

Approved May 5, 1990 \_\_\_\_\_  
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at  
Chairperson

2:10 ~~am~~ p.m. on March 15, 1990 in room 519-S of the Capitol.

All members were present ~~except~~

Committee staff present:

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

Conferees appearing before the committee:

Mr. Mark Wettig, Kansas Department of Revenue  
Mr. Chuck Stones, Kansas Bankers Association  
Mr. David Fowler, First State Bank, Burlingame  
Mr. Jerel Wright, Kansas Credit Union League  
Mr. Jerry McCoy, Sedgwick County Treasurer  
Mr. Larry Stutz, First National Bank, Alma  
Mr. Al Maxwell, Kansas Corporation Commission  
Ms. Mary Turkington, Kansas Motor Carriers Association

The meeting was called to order by Chairman Crowell and the first order of business was a hearing on SB-485 concerning fees for the filing of security interests on motor vehicles.

Mr. Mark Wettig, Kansas Department of Revenue, testified in support of SB-485. (See Attachment 1)

Mr. Chuck Stones, Kansas Bankers Association, testified in support of SB-485. (See Attachment 2)

Mr. David Fowler, First State Bank, Burlingame, Kansas, spoke in favor of SB-485. (See Attachment 3)

Mr. Jerel Wright, Kansas Credit Union League, testified in support of SB-485. (See Attachment 4)

Mr. Jerry McCoy, Sedgwick County Treasurer, testified in opposition to SB-485. (See Attachment 5)

Committee discussion and questioning followed.

The hearing on SB-485 ended.

The next order of business was a hearing on SB-487 concerning permits and certificates for motor carriers.

Mr. Al Maxwell, Kansas Corporation Commission, testified in support of SB-487. (See Attachment 6)

Ms. Mary Turkington, Kansas Motor Carriers Association, testified in favor of SB-487. (See Attachment 7)

The hearing on SB-487 ended.

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

  
Rex Crowell, Chairman



Wettig /

MEMORANDUM

TO: The Honorable Rex Crowell, Chairman  
House Transportation Committee

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

DATE: March 15, 1990

SUBJECT: Senate Bill 485

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I appreciate the opportunity to appear before you today in support of legislation requested by the Department of Revenue. Senate Bill 485 is the result of a Department recommendation concerning Notice of Security Interest fees.

BACKGROUND

The current fee for the filing of a Notice of Security Interest by a secured party is \$1.50. This summer the Department did an intensive internal audit of all user fees which have not been changed for some time, to determine if such fees fell short of the Department's actual costs for the services rendered. The auditors determined that the actual cost to process the NSI filing is \$2.50. The current fee has not been raised since 1979.

The bill also contains provisions for County Treasurers to charge a \$1.00 fee to mail a copy of the title application to the lienholder. This was instituted due to the banking industries feeling that they needed this information in their loan files in order to satisfy federal banking regulators. In order to clarify that the provision is mandatory, the Department would suggest the attached amendment.

RECOMMENDATION

The Department urges the committee to support Senate Bill 485.

A++ /

The Kansas Bankers Association  
1500 Merchants National Bank Bldg.  
Topeka, KS 66612  
913-232-3444

*Stone*

3-15-90

To: House Transportation Committee  
From: Chuck Stones, Kansas Bankers Association

RE: SB 485

Mr. Chairman and Members of the Committee:

The Kansas Bankers Association is fully supportive of the provisions of SB 485. The KBA has been involved in discussions with the Department of Revenue regarding ways to make the system of giving and receiving Notices of Security Interest more efficient and and more productive.

The KBA began to receive complaints from banks about the current system this summer. The main complaints were that the current system was not sufficient to meet the needs of the lender. There was a long time lapse before receiving confirmation of the Notice of Security Interest filed by the bank. This caused concern because the bankers were not sure if they were secured in their loan for too long a period of time. This lack of documentation has also been an item of concern for bank examiners. Second, lien information is noted on the title, and since the lender never sees the actual title it is never really sure of its lien position. Especially since under the current system it does not see the title application either. Third, the computer print-out of the Notice of Security Interest that the bank receives does not provide enough information. It does not show the position of the various lienholders. The lender does not have any information for its files and the information it does receive is not sufficient.

Because of these complaints, the KBA formed a task force to study the situation and communicate with the Department of Revenue to see if a solution could be found. The result of those meetings are contained in SB 485. By receiving a copy of the title application the lender will have complete information on a timely basis.

*Att. 2*



Mar. 15, 1990

House Committee on Transportation

Ladies and Gentlemen:

My name is David Fowler. I am President of the First State Bank, Burlingame, Kansas and 2nd Vice President of the KIBA. My mission is simple - vote yes on Senate Bill 485. I know you are familiar with the bill so I will merely say that the approval of this bill will be helpful in processing consumer vehicle loans.

It is my understanding that the Motor Vehicle Department has indicated that they plan to change the present title registration forms to allow an additional copy to be mailed to lien holders. This will eliminate the current long wait for verification of liens.

On behalf of the Kansas Independent Bankers Association and the First State Bank, Burlingame, Kansas I respectfully request that you vote yes on SB 485.

Thank you,

David Fowler,  
President

TESTIMONY ON S.B. 485

AN ACT concerning fees for filing of security interests

Presented to the

HOUSE COMMITTEE ON TRANSPORTATION

March 15, 1990

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 147 state-chartered and 42 federally-chartered credit unions located in Kansas. KCUL member credit unions serve the personal financial needs of over 550,000 individual credit union members and have over \$1.5 billion in combined assets. Kansas credit unions range in asset size from \$29,000 to \$114 million and range in membership size from 58 to 43,000 members.

CREDIT UNIONS SUPPORT SB 485

As part of a loan transaction involving the use of a motor vehicle as collateral, every credit union routinely files a security interest in the motor vehicle. The security interest of the lienholder (credit union) is perfected by registering the credit union's lien on the title.

This can be done either by having the owner place the credit union's lien on the title when the car is registered with the county motor vehicles department or the credit union may, within

*Att. 4*

10 days of the sale and delivery of the vehicle, mail or deliver the notice of security interest, to the Kansas Division of Motor Vehicles. The division will then register the lien when the title application is received from the county.

In either case, the credit union has no written verification of their lien which the Kansas State Department of Credit Unions (the regulatory agency for all 147 state-chartered credit unions in Kansas) requires to be in loan files in order to show that the credit union has a perfected security interest in a specific vehicle.

The new language indicates that each county shall provide a copy of the title application to the lienholder (credit union). This change will help solve the credit union's problem by having the county provide the written proof of lien to the credit union. For this reason, we support passage of SB 485.

Thank you, Mr. Chairman, for considering our comments. I am available for questions at your convenience.





# SEDGWICK COUNTY, KANSAS

## TREASURER

Jerry McCoy

SUITE 107

COUNTY COURTHOUSE, WICHITA, KANSAS

FAX (316) 268-7113

DISTRIBUTION AND BONDS 268-7561

CASHIER 268-7345

MAILING: P.O. BOX 2909, WICHITA, KANSAS 67201

PERSONAL PROPERTY TAXES/VEHICLE REFUNDS 268-7651

REAL ESTATE TAXES 268-7414

### Testimony before House Transportation Committee, March 14, 1990 S. B. 485

I am here before you today representing the Kansas County Treasurer's Association to appear in opposition to Senate Bill 485 in its present form.

In 1988, the State of Kansas installed computers in all 105 counties to support VIPS, the new computerized vehicle registration system. Since current law does not provide for lienholder's copies of vehicle registrations, the State does not include this copy on the computerized registration. State law does not require a lienholder's copy since an alternative method of perfecting a lien has always existed. A notice of secured interest can be filed directly with the State for only \$1.50 by the financial institutions.

In Sedgwick County, we stopped processing lienholder copies in late 1988 and advised lending institutions to file their notice of secured interest directly with the State. With over 500,000 transactions yearly in Sedgwick County alone, mailing lienholders copies costs over \$30,000 a year.

Since the State of Kansas has spent approximately \$7 million to computerize the counties with VIPS, they can surely provide print-outs to each lending institution requesting it.

The Kansas County Treasurer's Association is opposed to S. B. 485 if mailing lienholder copies is mandatory. We will, however, support S. B. 485 provided that the mailing of lienholder copies is optional with each county treasurer.

Att. 5



STATEMENT  
BY THE  
KANSAS CORPORATION COMMISSION

In support of Senate Bill No. 487 which amends K.S.A. 66-1,115a to eliminate the need for motor carrier applicants to submit "shipper witness affidavits" along with their authority applications.

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Presented to the House Transportation Committee, Representative Rex Crowell, Chairman; Statehouse, Topeka, March 15, 1990.

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Mr. Chairman and Members of the Committee:

My name is Al Maxwell. I am the Transportation Division Administrator for the Kansas Corporation Commission (KCC). I am here today representing the Commission in support of Senate Bill No. 487. This bill proposes changes to "K.S.A. 66-1,115a. Granting of certain permits and certificates without hearing, when; notice."

I would like to thank this Committee for the opportunity to testify today.

K.S.A. 66-1,115a which was enacted in 1959, currently authorizes the Commission to grant a certificate without a hearing when such application request meet 4 criteria: (1) the request is made by filing a verified application; (2) the request is supported by shipper witness affidavits (attesting to the necessity of the service); (3) the request is properly noticed; and (4) if no protests are lodged against the granting of the application.

The proposed amendments to K.S.A. 66-1,115a would eliminate the need for applicants to submit "shipper witness affidavits". The other 3 requirements would remain the same.

When "relaxed entry" became law in Kansas in 1982, the Commission's focus shifted primarily from competition to safety. Therefore, "shipper witness affidavits" are essentially obsolete in the application process, but the language remains in the law. The present standard is that the applicant shall be fit, willing, and able to perform the service requested.

The language added at the end of section 1 of Senate Bill No. 487 is virtually identical to the language last year's legislature added to K.S.A. 66-1,118. It reiterates the standard the Commission is to use when considering motor carrier applications.

The Kansas Corporation Commission supports this legislative proposal. We ask that you recommend this bill for passage. We will be pleased to respond to any questions the Committee may have.

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

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Presented to the House Transportation Committee,  
Rep. Rex Crowell, Chairman; Statehouse, Topeka,  
Thursday, March 15, 1990.

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Supporting Senate Bill 487 which proposes  
revisions in policies and procedures at  
the Kansas Corporation Commission.

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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 appear here today with Tom Whitaker, our Governmental Relations Director, representing our 1,525 member-firms and the highway transportation industry to express our support for Senate Bill 487.

Senate Bill 487 would allow the Commission to issue or grant contract carrier permits and/or common carrier certificates or abandonment thereof without a formal hearing when the request for such issuance is made by verified application.

The bill contains language that would require a formal hearing if a protest is filed -- or -- if the prefiled testimony does not demonstrate that the applicant is fit, willing and able.

Our industry continues its concern that applications for authority from the Corporation Commission NOT become a "mail order house." We sincerely believe that the language in Senate Bill 487 would not permit such a practice so long as the Commission staff follows the law.

Our industry will continue to seek specific Commission guidelines on what constitutes "fit, willing and able." In these days of intense concern for industry safety practices, for full compliance with insurance coverages, drug testing, vehicle maintenance and safe operating procedures, tax responsibilities, and lawful transportation of the goods and services of those for whom the authority is granted -- all are among the components of the "fit, willing and able" criteria. We need strong Commission understanding and enforcement of these guidelines.

We support the passage of Senate Bill 487 so long as this intent is fully understood and guides the implementation of this proposed statutory revision.

We will be pleased to respond to any questions you may have.

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