

Approved 3/20/87 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./~~p.m.~~ on March 19, 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
Bruce Kinzie, Revisor
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:

Harley Duncan, Secretary, Department of Revenue
Rep. Eugene Shore
Rep. Rex Crowell
Ed DeSoignie, Department of Transportation

Hearing on H.B. 2399 - Motor vehicle registration, decals.

Secretary Duncan said this bill would eliminate the two letter county designation and that the decals would be numbered serially in each county. The county elimination and going to a statewide numbering system would be a cost saving measure. He spoke of the House amendment which would include the name of the county on the plate. A copy of his statement is attached. (Att. 1).

Rep. Shore said there was widespread support for having the name of the county added to the plate. A copy of his statement is attached. (Att. 2). He also said there was little support for the two tags as it would be expensive and there was no bracket for a plate on many cars.

Hearing on H.B. 2306 - Highway bonds, public or private sale.

Rep. Crowell said having "negotiated sales" would give more flexibility to the Secretary of the Department of Transportation and this was very desirable in a changing market. A copy of his statement explaining the "negotiated sale" and the "public sale" is attached. (Att. 3). He said this would be a valuable tool if you trust the Governor and the Secretary of Department of Transportation. He also said if there was a feeling there would be opportunity for scandal the bill should be killed. He said he had spoken to people in the industry and they support it but felt it could sound as a "self-serving" thing.

Ed DeSoignie, KDOT, said they support the bill and it would enable them to act on the market 30 days sooner than on a public sale. The Department did not ask for this bill but support it and it would be a valuable tool. A copy of his statement is attached. (Att. 4).

There was some discussion about setting up a commission for safeguards. It would be better to have a committee rather than to let it up to one person.

There was discussion about Congress raising the speed limit and the effect on Kansas. Since the deadline for bills was past the Chairman said he would request Federal and State Affairs Committee to introduce legislation so Kansas could raise the 55 mph speed limit to correspond to the federal bill.

A motion was made by Sen. Francisco and was seconded by Sen. Martin to approve the Minutes of March 17, 1987. Motion carried.

Meeting was adjourned at 9:55 a.m.

DATE: 3-19-87
254-E

GUEST REGISTER
SENATE
TRANSPORTATION AND UTILITIES COMMITTEE

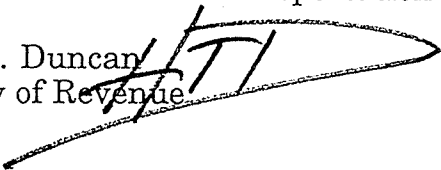
NAME	ORGANIZATION	ADDRESS
Nancy Welsh	Douglas Co. Treasurer	Lawrence
Ed de Guzman	KDOT	Topoka
John C. Bottenby	Ks Ethanol Assoc	Topoka
Mary Jadesid	Wey. Co. Treasurer	K.C.
Marge Roberts	Shawnee County Treasurer	Topoka
Tom Whitaker	Ks Motor Carrier Assn	Topoka
Alan Steppat	McBill + Assoc.	Topoka



KANSAS DEPARTMENT OF REVENUE
Office of the Secretary
State Office Building · Topeka, Kansas 66612-1588

MEMORANDUM

TO: The Honorable Bill Morris, Chairman
Senate Committee on Transportation and Utilities

FROM: Harley T. Duncan 
Secretary of Revenue

RE: HB 2399

DATE: March 19, 1987

Thank you for the opportunity to appear before you today on HB 2399 relating to registration decals and license plates. The Department requested the original version of this bill and supports enactment of those sections.

As introduced, the bill made two changes in current vehicle laws.

1. It changed "number plate", "registration plate" and similar verbage to "license plates" in several sections.
2. It eliminated a requirement (lines 80-84) that the annual registration decal contain the two letter designation for the county in which the vehicle is registered and that the decals be numbered serially in each county.

The latter change was requested to allow the registration decals to be numbered serially statewide as a cost saving measure. Elimination of the individual county requirement will minimize our decal inventories, reduce waste, reduce data entry under a new system (VIPS) the department is developing and reduce the cost of manufacture by allowing one press run for the decals instead of 105 press runs. It will save roughly \$3,000 per year.

The bill was amended by the House to require that the new license plates to be issued in 1988 include a decal with the name of the county in which the vehicle is registered in at least 3/4 inch letters across the bottom of the plate.

The Department has no position on this amendment, but the Committee should be aware of several matters as it considers it.

ATT. 1
T&U 3/19/87

1. Center Industries is currently manufacturing the plates to be issued in 1988, and by January 1 will have manufactured about 975,000 of the 3.2 million to be issued. These plates will contain the two character county identifier required under current law. Thus, at least some of the new tags will have two means of identifying the county of registration, and we would suggest that all plates be done identically.
2. The requirement for 3/4 inch lettering is not really workable in that it requires all of the space at the bottom of the plate under the new design. We would suggest 1/2 or 9/16 inch lettering would be preferable. The 3/4 inch will not work on motorcycles and other small plates.
3. The truck weight registration decals will have to be moved to some other position on the plate unless they are exempted from the requirement.
4. Center Industries projects that the cost of materials, manufacture and placing the decal on the plate will be \$.10 per decal, or about \$317,000 during each new reissue.

Thank you for the opportunity. I would be glad to answer any questions.

EUGENE L. SHORE

SENATE TRANSPORTATION & UTILITIES COMMITTEE: Testimony for

March 19, 1987, 9:00 a.m., Room 254-E.

Proponent for HB 2399.

THIS LEGISLATION DOES TWO THINGS:

1. IT REMOVES THE SMALL TYPEWRITTEN COUNTY TWO LETTER DESIGNATION FROM THE YEARLY STICKER WHICH INDICATES YOU HAVE PAID YOUR YEARLY LICENSE FEE FOR YOUR VEHICLE. THE STATE COULD PRINT THESE STICKERS CONSECUTIVELY STATEWIDE WITH SAVINGS OF BOTH TIME AND MONEY.

2. THE COUNTY NAME WOULD BE ADDED TO THE BOTTOM OF THE NEW LICENSE PLATE WITH LETTERS 3/4" HIGH. THE NAME COULD BE ADDED BY TAPE SO AS NOT TO INTERFERE WITH THE MANUFACTURING PROCESS WHICH IS UNDERWAY.

I HAVE LETTERS FROM MANY AREAS OF THE STATE AS WELL AS EDITORIALS SUPPORTING INCLUDING THE NAME OF THE COUNTY OR SOME MEANS OF IDENTIFYING A VEHICLE WHICH IS LOCAL OR FOREIGN TO THE COMMUNITY.

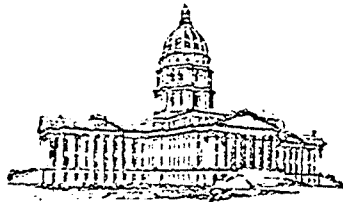
I HAVE SUPPORT OF INDIVIDUAL HIGHWAY PATROLMEN, SHERIFFS AND CITY POLICE. SOME REASONS GIVEN ARE COMMUNITY SAFETY: IF A PARENT HAS CHILDREN PLAYING IN THE YARD IT IS IMPORTANT TO THAT PARENT TO KNOW A VEHICLE WHICH DRIVES BY IS A LOCAL VEHICLE OR NOT. I, AS A FARMER, WANT TO KNOW WHERE PEOPLE HUNTING ON MY LAND ARE FROM.

IN SHORT, THIS LEGISLATION IS POPULAR WITH THE PEOPLE OF KANSAS. IT IS ATTRACTIVE AND CHANGES THE NEW LICENSE PLATE FROM A GENERIC PLATE TO ONE WHICH HAS SOME MEANING TO THE PERSON WHO PLACES IT ON HIS OR HER VEHICLE.

THANK YOU.

ATT. 2
T&U 3/19/87

REX CROWELL
REPRESENTATIVE SEVENTH DISTRICT
GREENWOOD, ELK, CHAUTAUGUA COUNTIES
CENTER TOWNSHIP OF LYON COUNTY
RFD
LONGTON, KANSAS 67352



TOPEKA

House of Representatives

COMMITTEE ASSIGNMENTS
CHAIRMAN TRANSPORTATION
MEMBER ASSESSMENT AND TAXATION
KANSAS TURNPIKE AUTHORITY
Judiciary

NEGOTIATED SALES IN BOND MARKETING

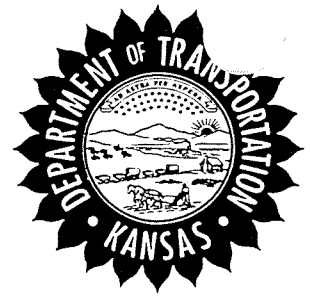
The two most common methods of underwriting bonds issued by state and local governments are the "negotiated sale" and the "public sale." The negotiated sale is used to market a substantially higher volume of municipal bonds than is the public sale. In 1986, \$102.7 billion in municipal bonds were underwritten by means of negotiated sale and \$34.2 billion in bonds were underwritten by means of a public sale.

Generally accepted criteria for determining the benefits of negotiated sales are concisely summarized in a book entitled The Price of Advice: Choosing and Using Financial Advisors, published in 1986 by the Government Finance Research Center of the Government Finance Officers Association. According to this publication, "In evaluating the costs and benefits of a negotiated financing, six factors should be reviewed. If any of these factors is present, a negotiated financing, would probably be advantageous." The six factors referred to are as follows:

1. Is the transaction of significant size for the issuer or for the geographic tax-exempt market?
2. Will market timing be a critical factor in garnering the lowest possible interest rate?
3. Does the financing require a particularly complex or innovative structure?
4. Does the issuer have concerns about the rating process?
5. Is this a "story bond?"
6. Is the financing being undertaken by a new issuer or a new administration?

KANSAS DEPARTMENT OF TRANSPORTATION

DOCKING STATE OFFICE BUILDING — TOPEKA, KANSAS 66612-1568
(913) 296 — 3566



HORACE B. EDWARDS, Secretary of Transportation

MIKE HAYDEN, Governor

March 19, 1987

MEMORANDUM TO: The Honorable Bill Morris, Chairman
Senate Committee on Transportation and Utilities

FROM: Edward R. DeSoignie
Policy Coordinator

REGARDING: House Bill 2306

Thank you Mr. Chairman, members of the Committee. My name is Ed DeSoignie, I am Policy Coordinator for the Kansas Department of Transportation.

The Department appears before you this afternoon in support of House Bill 2306.

House Bill 2306 broadens the authority of the Secretary of Transportation regarding the issuance of highway bonds by providing the Secretary the option of negotiating the private sale of such bonds. Provisions in K.S.A. 68-2304 providing for the public sale of highway bonds remain unchanged. Language appearing on lines 107 through 109 of the bill would permit the Secretary to take advantage of favorable market bond rates by proceeding quickly to combine the functions of financial advisor and purchaser of bonds into a single negotiated contract.

Fluctuations in bond market rates make it desirable to have the ability to move quickly. The need for such quick action can best be illustrated by an example of a bond refunding issue of \$180 million. Assuming these bonds were issued for a 30 year period at 7½ percent, annualized debt service on the bonds would be approximately \$15,090,000. Should bond rates increase by as little as one percent, to 8½ percent, annualized debt service would be approximately \$16,600,000. Under the example, a one percent increase in market rates produces an additional \$1.5 million in annualized debt service, translating into over \$45 million in additional debt service over the life of the bonds.

ATT. 4
T&U 3/19/87

The optional authority provided the Secretary of Transportation in House Bill 2306 would apply to any possible future refund issuances of the outstanding Kansas Freeway bonds, and is consistent with the bonding authority provided to the Kansas Turnpike Authority. Other bond issuers such as the New Jersey Turnpike Authority and the Oklahoma Turnpike Authority have the ability to privately negotiate the sale of their bonds.

The Department respectfully requests the Committee to recommend House Bill 2306 as favorable for passage. Thank you.