

Approved August 4, 1989
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~xm~~/p.m. on February 23, 1989 in room 519-S of the Capitol.

All members were present except:
Representative Gross

Committee staff present:

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

Conferees appearing before the committee:

Mr. Jerel Wright, Kansas Credit Union League
Mr. Mark Wettig, Kansas Department of Revenue
Mr. Pat Barnes, Kansas Motor Car Dealers

The meeting was called to order by Chairman Crowell, and the first order of business was a hearing on HB-2197 concerning vehicle dealers' license plates as applied to lending agencies.

Mr. Jerel Wright, Kansas Credit Union League, testified in support of HB-2197. (See Attachment 1)

Mr. Mark Wettig, Kansas Department of Revenue, testified concerning HB-2197. (See Attachment 2)

Mr. Pat Barnes, Kansas Motor Car Dealers, testified in opposition to HB-2197. (See Attachment 3)

Committee discussion and questioning followed.

The hearing on HB-2197 was concluded.

The next business was on HB-2055 concerning exemption from the liquified petroleum motor fuel tax.

A motion was made by Representative Dean that HB-2055 be recommended favorable for passage. The motion was seconded by Representative Lawrence. Motion passed 10-6 on a division.

The next bill taken up was HB-2066 concerning automobile warranties.

A motion was made by Representative Shore that the amendment requested by the Attorney General's office, be adopted. (See Attachment 4) The motion was seconded by Representative Guldner. Motion carried.

Committee discussion ensued concerning what publication should be referenced on page 2, lines 46, 47 and 48. Chairman Crowell said no further action on HB-2066 would be taken until more information is received.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:30 ~~am~~/p.m. on February 23, 19 89

The next bill taken up was HB-2119 concerning the transfer of personalized license plates.

A motion was made by Representative Empson that HB-2119 be recommended favorable for passage. The motion was seconded by Representative Lawrence.

Committee discussion ensued.

A substitute motion was made by Representative Smith that HB-2119 be amended to define family member as spouse, son or daughter. The motion was seconded by Representative Lucas. Motion carried.

A motion was made by Representative Empson that HB-2119 be recommended as amended favorable for passage. The motion was seconded by Representative Roenbaugh. Motion carried.

The next bill taken up was HB-2159 concerning the securing of loads.

Representative Roenbaugh discussed the subcommittee report on HB-2159 and distributed a balloon showing suggested amendments. (See Attachment 5)

A motion was made by Representative Roenbaugh to amend HB-2159 as recommended by the subcommittee. The motion was seconded by Representative Shore. Motion passed.

A motion was made by Representative Roenbaugh that HB-2159 be recommended favorable as amended for passage. The motion was seconded by Representative Guldner. Motion carried.

The next bill taken up was HB-2177 concerning nonhighway registration of mobile homes and travel trailers.

Bruce Kinzie distributed and explained a balloon showing suggested amendments to HB-2177. (See Attachment 6)

A motion was made by Representative Everhart that the amendments to HB-2177 be adopted. The motion was seconded by Representative Blumenthal. Motion carried.

A motion was made by Representative Blumenthal that HB-2177 be recommended as amended favorable for passage. The motion was seconded by Representative Lawrence. Motion carried.

The next bill taken up was HB-2196 concerning child passenger safety restraints.

Bruce Kinzie outlined provisions of HB-2196.

A motion was made by Representative Russell that HB-2196 be recommended favorable for passage. The motion was seconded by Representative Everhart. Motion carried on a division 11-5.

The meeting was adjourned at 2:35 p.m.


Rex Crowell, Chairman

PLEASE PRINT

NAME	ADDRESS	COMPANY/ORGANIZATION
Tom Wilhelm	Carnwell	Gov. Laird
Shelley Sutton	Topeka	KES
Stan Lind	KCRS	ICAFS
Kathy Taylor	Topeka	Kans Bankers Assn
Jim Maag	"	"
MIKE GROGAN	"	KDOT
Charles Nicolay	"	KOMA
MARY B. TURKINGTON	Topeka	Ks. Motor Carriers Assn.
Tom Whitaker	Topeka	Ks. Motor Carriers Assn.
Pat Brought	Overland Park	Yellow Freight System
Greg Winkler	Topeka	KS CU League
Terrel Wright	"	"
Tatie Kile	"	SHL
John O. Miller	"	NAARP
Melanie Stans	"	KDOA
Kevin Allen	Topeka	KMCDA
Pat Barnes	Topeka	KMCDA
Ray Olson	Topeka	KCOA
Harry Humphrey	Topeka	KMHA
Ed DeSorgnie	TOPEKA	KS. CONTRACTORS ASSOC.
Chet Vanatta	Lawrence	Dellon, Reed, & Co.

Jerel Wright

TESTIMONY ON H.B. 2197

AN ACT concerning motor vehicles

Presented to the

HOUSE COMMITTEE ON TRANSPORTATION

February 23, 1989

by the

KANSAS CREDIT UNION LEAGUE

Mr. Chairman, members of the Committee:

I am Jerel Wright, Governmental Affairs Director for the Kansas Credit Union League (KCUL). Our association represents 98% of the 155 state-chartered and 42 federally-chartered credit unions located in Kansas. KCUL member credit unions serve the personal financial needs of over 500,000 individual credit union members and have over \$1.5 billion in combined assets. Kansas credit unions range in asset size from \$29,000 to \$113 million and range in membership size from 59 to 41,000 members.

I appreciate having this opportunity to appear before the Committee to ask for approval of House Bill 2197 which amends K.S.A. 1988 Supp. 8-2406 concerning motor vehicles and relating to vehicle dealer's license plate fees.

A credit union is non-profit, democratically controlled financial cooperative led and operated largely by volunteers. The primary purpose of a credit union is not for profit, not for charity but for service to the credit union members. Some credit unions offer

Att. 1

a variety of services and accounts while many continue to provide one type of share and loan account to members.

Credit union members borrow for many reasons with the largest portion of borrowing for the financing of vehicles. At the time the loan is made, the credit union and the member anticipate the loan to be paid on time and both parties to the contract expect the loan to be paid in full. Probably every lender which finances vehicles has had to repossess and dispose of a vehicle from a borrower who is unable to fulfill the loan obligation.

To help lenders with the job of repossessing and disposing of vehicles, the state of Kansas allows a lender to become a licensed vehicle dealer which may use dealer plates only on vehicles which a lender has repossessed or is holding for disposition due to repossession. Once a lender pays a licensing fee (\$25.00) to become a lending agency vehicle dealer, then the lender may purchase a vehicle dealer's license plate. The fee for the first plate is \$250.00 and the fee for each additional plate is equal to the amount required to register a passenger vehicle weighing from 3,000 to 4,000 pounds.

House Bill 2197 proposes to lower the fee for lending agency license plates to \$25.00 for each plate. This change would lower the cost to purchase at least one plate from \$275.00 (\$25.00 licensing fee plus \$250.00 plate fee) to \$50.00 (\$25.00 licensing fee plus \$25.00 plate fee).

The change would be most beneficial for a credit union which experiences only one or very few repossessions each year. The practical side of the present law is that a credit union may choose not to purchase a dealer's plate because of the cost. Without a dealer's plate a credit union is unable to legally operate a vehicle nor allow a vehicle to be operated on any Kansas highway. The change will allow a lending agency a less costly way to operate a repossessed vehicle on the highway.

Mr Chairman, thank you for the opportunity to appear before the committee. I will respond to questions at your direction.

MEMORANDUM

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

FROM: Mark E. Wettig
Special Assistant to the Secretary of Revenue

DATE: February 23, 1989

SUBJECT: House Bill 2197, As Introduced

I appreciate the opportunity to appear before the committee today in regard to House Bill 2197.

BACKGROUND

This bill would permit lending agencies to purchase dealer license plates for a fee of \$25. Currently, lending institutions, like every other type of dealer except mobile home and trailer dealers, pay \$250 for the first plate and \$25 for each additional plate.

Passage of House Bill 2197 would decrease the State Highway Fund by \$30,375 per year.

Thank you.

Statement Before The
HOUSE COMMITTEE ON TRANSPORTATION AND UTILITIES

By The
KANSAS MOTOR CAR DEALERS ASSOCIATION

Tuesday, February 21, 1989

Re: Allowing Lending Agencies To Obtain Dealer
License Tags For A Fee Of \$25 For Each License Tag,
House Bill No. 2197

Mr. Chairman and Members of the Committee, I am Pat Barnes, legislative counsel for the Kansas Motor Car Dealers Association. As you may know, our state trade Association represents franchised new car and truck dealers in Kansas. We appreciate the opportunity to come before you today and speak with you regarding House Bill 2197. We oppose House Bill No. 2197 which would carve out an exception in the present dealer tag law so as to allow lending agencies to obtain their dealer plates for a fee of \$25 per plate.

A few years ago a great deal of work was put into revising the Vehicle Dealers' and Manufacturers' Licensing Act in order to help prevent or reduce fraudulent or improper acts or practices, and abuses, in the use of dealer license tags. This bill would erode that work.

As you may know, the present system requires one desiring to use dealer tags to pay \$250 for the first license plate. Additional plates can be obtained based upon the number

of sales the dealer has each year and the actual price is based upon an amount equal to the amount required to register an average passenger vehicle.

The intent of the law was to crack down on the improper use of dealer tags. If you pass this bill, then you will be undoing some of the work that was done to correct improprieties that existed in the system prior to its revision a few years ago. Consideration was given to this issue at that time. No exceptions were created at the time of the last revision because some of the abuses which were reported were occurring with lending agencies.

The price of the tag is set at \$250 for a number of reasons. First, the price itself makes it less desirable to those seeking to obtain the dealer tag simply for purposes of using it to avoid local property tax. Second, the price of the tag discourages one from obtaining a particular qualifying license just to obtain the privilege of the dealer tag. Third, the price is designed to grant business the opportunity to sell cars without the necessity of registering each one, yet do so at a fee relative to the fee for property tax on at least one vehicle.

We understand some lending institutions do not have enough repossessions to justify, under their own policies, the purchase of a dealer tag each year. If that is the case, then there is no requirement that the dealer tag be purchased at all. However, make no mistake, lending institutions are in the

business of selling vehicles, and should have the same rules regarding dealer tags applied to them.

We question whether lending agencies should be in the automobile business, but nevertheless it is occurring. As proof of that fact, an advertisement from last summer from a lending institution is attached to my testimony. You will notice very little difference in the advertisement which I have attached and those you see used by new and used car dealers in any local newspaper. This underscores our conclusion that loosening the present dealer tag law will serve no purpose other than to reopen some of the loop holes which are now deterred or closed.

The present dealer tag law was one which took a great deal of work and compromise on the part of all concerned. It appears to have addressed many problems which were acknowledged to have existed. We urge you to leave the present law as it presently stands.

I would be happy to answer any questions you may have. Thank you.

SPRING SUMMER LOWEY SPECIALS

MACU
MidAmerican
Credit Union
1101 West Bellvue
Wichita, Kansas 67207

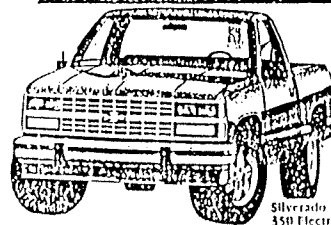
Bank Book
U.S. Postage
PAID
Permit No. 663
Wichita, KS

HAROLD D. JOHNSON
7520 E. 26th N.
WICHITA, KS 67226

SPECIAL #3 Splash into some home improvement cash with 11.9% financing.

If you are going to beat the heat with a swimming pool in your back yard, a new energy-efficient central air conditioner, or if you need cash for any other type of home improvement project, we can help. Loan interest rates nationally are on the increase, but we still offer home improvement money at rates as low as 11.9%, through our home equity loan program. For more details, and to get your home equity loan started, just call our office and ask for a loan officer.

Our new toll free hotline 1-800-FON MACU
Wichita area calls (316) 722 3921



1989 Chevrolet

OR
\$283.31
50 monthly payments
9.9% APR
\$1,918.02 down or trade-in

\$224.50
60 monthly payments
10.19% APR
\$3,133.25 down or trade-in

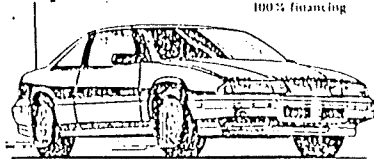
\$13,579.58 full purchase price *
1% sales tax included

Silverado 1/2 ton Pickup
350 Electronic Fuel Injected V8
4 spd. automatic w/overdrive
Custom cloth bench seat
Air Conditioning
Heavy Duty Cooling
UX Chrome front and rear bumpers
Tinted Glass
Auxiliary lighting
Exterior left and right hand stainless steel 6.5 x 9 mirrors
AM/FM Stereo with seek and scan, cassette and clock
Premium dual rear speakers
Electronic speed control
Tilt steering wheel
Extra capacity fuel tank
Bally wheels
Intermittent windshield wipers

1989 Grand Prix

Motor Trend's Car Of The Year

\$335.89 50 MONTHLY
PAYMENTS
9.9% APR
100% financing

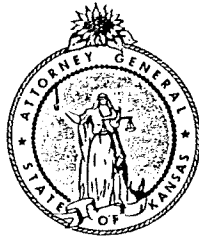


OR
\$286.15
50 monthly payments
9.9% APR
\$1,936.17 down or trade-in

\$225.01
60 monthly payments
10.19% APR
\$3,211.86 down or trade-in

\$13,211.89 full purchase price *
1% sales tax included

V6 MPI
4 spd. automatic transmission
w/overdrive
4 wheel disc brakes
Front wheel drive
Tinted glass
Power windows
Air conditioning
Tilt steering wheel
Controlled cycle wipers
Power door locks
Rear window defogger
AM/FM Stereo with cassette and clock
Computer command control
Remote fuel filler door release



HB 2066

STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

HB 2066

85 ~~(f) This section shall be a part of and supplemental to~~
86 ~~the Kansas consumer Protection Act.~~

87 New Section (f) The Attorney General shall have
88 jurisdiction to enforce this section.

89 Sec. 2. K.S.A. 1988 Supp. 50-645 is hereby repealed.

90 Sec. 3. This act shall take effect and be in force from
91 and after its publication in the statute book.

92 Amended Section 50-646 Same; other remedies. Nothing
93 in this act shall in any way limit or affect the rights
94 or remedies which are otherwise available to a consumer
95 under the uniform consumer credit code, or to any person
96 under the uniform commercial code, or to any person
97 under this or any other law statutory or otherwise.

Att. 4

6512 BH

Att. 5

HOUSE BILL No. 2159

By Representatives Heinemann and Lowther

1-31

15 AN ACT relating to motor vehicles; concerning securing loads;
16 amending K.S.A. 1988 Supp. 8-1906 and repealing the existing
17 section.
18

19 *Be it enacted by the Legislature of the State of Kansas:*

20 Section 1. K.S.A. 1988 Supp. 8-1906 is hereby amended to read
21 as follows: 8-1906. (a) No vehicle shall be driven or moved on any
22 highway unless such vehicle is so constructed or loaded as to prevent
23 any of its load from dropping, sifting, leaking or otherwise escaping
24 therefrom, except that: (1) this section shall not prohibit the nec-
25 essary spreading of any substance in highway maintenance or con-
26 struction operations and (2) this section shall not apply to trailers
27 or semitrailers when hauling livestock if such trailers or semi-
28 trailers are properly equipped with a cleanout trap and such
29 trap is operated in a closed position unless material is inten-
30 tionally spilled when the trap is in a closed position. (b) All
31 trailers or semitrailers hauling livestock shall be cleaned out
32 periodically. ←

33 (c) No person shall operate on any highway any vehicle with
34 any load unless such load and any covering thereon is securely
35 fastened so as to prevent the covering or load from becoming loose,
36 detached or in any manner a hazard to other users of the highway.

37 Sec. 2. K.S.A. 1988 Supp. 8-1906 is hereby repealed.

38 Sec. 3. This act shall take effect and be in force from and after
39 its publication in the statute book.

(1)

; and (2) subsections (a) and (c) shall not apply to trailers or semitrailers when hauling livestock if such trailers or semitrailers are properly equipped with a cleanout trap and such trap is operated in a closed position unless material is intentionally spilled when the trap is in a closed position. Paragraph (2) shall not apply to trailers or semitrailers used for hauling livestock when livestock are not being hauled in such trailers or semitrailers. (b) All trailers or semitrailers used for hauling livestock shall be cleaned but periodically.

(c)

Att. 5

119 ment, or executory sales contract, the person owning such vehicle,
120 upon furnishing satisfactory proof to the county treasurer of such
121 ownership, may procure a certificate of title to the vehicle.

122 (3) Dealers shall execute, upon delivery to the purchaser of every
123 new vehicle, a manufacturer's statement of origin stating the liens
124 and encumbrances thereon. Such statement of origin shall be deliv-
125 ered to the purchaser at the time of delivery of the vehicle or at a
126 time agreed upon by the parties, not to exceed 30 days, inclusive
127 of weekends and holidays. The agreement of the parties shall be
128 executed on a form approved by the division. In the event delivery
129 of title cannot be made personally, the seller may deliver the man-
130 ufacturer's statement of origin by restricted mail to the address of
131 purchaser shown on the purchase agreement. The manufacturer's
132 statement of origin may include an attachment containing assignment
133 of such statement of origin on forms approved by the division. Upon
134 the presentation to the division of a manufacturer's statement of
135 origin, by a manufacturer or dealer for a new vehicle, sold in this
136 state, a certificate of title shall be issued if there is also an application
137 for registration ~~or, in the case of the mobile home or travel~~
138 ~~trailer, for nonhighway registration.~~

139 (4) The fee for each original certificate of title shall be \$9.00 until
140 January 1, 1990 and \$3.50 thereafter, in addition to the fee for
141 registration of such vehicle, trailer or semitrailer. The certificate of
142 title shall be good for the life of the vehicle, trailer or semitrailer
143 while owned or held by the original holder of the certificate of title.

144 (5) Upon sale and delivery to the purchaser of every vehicle
145 subject to a purchase money security interest as defined in K.S.A.
146 84-9-107, and amendments thereto, the dealer or secured party may
147 complete a notice of security interest and when so completed, the
148 purchaser shall execute the notice, in a form prescribed by the
149 division, describing the vehicle and showing the name and address
150 of the secured party and of the debtor and other information the
151 division requires. The dealer or secured party may, within 10 days
152 of the sale and delivery, mail or deliver the notice of security interest,
153 together with a fee of \$1.50, to the division. The notice of security
154 interest shall be retained by the division until it receives an appli-
cation for a certificate of title to the vehicle and a certificate of title

, except that no application for registra-
tion shall be required for a mobile home
or travel trailer used for living quarters
and not operated on the highways,

AH.6

A + T. 6