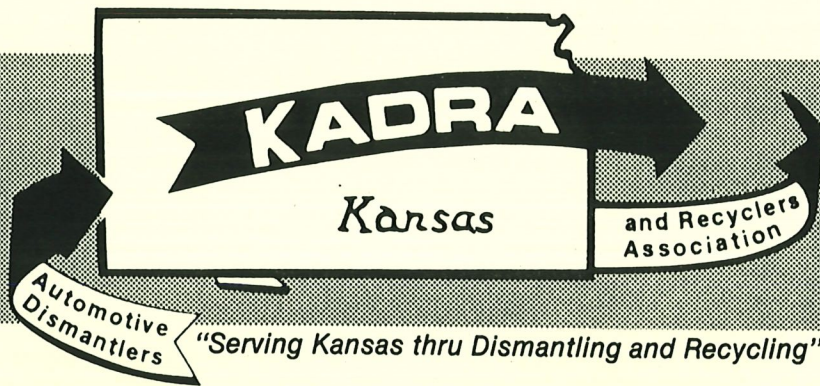
A continuation of the CAFE standard at 26.0 for the 1987 and 1988 model years is very appropriate. Fuel prices are lower now than they have been for many years. Supplies of petroleum are high. Sales of

vehicles are up and the demand for larger vehicles is up. Employment within the manufacturing arena is up. The overall health of the automobile industry is good, and the buying public is happy with the types of vehicles available to them. Extending the CAFE standard to 27.5 mpg or any level above the 26.0 standard will have a detrimental effect on the automobile business in general, the consuming public, and the overall economy of the United States.

Mr. Chairman and Members of the Committee, KMCDCA supports the retention of the 26.0 mpg standard, and urges this Legislature to go on record with the United States Department of Transportation as also supporting a continuation of the 26.0 standard.

Thank you for your time and attention, and I would be happy to respond to any questions.

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PRESIDENT
Wayne Castle
Foreign Cars Unltd
Wichita, KS

HOUSE COMMITTEE ON TRANSPORTATION

March 4, 1986

VICE PRESIDENT
John Lewis
Lewis Auto Salvage
Topeka, KS

HOUSE BILL NO. 3059

SECRETARY/TREASURER
Evelyn Fateley
Hillside Auto Parts
Chanute, KS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

LEGAL COUNSEL
Steven R. Wiechman
Topeka, KS

I am Pat Wiechman, representing the Kansas Automotive Dismantlers and Recyclers Association. K.A.D.R.A. wishes to express their appreciation for introducing HB 3059. As was pointed out when the bill was introduced, current law requires that "any person operating a motor vehicle upon a highway or upon property open to use by the public shall display, upon demand, evidence of financial security to a law enforcement officer." In the last subsection, it states that the provisions of that subsection (d) not apply to NEW vehicle dealers, as defined in K.S.A. 8-2401.

DIRECTORS

Don Ely
Kingman Salvage
Kingman KS

Jerry Inman
Hays Auto Parts
Hays, KS

Dale Lehning
A-One Salvage, Inc.
Haysville, KS

Gary Roth
Dodge City Salvage, Inc.
Dodge City, KS

Mark Warrell
A-OK Auto Salvage
Kansas City, KS

Jerry Gray
G & R Motors
Wichita, KS

Ray Standifer
Standifer & Son Truck Recycling
Wichita, KS

Paul Davis
A Plus Parts & Salvage
Wichita, KS

As you know, a new vehicle dealer is a vehicle dealer with a franchise agreement. As a requirement for being a vehicle dealer, new, used or salvage, K.S.A. 8-2405 provides that "no dealer's license shall be issued or renewed unless the applicant or holder of the license shall have on file with the division an approved insurance policy." That same statute provides that "such

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Attach. 2

insurance may not be cancelled unless 30 days notice by the insurance carrier has been given in writing to the director. Upon the effective date of cancellation of any insurance policy required under this section, the license to engage in business as a dealer shall be void."

Vehicle dealers licensed in the State of Kansas by the Department of Revenue must have approved liability insurance that is on file with the Department; and, if that insurance is revoked, the Department will be notified and that dealer's license is cancelled. Therefore, dealers are held to a higher requirement; and they should be.

However, language in the insurance law excludes only "new" dealers from carrying proof of insurance, yet all vehicle dealers are required to maintain the same insurance. According to our information, limiting the original exclusion to new dealers may have been based upon a belief that used dealers were not required to have insurance. This is not according to the dealer licensing requirements. Carrying proof of insurance while displaying a dealer plate causes problems to dealers and customers, since plates are interchanged and insurance proof gets misplaced.

We have talked with the Kansas Motor Car Dealers Association, Lt. Jacobs of the Kansas Highway Patrol, and Mr. Harold Turntine of the Department of Revenue, all of whom have no problems with the change.

Therefore, we would request the Committee recommend this bill favorable for passage. Thank you for the opportunity to appear before you. I will be happy to answer your questions.

Respectfully submitted,

PATRICIA WIECHMAN
Kansas Automotive Dismantlers &
Recyclers Association

Statement Before the
HOUSE COMMITTEE ON TRANSPORTATION
Tuesday, March 4, 1986

by the
KANSAS MOTOR CAR DEALERS ASSOCIATION

RE: House Bill 3059

Mr. Chairman and Members of the Committee. I am Jim Sullins, Executive Vice President of the 392 member Kansas Motor Car Dealers Association which represents the franchised new car and new truck dealers of Kansas. I come before you today as neither a proponent nor opponent of HB 3059, but to explain why the current exemption exists for new vehicle dealers.

HB 2614 of the 1984 Session required that every owner of a motor vehicle produce, on demand of a law enforcement officer, proof of liability insurance for the vehicle being operated. During the hearings on the bill, KMCDCA requested that an exemption be provided for vehicle dealers whereby dealers would not have to carry proof of insurance in dealership-owned vehicles. The reason for this request was due to the fact that dealers carry a large number of vehicles in their inventory, and it is impossible to know which vehicles are going to be test-driven on a given day. Also, with the changeover in inventory, a vehicle in stock today could easily be gone tomorrow. Attempting to keep proof of insurance in every vehicle would have been very burdensome, especially for large dealerships.

During the hearings before the Senate committee, KMCDCA pointed out the problem of compliance by vehicle dealers. The Committee agreed with the problem we expressed, but was reluctant to grant the exemption to both new and used vehicle dealers. The Committee expressed no concern

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3/7/86
Attach. 3*

for exempting new vehicle dealers, but felt like they might be going too far by exempting used vehicle dealers at the same time. After discussion, the Committee decided to grant the exemption to the new vehicle dealers only, and that is the way current statutes read.

At that time, we did not necessarily understand why the Committee was reluctant to grant the exemption to used vehicle dealers, especially since one of the requirements to acquire a dealer's license is having liability insurance in force.

Mr. Chairman and Members of the Committee, the franchised new car and new truck dealers sincerely appreciate having this exemption from what would be a very cumbersome requirement. We sincerely request that no matter what action you take concerning HB 3059, that you at the very least retain this exemption for new vehicle dealers.

Thank you for your time and consideration, and I would be happy to stand for questions.

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Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66625

MEMORANDUM

TO: Representative Rex Crowell
Chairman, House Committee on Transportation

FROM: Harley T. Duncan
Secretary of Revenue

DATE: March 4, 1986

RE: House Bill 3031

The provision of Section 1 subsection (e) amending K.S.A. 1985 Supp. 8-134 was requested by the Department of Revenue and also is an outgrowth of the Vehicle Information Processing System (VIPS) development project.

Specifically, the elimination of county designation on registration decals would enable the Division of Vehicles to have one set of a particular decal rather than one set for each county. The decals would be sequentially numbered statewide, resulting in increased control and inventory procedures for both the State and counties.

Under the current license plate system, when a vehicle owner residing in Shawnee county moves to Sedgwick county he is not issued a new plate with the SG designation. At the time of his next renewal he is issued a registration decal with the SG designation and retains his SN plate. In some counties, this ability to identify vehicles that are truly from "out of county" may have some added benefits to law enforcement.

Assuming SAM 123 plates are issued commencing 1/1/88 with county designator decals, law enforcement's needs will still be addressed because under the aforementioned scenario the owner will simply be issued a new county designator decal to lay over his old decal. County identification on the registration decal thus becomes unnecessary.

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Attach. 4*