

Approved September 19, 1988
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~am~~/p.m. on February 29, 1988 in room 519-S of the Capitol.

All members were present except: Representatives Justice, Laird and Spaniol

Committee staff present:

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

Conferees appearing before the committee:

Representative Denise Apt
Representative Jim Lowther
Mr. Charles Herron, Emporia Motor Freight
Mrs. Mary Turkington, Kansas Motor Carriers Association
Mr. Alfonzo Maxwell, Kansas Corporation Commission
Representative Jim Reardon
Mr. Gerald Henderson, United School Administrators of Kansas
Dr. Bruce Henoeh, Superintendent, Seaman School District
Mr. Ed DeSoignie, Kansas Department of Transportation

The meeting was called to order by Chairman Crowell and the first order of business was a hearing on HB-2244 concerning limitations on restricted licenses.

Representative Denise Apt, sponsor of the bill, briefed the Committee on its contents.

The hearing on HB-2244 ended.

The next order of business was a hearing on HB-3064 concerning issuance of securities by motor carriers.

Representative Jim Lowther, briefed the Committee on HB-3064, and introduced Mr. Charles Herron as a conferee.

Mr. Charles Herron, Emporia Motor Freight, testified in favor of HB-3064. He said it is a burden to obtain permission from the Kansas Corporation Commission before making purchases.

Mrs. Mary Turkington, Kansas Motor Carriers Association, testified in support of HB-3064. (See Attachment 1)

She told of a letter received from Mr. Charles Herron, Emporia Motor Freight, outlining a problem of having to request a hearing before the Kansas Corporation Commission and obtain a certificate in order to issue debt in excess of 12 months.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on February 29, 1988

Mrs. Turkington said strict adherence to the provision of K.S.A. 66-125 would indicate that anything from a major equipment purchase down to a typewriter purchase would require Commission approval.

Mr. Alfonzo Maxwell, Kansas Corporation Commission, testified in support of HB-3064. (See Attachment 2)

He said it is KCC's understanding that HB-3064 exempts motor carriers from having to file securities with the Commission for approval by amending K.S.A. 66-125 to exclude motor carriers as defined in K.S.A. 66-1,108.

Mr. Maxwell said it is understood that HB-3064 grandfathers all securities negotiated prior to the effective date of this act which were issued without obtaining a certificate from the Commission.

The hearing on HB-3064 ended.

The next order of business was a hearing on HB-2734 concerning distribution of funds received from drivers' license fees.

Representative Jim Reardon, co-sponsor of the bill, briefed the Committee on its contents. He said the purpose for HB-2734 is to increase funding for driver education programs in Kansas.

He said the percentage of funding from the state level to the local level has dropped significantly.

Mr. Gerald W. Henderson, United School Administrators of Kansas, testified in support of HB-2734. (See Attachment 3)

He said costs per student for driver education have risen from \$129.00 in 1978 to \$191.00 in 1986, while the state reimbursement rate remains relatively stable between \$54.00 and \$57.00 per student. Mr. Christian said that at a time when school district general fund dollars are being stretched to the limit, that more funds from license fees should be made available to offset the cost of driver education programs.

Dr. Bruce Henoeh, Superintendent, Seaman School District, Topeka, Kansas, testified in support of HB-2734. He also stressed the importance of motorcycle driver education.

Mr. Ed DeSoignie, Kansas Department of Transportation, testified in opposition to HB-2734. (See Attachment 4)

He stated HB-2734 reduces revenues credited to the State Highway Fund by approximately \$8 million for the FY-1989-1993 period, aggravating further the fiscal condition of the State Highway Fund.

The hearing on HB-2734 ended.

The next order of business was a hearing on HB-3066 providing a multiyear registration for certain trailers, semitrailers or pole trailers.

CONTINUATION SHEET


MINUTES OF THE House COMMITTEE ON Transportation,
room ~~519-S~~, Statehouse, at 1:30 ~~xxx~~ p.m. on February 29, 1988

Mrs. Mary Turkington, Kansas Motor Carriers Association, testified in support of HB-3066. (See Attachment 5)

She said language which appears on page 7 of HB-3066 makes it clear that such multiyear registration would be at the owner's option. Mrs. Turkington stated annual registration of such equipment would continue to be available.

The hearing on HB-3066 ended.

The meeting was adjourned at 2:55 p.m.


Rex Crowell, Chairman

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

In support of H.B. 3064 which would exempt motor carriers from seeking approval by the Corporation Commission for debt which will not be paid in a 12-month period.

Presented to the House Transportation Committee, Rep. Rex Crowell, Chairman; Statehouse, Topeka, February 29, 1988.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Mary E. Turkington, Executive Director of the Kansas Motor Carriers Association with offices in Topeka. I am here today representing our member-firms and the highway transportation industry to state our support for House Bill 3064.

The introduction of this bill addresses a problem outlined in a letter from Charles L. Herron, President of Emporia Motor Freights, Inc., of Emporia, Kansas.

Mr. Herron explained that two years ago four members of the management of Emporia Motor Freight purchased this company, encountered the provisions of K.S.A. 66-125, and discovered it necessary to request a hearing before the Kansas Corporation Commission and obtain a certificate in order to issue debt in excess of 12 months.

Attach. 1

The company complied with this requirement but did not realize that this procedure would be necessary each and every time the company issued any debt instrument in excess of 12 months.

Strict adherence to the provisions of K.S.A. 66-125 would indicate that anything from a major equipment purchase down to a typewriter purchase would require Commission approval.

The Company went to the Commission and obtained proper authority to issue the securities, however, upon requesting the Commission to retroactively approve debt that already was on the company books, we encountered difficulty in what appears to be a precedence in court cases in Kansas implying that the Commission cannot retroactively approve a transaction of this nature.

After spending time with the staff counsel of the Commission, Mr. Herron discovered that Emporia Motor Freight, Inc., has been the only motor common carrier before the Commission for any type of financing transaction in recent years. I can tell you that our Association staff was not even aware of this requirement.

Mr. Herron further points out that leaving this statute in its present form, and assuming that it would indeed be adhered to, would place quite a burden on the Corporation Commission in approving every piece of equipment purchased by a carrier holding Kansas intrastate authority. Apparently he has reached some consensus with the Commission's staff counsel in this connection as well.

The amendment to H.B. 3064 simply exempts motor carriers as defined in K.S.A. 66-1,108 from K.S.A. 66-125 and validates the transactions which have occurred prior to the effective date of this act. This amendment would leave in place the provisions of K.S.A. 66-125 for other public utilities or common carriers to which the act was intended to apply.

The only change in language which the Committee may wish to consider would be making the act effective upon publication in the Kansas Register rather than the July 1, effective date now contained in the bill.

We earnestly ask your support of this proposal. We will be pleased to attempt to answer any questions you may have.

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STATEMENT

By The

KANSAS CORPORATION COMMISSION

In support of H.B. 3064 which would exempt motor carriers from seeking approval by the Corporation Commission for debt which will not be paid in a 12-month period.

Presented to the House Transportation Committee, Rep. Rex Crowell, Chairman; Statehouse, Topeka, February 29, 1988.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Alfonzo A. Maxwell, Transportation Division Administrator for the Kansas Corporation Commission. I am here today representing the Commission in support of House Bill 3064.

It is our understanding that House Bill 3064 exempts motor carriers from having to file securities with the Commission for approval by amending K.S.A. 66-125 to exclude motor carriers as defined in K.S.A. 66-1,108. Furthermore, it is our understanding that this bill grandfathers all securities negotiated prior to the effective date of this act which were issued without obtaining a certificate from the Commission.

Again the Commission supports the enactment of this bill.

Also I'd like to thank you for the opportunity to testify on House Bill 3064.

Attach 2



HB 2734

Testimony presented before the House Committee on Transportation
By Gerald W. Henderson, Executive Director
United School Administrators of Kansas.

February 29, 1988

Mister Chairman and members of the committee.

United School Administrators of Kansas is happy to speak in support of HB 2734. Driver Education remains an important part of the total education program in Kansas, even at a time when our neighbors seem about to fold up their tents on the subject. Kansas parents continue to respond positively to driver education even as many of our programs are shifted to the summer for scheduling and to user fees as a means of support. Enrollment during the past year was up 1% among eligible students.

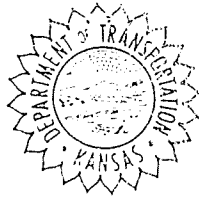
As you have already been told, costs per student for driver education have risen from \$129.00 in 1978 to \$191.00 in 1986 while the state reimbursement rate remains relatively stable at between \$54.00 and \$57.00 per student.

We think that at a time when school district general fund dollars are being stretched to the limit that more funds from license fees be made available to off-set the costs of these valuable programs. If not at the levels called for in the bill, then at a level deemed appropriate and workable by this committee and the legislature.

Our thanks to representatives Reardon and Turnquist for recognizing the problem and for suggesting a solution.

Attach. 3

STATE OF KANSAS



KANSAS DEPARTMENT OF TRANSPORTATION

*Docking State Office Building
Topeka 66612-1568
(913) 296-3566*

Horace B. Edwards
Secretary of Transportation

February 29, 1988

Mike Hayden
Governor of Kansas

MEMORANDUM TO: House Transportation Committee

FROM: The Kansas Department of Transportation

REGARDING: House Bill 2734

House Bill 2734 amends K.S.A. 1987 Supp. 8-267 concerning funds to be credited to the State Safety Fund and the Motorcycle Safety Fund.

Presently, the State Safety Fund is credited with: 37.5 percent of all Class C fees, 20 percent of all Class A fees or Class B fees. The Motorcycle Safety Fund receives an additional 20 percent of all Class B fees. The remaining license fees of the various classes are credited to the State Highway Fund.

The bill amends the current distributions to provide that 75 percent of all Class C fees, 40 percent of all Class D fees and 40 percent of all Class A or B fees are credited to the State Safety Fund. The amount credited to the Motorcycle Safety Fund would be increased to 40% of all Class D fees. The bill also amends the distributions to school district and non-public schools for driver training from the State Safety Fund and Motorcycle Safety Fund.

In FY 1987, approximately \$1.514 million was deposited into the State Safety Fund and \$0.068 million was deposited into the Motorcycle Safety Fund. Assuming that the collection of driver's license fees remains stable, it is estimated that:

- 1) The State Highway Fund would be reduced by \$1.58 million in FY 1989,
- 2) The State Safety Fund would be increased by \$1.51 million in FY 1989, and
- 3) The Motorcycle Safety Fund would be increased by \$0.07 million in FY 1989.

Attach. 4

The net impact to the State Highway Fund for the FY 1989-1993 period would be a reduction of approximately \$8 million in revenues.

The Department desires to express its concerns with the fiscal impact of House Bill 2734. The Department reiterates its concerns with the overall direction of the agency's fiscal condition.

In testimony before the Committee on January 26, 1988, Transportation Secretary Horace Edwards stated that in the near future the agency will not have sufficient funds to continue our current construction and maintenance activities. Based on the agency's calculations, the Secretary noted reductions in the projected FY 1989 program are necessary to remain solvent. To preserve Federal-aid funds, a \$5 million reduction in surfacing projects in FY 1989 was ordered.

If the Department abandons its resurfacing program altogether, sufficient funds can be preserved to match Federal-aid through 1996. The difference between the normal program and the one which can be funded without new revenue creates a shortfall through Fiscal Year 1996 of \$286 million. Abandoning a resurfacing program however, has serious consequences for the state's highways.

House Bill 2734 reduces revenues credited to the State Highway Fund by approximately \$8 million for the FY 1989-1993 period, aggravating further the fiscal condition of the State Highway Fund.

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

In support of H.B. 3066 which provides for the multiyear registration of trailers, semitrailers or pole trailers. Presented to the House Transportation Committee, Rep. Rex Crowell, Chairman; Statehouse, Topeka, Monday February 29, 1988.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Mary E. Turkington, Executive Director of the Kansas Motor Carriers Association with offices in Topeka. I am here this afternoon along with our Governmental Relations Director Tom Whitaker, representing our member-firms and the highway transportation industry in support of House Bill 3066 which provides for multiyear registration of trailers, semitrailers or pole trailers with a gross weight of more than 12,000 pounds.

The language which appears on page 7 of the bill makes it clear that such multiyear registration would be at the owner's option. In other words, a trailer owner who did not wish to register his equipment for a 5-year period, would not have to do so. Annual registration of such equipment would continue to be available.

You will note the registration fee for the five-year registration would simply be five times the annual registration for such trailer equipment which currently is \$25 per vehicle. The five-year registration would cost the full \$125.

Attach. 5

The bill also provides that if the annual registration fee is increased during the multiyear registration period, the owner of the trailer with multiyear registration shall be subject to the amount of the increase of the annual registration fee for the remaining calendar years of such multiyear registration.

The proposed legislation also addresses procedures to govern the transfer of such multiyear registered trailer equipment. When the owner of trailer equipment registered under the multiyear provisions transfers or assigns the title, or interest thereto, the registration of such trailer shall expire.

The owner shall remove the license plate from such trailer and forward the license plate to the Division of Vehicles or may have such license plate assigned to another trailer upon the payment of fees required by law.

The proposal also outlines the conditions under which the trailer owner would be eligible for registration refunds. This language is at the top of page 8 of the proposed bill and provides:

"Any owner of a trailer, semitrailer or pole trailer where the multiyear registration fee has been paid and the trailer is sold, junked, repossessed, foreclosed by a mechanic's lien or title transferred by operation of law, and the registration thereon is not going to be transferred to another trailer, may secure a refund for the registration fee for the remaining calendar years by making application to the division of vehicles on a form and in the manner prescribed by the director of vehicles."

The language goes on to provide that the secretary of revenue may adopt such rules and regulations necessary to implement the multiyear registration of such trailers, semitrailers and pole trailers.

We earlier provided the committee the list of states which currently authorize multiyear registration of trailer equipment. We have included another copy of that list with this statement. I believe there are some 22 states which currently allow either multiyear -- or a permanent registration -- for trailer equipment. Nearby states include Missouri, Iowa, Oklahoma, and Arkansas.

It is our understanding that our Department of Revenue supports this concept and believes that Kansas might actually regain some of the trailer registrations which interstate fleets have registered in states which provide for the multiyear registration.

We believe the proposed legislation well may accelerate the collection of some trailer registration fees from those fleets which wish to avail themselves of the five-year registration option. We have attempted to keep the fees "revenue neutral" so that Kansas would not lose revenue and we can assure you that many of our Kansas fleets will exercise the five-year registration option for their trailer equipment to eliminate the cost to the carrier of tracking down equipment for license plate changes annually.

We believe the proposed language is workable. We will work with the division of vehicles and the secretary of revenue in every positive way to make this policy decision a sound one for Kansas and the owners of trailer equipment to which the multiyear registration applies. We will be pleased to respond to any questions you may have.

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The following is a list of states that allow a multi-year trailer/semi-trailer plate and the duration of the plate. I have also included the cite in the state statute.

<u>STATE</u>	<u>Registration period</u>	<u>Public law</u>
Arkansas	3 years	[75-251]
Connecticut	5 years	[14-486]
Delaware	5 years for fleets of 15 or more vehicles	[3002(a)(3)]
Illinois	5 years	[3-814]
Indiana	2 years	[IC-9-1-4-41]
Iowa	3 years if paid in advance or 6 years	[1986 laws]
Kentucky	5 years	[186.675]
Louisiana	4 years	[74:462B(1)]
Maine	8 years or 12 years	[245-A]
Massachusetts	5 years	[Chapt.90-33(2)]
Michigan	number of years open if prepaid. fleets of 50 or more 5 years with 1 year payment	[1980 laws]
North Carolina	5 years	[20-88]
North Dakota	Permanent	[39-04-19]
Oklahoma	Permanent	[1133c]
South Carolina	5 years Note: proposal to have permanent plates being considered.	[1978 laws]
South Dakota	Permanent	[32-9-22]
Tennessee	Permanent	[55-4-113]
Texas	5 years	[6675]
Utah	8 years	[41-1-49]
Virginia	fleet of 50 or more trailers-5 years	[46.1-157]
Wisconsin	permanent	[341.264]
Missouri	3 years	

22 states total as of 2-29-88

Kansas Motor Carriers Association
2900 S. Topeka Avenue
Topeka, Kansas