

Approved 1-27-87  
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at  
Chairperson

9:00 a.m. ~~pm~~ on January 21, 1987 in room 254-E of the Capitol.

All members were present ~~except~~.

Committee staff present:

Hank Avila, Legislative Research Department  
Ben Barrett, Legislative Research Department  
Robin Hunn, Legislative Research Department  
Bruce Kinzie, Revisor  
Louise Cunningham, Committee Secretary  
Conferees appearing before the committee:

The Chairman extended a welcome to Sen. Bond who was replacing Sen. Walker in this Committee. Two new staff members were also introduced, Bruce Kinzie with the Revisor's office and Robin Hunn, with the Legislative Research Department.

The Research Department presented conclusions and recommendations of the Interim Committee regarding proposals No. 30, 31, 32, 33 and 34. (Attachment 1).

Robin Hunn explained Proposal No. 30 which deals with the formula used by the Department of Transportation to select highway improvement projects. The Department considers preserving projects by resurfacing, upgrading and some expansion projects. The priority system is used and it is a formula developed by KDOT with consultant firms. It took a number of years to develop. 56% of the projects were selected by this formula and the remainder were set-aside programs. The Interim Committee reviewed the formula and found it was difficult to change any certain factor because the whole formula would have to be changed. Existing funds were very limited.

Hank Avila explained Proposal No. 31 which was the Vehicle Dealer Bonding Requirements. The Committee found that bond money was available and would cost approximately \$10 per \$1000 coverage. Thirty-nine states have this requirement. Bonding would protect the consumer. Motor homes would not be covered under this bill because the definition did not include them. The Department of Revenue would need additional legal staff because the state of Kansas would be involved in the bonding.

Proposal No. 32 deals with the permanent registration of county and city-owned vehicles. Ben Barrett explained this Proposal and said it was requested because these vehicles presently had to be registered annually and this required many man-hours. Under this Proposal they would be issued distinctive license plates and each city and county would file their inventory with the Department of Revenue. No one appeared in opposition to this Proposal.

The Chairman noted that he had heard from the School Board Association and the school buses were not presently tagged. They would not want to register their vehicles and might be required to tag them under the Proposal if the bill is not amended.

Hank Avila explained Proposal No. 33 which deals with the two license plates and reflectorized sheeting for license plates and road signs. The two license plates were supported by law enforcement people but some people from Wyandotte County did oppose the cost factor. They felt the money could be better used to hire more troopers. There would also be the inconvenience because many cars do not have a bracket for a front license plate.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,  
room 254-E, Statehouse, at 9:00 a.m./~~xxx~~ on January 21, 1987.

On the sheeting issue, there was some opposition from a firm that stated the highway signs did not last long enough and some peeling was occurring in the reflectorized sheeting on road signs. The Committee agreed that KDOT had the expertise to make the decisions in regard to the material used.

The Chairman said this Committee would have to move quickly on the two-license plates because plates are already being manufactured for 1988 and if we do not act this session there would not be the opportunity for another five years. Second plates could still be manufactured for 1988.

Ben Barrett explained Proposal No. 34 which deals with the Mid-States Port Authority. The problem had been resolved and there was no further need for legislation.

Bruce Kinzie said S.B. 44 was requested by Sen. Talkington and involved an out-of-state trucker. There was an inconsistency in the law regarding passing at certain intersections and there should be a change in the law. KDOT had requested the Committee to hold up on this until they can gather some information for the Committee.

On a motion from Sen. Norvell and a second from Sen. Hayden the Minutes of January 15, 1987 were approved. Motion carried.

A conceptual motion was made by Sen. Francisco to require two license plates and to have the bill introduced as a Committee bill. Motion was seconded by Sen. Norvell.

There was some objection because the Interim Committee had not recommended this.

The motion did not carry.

Meeting was adjourned at 10:00 a.m.

DATE: Jan 20, 1987

GUEST REGISTER  
SENATE  
TRANSPORTATION AND UTILITIES COMMITTEE

NAME	ORGANIZATION	ADDRESS
BUD GRANT	KCC	TOPEKA
Mike Recht	AT+T	TOPEKA
Shelley Sutton	Ks Eng. Society	Topeka
Dan Rambow	Ks. Contractors Assn	Topeka
Joe Lieber	Ks Co-op Council	Topeka
Pat Hahelle	Kansas Railroad Association	Topeka
Ron Calbert	UTU	Newton
BILL PERDUE	NI PASSAGE HIGHWAY	TOPEKA
John C. Bottelmy	3M	Topeka

TRANSMITTAL  
MEMORANDUM

January 20, 1987

TO: Transportation and Utilities Committee

FROM: Legislative Research Department

RE: Conclusions and Recommendations in Brief/ Committee Report  
Conclusions and Recommendations on Proposals No. 30, 31,  
32, 33, and 34.

ATT. 1  
T&U 1/21/87

CONCLUSIONS AND RECOMMENDATIONS  
IN BRIEF  
PROPOSAL NOS. 30, 31, 32, 33, and 34

**Transportation**

Selection of Highway Projects (Proposal No. 30). The Committee recommends no change be made in the priority formula used by the Kansas Department of Transportation (KDOT) to select highway improvement projects. The formula was first applied to select the FY 1987 projects, thus the Committee concludes that it is too early to properly evaluate the formula. The Committee learned that KDOT may conduct a comprehensive reevaluation of the formula in the near future. The Committee recommends that serious consideration be given to the factors of economic development and commercial traffic in any such reevaluation. With respect to road projects that might stimulate economic development, the Committee finds that existing sources of the State Highway Fund are extremely limited. The current level of highway funding is not sufficient to address the needs of the existing highway system; the state might not be able to respond to future highway needs without additional resources.

Vehicle Dealer Bonding Requirements (Proposal No. 31). The Committee recommends legislation which would require a motor vehicle dealer or broker to purchase a \$25,000 surety bond. In lieu of such bond a dealer or broker could deposit with the State Treasurer, \$25,000 in cash, certain negotiable bonds or certificates of deposit, or irrevocable letters or credit from a state or national bank. The Committee also recommends addition of a misdemeanor penalty for violations of the Motor Vehicle Dealers and Salesmen Licensing Act.

Permanent Registration of County- and City-Owned Vehicles (Proposal No. 32). The Committee recommends permanent registration for certain county- and city-owned vehicles. Such registration would remain with the vehicle for the life of the vehicle or until the title is transferred to another owner. The license plates would bear the words "city" or "county" and would not be dated. The city or county also would be required to

file an annual report of permanently registered vehicles with the Division of Vehicles of the Department of Revenue.

Reflectorized Sheeting for License Plates and Road Signs and Two License Plate Requirement (Proposal No. 33). The Committee believes that reflectorized sheeting for license plates is preferable because it enhances vehicle traffic safety and because its superior durability is better suited for a cycle of five or more years for issuance of license plates. The Committee concurs with the Secretary of Revenue's selection of this material.

The Committee believes that a two license plate requirement is not advisable at this time. The cost and inconvenience to the public seem to more than offset the additional measure of safety to law enforcement officials and motorists that would occur. The Committee would support review of this issue at some future time.

The Committee believes decisions with regard to reflectorized sheeting for road signs should be determined by the Secretary of Transportation. In this regard, the Secretary should make the best possible use of the taxpayers' money through competitive bidding. Where the cost of sign material affects the feasibility of a project, consideration should be given to allowing the use of the engineering grade material rather than the high-intensity sheeting.

Mid-State Port Authority Powers (Proposal No. 34). The Committee submits no recommendations regarding this matter. The main problem that prompted the request for this study has been resolved.

**CONCLUSIONS AND RECOMMENDATIONS ON  
PROPOSAL NOS. 30, 31, 32, 33, AND 34**

Proposal No. 30

Conclusions and Recommendations

Although the Legislature requested development of the priority formula in 1979, it took several years for the formula to be developed and implemented. The formula was first applied to select the FY 1987 projects. The Committee concludes that it is too early to properly evaluate the formula and recommends no change in the formula at this time.

The Committee also found that it would be extremely difficult to alter the formula and achieve a specific result without redeveloping the entire formula and all the weights and factors involved. The Committee learned that KDOT may conduct a comprehensive re-evaluation of the formula through the Delphi decision process in the near future, and recommends that serious consideration be given to the factors of economic development and commercial traffic in that review. The results of that review should be reported to the Legislature.

The Committee recognizes that no priority formula will please every area of the state. The Committee also recognizes local government highway funding concerns, but believes that the state provides a fair distribution of funding for highways and notes that KDOT provides state and federal funding to local units of government beyond the minimum levels required.

In its review of recommendations from the Redwood/Krider report on economic development projects and feasibility studies, the Committee found that while there are potential projects throughout the state that could stimulate economic development, the existing resources of the State Highway Fund are extremely limited. The current level of highway funding is not sufficient to address needs on the existing state highway system, and the Committee expresses concern that the state may not be able to respond to future highway needs without additional resources.

Proposal No. 31

Conclusions and Recommendations

The Committee regards a bonding requirement applicable to motor vehicle dealers and brokers to be a consumer protection device which would help assure principally that a vehicle purchaser receives good title and that full

payment is made by the dealer to those from whom the dealer's inventory is secured. The merits of imposing such a requirement must be weighed against the financial hardship that would be imposed, especially on low-volume dealers. Based on the testimony the Committee received, it would appear that the cost of such bonds would be in the range of \$10 per thousand, or about \$250 annually.

It is the Committee's judgment that the protection afforded by a bonding requirement merits its imposition. Therefore, the Committee is proposing a bill (which accompanies this report) to carry out its recommendation. If Kansas were to enact such a law, it would join the vast majority of states which already have such legislation.

A chief concern of the Committee was that a new governmental requirement which adds to the cost of doing business not have the effect of forcing closure of small but reputable operators. No convincing testimony was presented to the Committee that this would occur. Even so, the Committee has approached this issue with caution by incorporating alternative means for a dealer to demonstrate financial security in lieu of securing a bond.

The main provisions of the Committee's bill are summarized below.

1. Applicants or licensees as a used vehicle dealer, a new vehicle dealer, or a broker would be required to provide a \$25,000 surety bond as an indemnity against loss for an act which constitutes grounds for suspension or revocation of their license. The aggregate liability for all violations of the conditions of the bond could not exceed \$25,000. (Dealers who sell only motorized bicycles and mobile homes would be excluded from the bonding requirement.)
2. As an alternative to 1 (above), the applicant or licensee could satisfy the bonding requirement by depositing with the State Treasurer \$25,000 in cash, certain negotiable bonds or certificates of deposit, or irrevocable letters of credit from a state or national bank.
3. A penalty provision would make it a misdemeanor to violate provisions of the Motor Vehicle Dealers and Salesman Licensing Act. The maximum penalty that could be imposed upon conviction is a fine of \$500 or 90 days imprisonment, or both.
4. The law would become effective on January 1, 1988.

#### Proposal No. 32

#### Conclusions and Recommendations

The Committee agrees with conferees that the annual registration of city and county owned vehicles is an unnecessary inconvenience to those governmental units. The Committee is therefore recommending the introduction of S.B. 29, which provides for permanent registration of motor vehicles, trailers, or



semitrailers owned by cities or counties and used exclusively for governmental purposes. That is, the registration would remain with the vehicle for the duration of its life or until the title is transferred to another owner. The fee for permanent registration would be set by rules and regulations adopted by the Secretary of Revenue, not to exceed the actual cost of registration. The license plates issued to cities and counties would be distinctive, would display the words "city" or "county," and would bear no date.

Cities and counties would be required to file an annual report of permanently registered vehicles with the Division of Vehicles of the Department of Revenue. The purpose of this requirement is to help maintain an accurate inventory of such vehicles.

The current estimate of the Secretary of Revenue is that the permanent registration procedure, including the issuance of distinctive plates, would be \$7.00 per vehicle, based on the issuance of one plate. The \$7.00 fee was arrived at as follows: \$1.78 for production of the distinctive plate, \$0.50 for reflectorization, \$1.00 for a county service fee, \$0.75 for a county processing fee, \$1.75 for processing by the Department of Revenue, and \$1.20 as a one-time fee (based on an eight-year life) for processing the annual reports from counties and cities for verifying the accuracy of the state's record of vehicle ownership. (The sum of these amounts is \$6.98; for simplicity, the fee was rounded to \$7.00.) The fee would be assessed only once for each vehicle. In contrast, the present total cost for annual registration of each such vehicle is \$5.28 for the initial registration and \$3.71 for the renewal of the registration. The Committee's proposal would greatly simplify administrative procedures for registering city- and county-owned vehicles and would reduce costs associated with this process without sacrificing the ability of the state to identify the current ownership of such vehicles.

### Proposal No. 33

#### Conclusions and Recommendations

Reflectorized Sheeting for License Plates. The Secretary of Revenue has determined that the state's interest is best served by using fully reflectorized sheeting on license plates. The Committee concurs with the Secretary's decision on this matter. The Committee recognizes that the beads-on-paint procedure is a less expensive means of reflectorizing license plates than use of reflectorized sheeting, however, the Committee believes that the reflectorized material is preferable because it is more durable and because it enhances vehicle traffic safety. Thus, the Committee's view is that the reflectorized sheeting is superior for purposes of a cycle of five or more years for issuance of a license plate.

Two License Plate Requirement. The Committee agrees with law enforcement organizations that a two license plate requirement would provide some additional measure of safety to motorists and to those engaged in law enforcement activities. However, the Committee's view is that the advantages are more than offset by two factors:

1. the additional costs for administration of this program and to vehicle owners for complying with a two plate requirement; and
2. the inconvenience and aggravation that would be caused, especially for owners of older vehicles, of securing and installing mounting brackets on the front of their vehicles.

In spite of the Committee's recommendation, it would support review of this issue at some future time.

Reflectorized Sheeting for Road Signs. The Committee's view is that the Secretary of Transportation possesses the expertise with respect to safety considerations and cost-effectiveness of materials to make the most appropriate decisions regarding the type of sheeting that should be used on road signs. During deliberations in this regard, the Secretary is admonished to make the most efficient and effective use possible of the taxpayers' money. Ensuring that all qualified providers of such material are encouraged to engage in competitive bidding is one potential means of stretching tax resources. Also, if there are instances when the cost of sign material affects whether a project will be undertaken, the Committee suggests that consideration be given to substituting engineering grade reflective material for the high-intensity sheeting in order that the project not be scrapped.

#### Proposal No. 34

#### Conclusions and Recommendations

During the course of the Committee's review of the statutory provision relating to the power of MSPA to acquire and dispose of property, the MSPA spokesperson stated that the issue which had prompted the request for S.B. 377 had been resolved. MSPA accomplished this by entering into leases with tenants along the railroad right-of-way.

The Committee recognizes that all those who appeared before it, the MSPA, Kansas Railroad Association, and the Kansas Grain and Feed Dealers Association, expressed support for an amendment that would give MSPA the option of negotiating the sale of property. Nevertheless, Committee members were reluctant to recommend such a change in the law. A negotiation process could produce the desirable consequences MSPA described; however, under other circumstances, it could be used as a device to extract concessions greater than would result if a bidding process were used. In addition to this specific issue, S.B. 377 contained other provisions, the effects of which are not clearly understood. As a result of uncertainties that continue to surround the proposal and because the matter that prompted the introduction of S.B. 377 has been resolved, the Committee concluded that the need for legislation on this issue presently is not justified.