

Approved 1-23-90
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

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

9:02 a.m./~~p.m.~~ on January 17, 1990 in room 254-E of the Capitol.

All members were present ~~except~~.

Committee staff present:

Ben Barrett, Legislative Research Department
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:

Mike Grogan, Executive Director of the Wichita New Car Dealers Assn.
Pat Wiechman, Executive Secretary for Kansas Automotive Dismantlers &
Recyclers Assn.
Jay Smith, Staff Attorney, KDOT
Kevin Allen, Kansas Motor Car Dealers Assn.
Al Maxwell, KCC
Mary Turkington, Kansas Motor Carriers Assn.
Mark Wettig, Department of Revenue

This meeting was held for the purpose of hearing requests for committee bills. The following submitted their requests.

Mike Grogan requested a bill which would prevent new car brokering which he said would lead to unfair competition. A copy of his statement is attached. (Attachment 1).

A motion was made by Sen. Francisco to introduce this request as a committee bill. Motion was seconded by Sen. Vidricksen. Motion carried.

Pat Wiechman, KADRA, proposed some clean-up language to K.S.A. 8-2403 which would delete the words "at wholesale". This change would assist in clarification of licensing. They also wanted to add a definition for an established place of business for a salvage vehicle dealer. A copy of her proposal is attached. (Attachment 2).

A motion was made by Sen. Doyen to recommend these proposals as committee bills. Motion was seconded by Sen. Hayden. Motion carried.

Jay Smith, KDOT, requested a bill for legislation to permit full participation in a pact between eleven midwestern states whereby uniform regulations are adopted for permits issued by those states for overweight and oversized trucks. A copy of his request is attached. Attachment 3).

A motion was made by Sen. Vidricksen to adopt this request as a committee bill. Motion was seconded by Sen. Rock. Motion carried.

Al Maxwell, KCC, requested legislation to change K.S.A. 66-1,115a which would grant certain permits and certificates without hearings. The other proposal would make the statutes more compatible with federal regulations. A copy of both proposals is attached. (Attachments 4 and 5).

A motion was made by Sen. Hayden to recommend both proposals as committee bills. Motion was seconded by Sen. Francisco. Motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,

room 254-E, Statehouse, at 9:02 a.m./~~p.m.~~ on January 17, 1990

Mary Turkington, KMCA, requested legislation which would permit the Secretary of Revenue to enter into agreements with other states for cooperative audit of interstate fuel users' records, reports or returns or for exchange of information contained in any such records. A copy of her request is attached. (Attachment 6).

A motion was made by Sen. Doyen to recommend this request be introduced as a committee bill. Motion was seconded by Sen. Martin. Motion carried.

Kevin Allen, KMCD, requested legislation to extend the Kansas Dealer Review Board. It is scheduled to sunset. These usually go to the Governmental Organization Committee. It was suggested that this committee introduce the bill and have it referred to the other committee. A copy of his requested is attached. (Attachment 7).

A motion was made by Sen. Vidricksen and was seconded by Sen. Hayden to introduce the bill as a committee bill. Motion carried.

Mr. Allen also had a bill request regarding brokering which is similar to the request of Mr. Grogan. A copy of this request is attached. (Attachment 8).

Mark Wettig, Department of Revenue had four bill requests. They were for: 1) Increased fee for a duplicate vehicle registration; 2) Commercial Driver's License Act technical corrections; 3) Increased fee for a notice of security interest filing; and 4) Increase the penalty for delinquent motor fuels, L.P., and interstate motor fuels. A copy of his statement dated January 17, 1990 is attached. (Attachment 9).

A motion was made by Sen. Rock to introduce these four requests as committee bills. Motion was seconded by Sen. Vidricksen. Motion carried.

A motion was made by Sen. Hayden and was seconded by Sen. Sallee to approve the Minutes of January 16, 1990. Motion carried.

Meeting was adjourned at 9:30 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 1-17-90 Place 254E Time 9:02

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Al Maxwell	DSOB	KCC
Marti Gonzalez	DSOB	Revenue
Jandra Dexter	DSOB	Heb/Revenue
Roger W BARR	2644 D ARROWHEAD RD Topeka	T.C.U
Dan Seeburger	Hanover Ks	BMW E
Bob W Rendell	Garden City Ks	
Pat Hubbell	Topeka	Kansas Railroad Am.
Rich Scheibe	Topeka	Dept of Revenue
Mark W. [unclear]	Topeka	" "
John W. Smith	Topeka	" "

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 1-17-90 Place 254-E Time 9:02

GUEST LIST

NAME	ADDRESS	ORGANIZATION
DALE JOST	Docking St. Office	KDOT
JAY L. SMITH	DOCKING ST. OFFICE BLDG	KDOT
PAM SOMERVILLE		KDOT
Mike Grogan	Topeka	Ks. Automobile Dealers Logistics Coalition
Jacquie Dales	Topeka	Ks. Ind. Auto Dealers Assoc.
Kevin Allen	Topeka	Ks Motor Car Dealers Assn.
PAT BARNES	Topeka	Ks. Motor Car Dealers Assn.
Pat Wiechman	Topeka	Ks. Automotive Dismantlers & Recyclers Assn.
Brian Zimmerman	Topeka	Ks. Automotive Dismantlers & Recyclers Assn.
Jerry Conrad	CONFERENCE	KC & E
ED DE SOIGNE	TOPEKA	KANSAS CONTRACTORS ASSOC.
MARY E. TUNNINGTON	Topeka	Kans. Motor Carriers Assn
Tom Whitaker	Topeka	Ks. Motor Carriers Assn.
JACK TIERCE	Topeka	Ks Corporation Commission
Alec Creighton	Topeka	KCC

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KANSAS AUTOMOBILE DEALERS LEGISLATIVE COALITION

SENATE TRANSPORTATION AND UTILITIES COMMITTEE
January 15, 1990
Statement of Mike Grogan

Mr. Chairman; Senators. My name is Mike Grogan, Executive Director of the Wichita New Car Dealers Association and Executive Director of the Kansas Automobile Dealers Legislative Coalition. On behalf of the Coalition, Kansas Independent Automobile Dealers Association, and Kansas Motor Car Dealers Association, the following statement is respectfully submitted for your consideration.

Manufacturers cannot sell cars that consumers will not buy, and the hometown, independent automobile dealer remains the heart of the retail new car business. Under the guise of competition, new players seek to establish a foothold in the retail automobile business. Insurance companies, soap distributors and even discount stores all want to deal in new automobile and truck sales. However, they wish to do so: without any investment; without any risk; without any responsibility to the customer, and; without any obligation to service the product.

Automobile dealers do not operate in a free market. To be licensed as a new car dealer, one must by virtue of the Kansas vehicle code operate a service facility in connection with its required new car franchise. The state of Kansas has recognized for years the importance to the consumer for a dealer to be able to service the new cars and trucks that it sells. Moreover, the Kansas vehicle code also limits the dealer's business to the county in which it is licensed.

The danger that brokering by insurance companies, discount houses, etc., and other companies with established state-wide distribution networks is that they could compete unfairly on a grand scale with dealers, who have each invested \$2 million at a minimum to be a new car dealer.

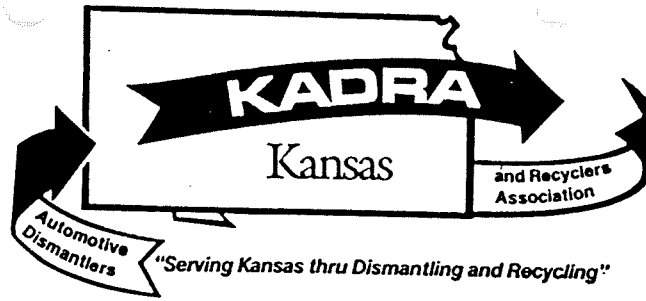
However, what is now occurring in the retail automobile business is unfair competition which will lead to the destruction of the vigorous competition in the automobile business. Automobile dealers do not oppose, nor do they fear, healthy competition. Any person or company who secures a franchise and is willing to make the investment of time and capital to enter the market place is welcome as a competitor.

Domestic and foreign manufacturers all have chosen to distribute their new motor vehicles through independent franchised dealers. Automobiles are expensive, complex products that require a substantial capital investment by the dealers at the retail level, the communication of accurate information to the user at the time of sale and over the lifetime of the product, and a commitment to quality sales and service. Consequently, it has been the objective of car manufacturers over the years to establish the proper number of dealers at the right locations to most efficiently meet the demands of the consuming public.

The broker cannot provide anywhere near the same level and quality of service to the retail consumer as the franchised automotive dealer. A person who buys an automobile currently has over 600 models to choose from and must decide among competing makes and models. In order to make an informed decision, the potential buyer requires accurate information about the operating characteristics and service requirements of available vehicles, an explanation of the available optional equipment, and usually a test drive of the vehicles being considered. Once a consumer decides to purchase a vehicle, the dealership is responsible for preparing the vehicle for delivery to the retail customer. The buyer knows and expects that the dealership will be available to provide regular and convenient servicing, and that other dealers are conveniently located around the country to provide any necessary assistance as consumers travel. The broker does not make the financial commitment, or undertake the other commitments necessary to provide this range of professional services to the consumer. Brokers are essentially "free riders" upon the franchise system established by the manufacturers, and do not serve the consumers' best interests.

Unfair competition from companies with no stake in, nor knowledge of, the automobile business will rapidly bring the demise of personal, convenient and satisfactory customer service in Kansas.

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SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

Mr. Chairman, Members of the Committee:

I am Pat Wiechman, executive secretary for the Kansas Automotive Dismantlers and Recyclers Association.

Our Association would like to propose some clean up language to K.S.A. 8-2403. In Paragraph (gg), we would propose the deletion of the words "at wholesale." Making this change would assist in clarification of licensing.

By way of history, in an attempt to ease the burden of expense in licensure for those salvage dealers that desired both a used and salvage license, there evolved a combination Used and Salvage License. The result has been a great deal of confusion and the possibility of abuse exists. As it now stands, anyone desiring to "beat the system" can obtain a used vehicle dealers license by meeting the requirements for that license which include certain zoning requirements. After the used license is in

Executive Office

1101 W. 10 Topeka, Kansas 66604

913 - 233-1666

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place, the dealer is then in the position to check the "Used and Salvage" designation on the renewal application. While it is true that most counties and cities have special zoning requirements for salvage operations, it is also true that many of the local zoning approvals are not checked very closely on renewals. As a result, the "Used and Salvage" license often gets issued to dealers that do not meet the zoning requirements for the salvage industry. The counties and cities then have salvage operations doing business in areas that are less than desirable. I'm sure you have all seen them!

By simply removing the words "at wholesale" from the statute there is no longer a need for dual licensing.

Likewise, the second part of our proposal goes hand-in-hand with the clean up of the first part. In Paragraph (ii), we propose to add a definition for an established place of business for a salvage vehicle dealer. Nowhere in Kansas Statutes is there such a definition. This proposed language is taken from recently passed Michigan

law. As you may know, Michigan has experienced many problems in the areas vehicle theft.

The third proposal KADRA would like to present involves a matter that has been a long standing problem and is growing by the minute, that of junk vehicles that have been disposed of on city streets, on county roads, in pastures and in back yards. Several of the inspectors for the Department have expressed their concern for a means of proper disposal for these vehicles. In most cases, these vehicles are at least ten model years or older and the owners, if the owners can be found, have misplaced the titles and have no desire to exert the effort to obtain duplicate titles. The result is an overwhelming abundance of vehicles clogging Kansas vista with no way to economically or expeditiously remedy the situation. The attempt to handle these vehicles is a costly burden to our cities and counties. Additionally, the State continues to carry these vehicles in the computer records.

We propose to create a "transfer certificate" that would be printed on "secure paper" and only be used to transfer ownership of a motor vehicle ten or more model years of age from the owner of the vehicle to a licensed salvage vehicle dealer. When the transfer is completed it would have the same affect as surrendering the title as "salvage" or "junk" and no subsequent title could ever be issued; and the transfer certificate could not be used to transfer ownership.

We would also propose that the present language in 8-135 and 8-198 concerning junk titles be stricken and new language be added to the statute as, perhaps, a new section 8-135 (b) to address the "salvage" or "junk" title.

There is a national trend toward better control of the salvage industry. Much of this has been brought about by the Federal Odometer Mileage Act and the Anti-Theft Legislation. Kansas has enjoyed a reputation for leading the Nation in vehicle law. The American Association of Motor Vehicle Administrators, AAMVA, is currently holding

conferences and workshops nationwide in an attempt to recommend changes in salvage vehicle law. We believe these clean up measures in Kansas statutes will help keep us on the leading edge of the wave. We have spoken with the Department of Revenue, Division of Vehicles, and they have expressed that they find no problem with any of these statute changes.

KADRA requests your favorable consideration of these proposed changes. The proposed language and changes are attached for your convenience. I would be happy to try to answer any questions you may have.

Respectfully submitted,

Patricia M. Wiechman
Executive Secretary

K.S.A. 8-2403

(gg) "Salvage vehicle dealer" means any person engaged in the business of buying, dismantling, disassembling or recycling wrecked, abandoned or repairable vehicles and selling the usable parts thereof, or selling such wrecked, abandoned or repairable vehicles as a unit ~~at wholesale~~ or selling the hull of the vehicle after the salvageable parts have been removed.

(ii) "Established place of business" means a building or structure, other than a building or structure all or part of which is occupied or used as a residence, owned either in fee or leased and designated as an office or place to receive mail and keep records and conduct the routine of business. To qualify as an established place of business, there shall be located therein an operable telephone which shall be listed with the telephone company under the name of the licensed business, except that a vehicle dealer who derives at least 50% of such person's income from operating a farm as a resident thereof, the established place of business may be the farm residence of such vehicle dealer and the operable telephone may be located in such residence when such dealer engages only in vehicles and equipment not required to have vehicle registration to travel on a highway. *In addition, an established place of business for a salvage vehicle dealer shall also mean a business that provides worker's compensation insurance coverage with a classification under the standard industrial classification number 4015 or equivalent thereto, entitled "Motor Vehicle Parts - Used" or under the national council on compensation insurance code number 3821, or equivalent thereto, entitled "Automobile Dismantling", if applicable, and holds a certificate of compliance, if required under the provisions of K.S.A. 68-2201 et. seq. as amended for each business location covered by the vehicle dealer license.*

New Language:

(a) There is hereby created a "transfer certificate" which shall be of similar qualities as a certificate of title and, notwithstanding any provision of Article 1 of Chapter 8, shall only be used to transfer ownership of a motor vehicle 10 or more model years of age to any licensed salvage vehicle dealer, as defined in K.S.A. 8-2401 and amendments thereto, when the owner thereof does not have a certificate of title in possession. Any such transfer of ownership through a transfer certificate shall have the same affect as surrendering of a title as "salvage" or "junk" and no subsequent title shall be issued.

(b) Any such vehicle transferred through the use of a transfer certificate shall be dismantled, disassembled or recycled and may not be sold as a unit at retail. Such unit may be sold as a unit by the dealer to a scrap processor for recycling after the salvageable parts have been removed.

(c) The transfer certificate shall be in three parts. The licensed salvage vehicle dealer shall complete the blank certificate provided by the division by completing all the information on the form. The dealer, after verification of the identification of the owner/transferor, shall obtain the owner's/transferor's signature on the certificate of transfer. The original of the form shall be forwarded to the director. The second copy of the certificate shall be retained by the dealer. The third copy shall be given to the owner/transferor.

(d) Any current registration for the vehicle may be transferred to an after-acquired vehicle by the owner/transferor in accordance with the provisions of Article 1 of Chapter 8.

(e) The director of vehicles may charge a fee not to exceed that of an original title fee for each such form issued to a licensed salvage vehicle dealer.

8-135. Transfer of ownership of vehicles; registration; fees and penalties; certificate of title, form, fee; assignment and reassignment; liens, statement of, release of, liability for failure to comply, notice of security interest, execution; purchase and sale of vehicle, requirements; assignment of foreign title, requirements; written consent by lienholder.

(6) It shall be unlawful for any person to operate in this state a vehicle required to be registered under this act, or to transfer the title to any such vehicle to any person or dealer, unless a certificate of title has been issued as herein provided. In the event of a sale or transfer of ownership of a vehicle for which a certificate of title has been issued, which certificate of title is in the possession of the transferor at the time of delivery of the vehicle, the holder of such certificate of title shall endorse on the same an assignment thereof, with warranty of title in a form prescribed by the division and printed thereon and the transferor shall deliver the same to the buyer at the time of delivery to the buyer of the vehicle or at a time agreed upon by the parties, not to exceed 30 days, inclusive of weekends and holidays, after the time of delivery. The agreement of the parties shall be executed on a form provided by the division. The requirements of this paragraph concerning delivery of an assigned title are satisfied if the transferor mails to the transferee by restricted mail the assigned certificate of title within the 30 days, and if the transferor is a dealer, as defined by K.S.A. 8-2401 and amendments thereto such transferor shall be deemed to have possession of the certificate of title if the transferor has made application therefor to the division. The buyer shall then present such assigned certificate of title to the division at the time of making application for registration of such vehicle. A new certificate of title shall be issued to the buyer, upon payment of the fee of \$9.00 until January 1, 1990 and \$3.50 thereafter. If such vehicle is sold to a resident of another state or country, the dealer or person making the sale shall notify the division of the sale and the division shall make notation thereof in the records of the division. ~~If such vehicle is destroyed, dismantled or sold as junk, the owner shall immediately notify the division by surrendering the original or assigned certificate of title. The owner may then apply to the division, after the destroying, dismantling or junking of such vehicle and paying the application fee of \$1.50, to have the registration assigned to another vehicle, but no certificate of title shall be issued nor any registration allowed again for such destroyed, dismantled or junked vehicle.~~

8-198. Nonhighway vehicles exempt from registration; nonhighway certificates of title; permit for temporary operation; certificate of title for reconstruction vehicle; no-fault insurance law inapplicable, exception.

~~(f) If a nonhighway vehicle, for which a nonhighway certificate of title has been issued, is destroyed, dismantled or sold as junk, the owner immediately shall surrender to the division the original or assigned nonhighway certificate of title, with the word "salvage" written across its face, and no certificate of title of any type shall be issued nor any registration allowed again for such vehicle.~~

NEW SECTION 8-135b.

If any vehicle for which a certificate of title has been issued shall be dismantled, disassembled or recycled by selling such vehicle to a scrap processor for recycling after the salvageable parts have been removed by a licensed salvage vehicle dealer as defined in K.S.A. 8-2401, such dealer shall surrender the original or duplicate title to the division with the word "salvage" or "junk" written or stamped across its face and no certificate of title of any type shall be issued nor any registration allowed again for such vehicle.

STATE OF KANSAS



KANSAS DEPARTMENT OF TRANSPORTATION

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

Horace B. Edwards
Secretary of Transportation

Mike Hayden
Governor of Kansas

MEMORANDUM TO: Senate Utilities and Transportation
Committee

FROM: Kansas Department of Transportation

DATE: January 17, 1990

REGARDING: Committee Bill Request

The Kansas Department of Transportation is seeking legislation to permit its full participation in a pact between the eleven midwestern states which comprise the Mississippi Valley Conference of State Highway Officials whereby uniform regulations are adopted for permits issued by those states for overweight and oversized trucks. The regulations themselves require no new statutory authorizations.

K. S. A. 8-1911, authorizes the Secretary of Transportation with respect to highways under his jurisdiction and local authorities with respect to highways under their jurisdiction to, in their discretion, upon application in writing and good cause being shown therefore, issue a special permit in writing authorizing the applicant to operate a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this act. KDOT seeks to amend this statute to allow for participation in the Mississippi Valley pact. The multi-state permitting is scheduled to be implemented by July, 1990.

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STATEMENT
BY THE
KANSAS CORPORATION COMMISSION

Pertaining to the introduction of proposed amendments to K.S.A. 66-1,115a for consideration as a Committee bill.

Presented to the Senate Transportation and Utilities Committee, Senator Bill Morris, Chairman; Statehouse, Topeka, January 17, 1990.

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 requesting this Committee to consider as a Committee bill proposed changes to "K.S.A. 66-1,115a. Granting of certain permits and certificates without hearing, when; notice."

K.S.A. 66-1,115a 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".

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Since "relaxed entry" became law in Kansas in 1982, the necessity of the "shipper witness affidavits" is no longer a consideration by the Commission. 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.

Again, the Commission requests that the Committee favorably adopt this proposal as a committee bill.

I'd like to thank you for the opportunity to appear before you.

If there are any questions, I would be happy to try to answer them.

STATEMENT
BY THE
KANSAS CORPORATION COMMISSION

Pertaining to the introduction of proposed amendments to K.S.A. 66-1,109 and K.S.A. 66-1,129 for consideration as a Committee bill.

Presented to the Senate Transportation and Utilities Committee, Senator Bill Morris, Chairman; Statehouse, Topeka, January 17, 1990.

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 to request this Committee to consider as a Committee bill proposed changes to 2 existing statutes dealing with motor carriers.

The Commission is proposing that K.S.A. 66-1,109 and K.S.A. 66-1,129 be amended to make Kansas law compatible with federal laws and regulations. The proposed amendments are designed to allow Kansas to continue its participation in the Federal Department of Transportation's Motor Carrier Safety Assistance Program (MCSAP).

The net effect of the proposed amendments, taken together, is: (1) to bring several categories of carriers under the Commission's safety regulations, but not subject them to the economic regulations (i.e., obtaining a certificate or license) or to insurance filing requirements; (2) to provide for uniformity between Kansas and federal laws and regulations; and (3) to provide further clarification of certain statutory language.

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The proposed amendments would move Kansas toward compatibility with the requirements of the Motor Carrier Safety Assistance Program.

The Commission requests that the Committee favorably adopt this proposal as a committee bill.

I'd like to thank you for this opportunity to appear before you.

If there are any questions, I would be happy to try to answer them.

REQUEST FOR International Fuel Tax Agreement legislation:

In 1986, the Kansas Legislature amended the fuel use tax sections of the statutes to permit the Secretary of Revenue to enter into agreements with the appropriate authorities of other states for cooperative audit of interstate fuel users' records, reports or returns, or for exchange of information contained in any such records, reports or returns.

The International Fuel Tax Agreement (IFTA), is a response to this need.

Kansas, we believe, should join IFTA. Entering into this agreement would benefit the Department of Revenue and the motor carrier industry through increased uniformity, control and compliance.

Kansas-based motor carriers would file their required fuel reports with their home state -- much as is required for the registration of interstate motor vehicles which operate in several jurisdictions.

Entering into the agreement would simplify the work of the Department, allowing for greater service and faster response time. Currently, the number of interstate accounts that the Department administers is increasing at the rate of 600 per quarter. Under IFTA, the Department estimates the total number of accounts that the Department administers would be reduced from the current 16,000 to 2,500 (the number of Kansas-based carriers). Out-of-state fuel audits would be the responsibility of the state in question thus eliminating this cost for Kansas. All information would be listed on only one report. The mandated audit would increase compliance.

Nebraska, Iowa, Missouri, Oklahoma, Arkansas, Colorado and Wyoming, for example, all participate in IFTA. Kansas needs to get in step.

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IFTA legislation would have to be introduced. There is a fiscal note indicated of some \$71,500 which would come from the Department's vehicle operating fund. We understand budget constraints but we highly recommend that this legislation be considered to bring Kansas in step with its neighboring states. We believe the nominal investment will return dividends to Kansas.

Kansas Motor Carriers Association

January 17, 1990

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KANSAS MOTOR CAR DEALERS ASSOCIATION

800 Jackson, Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 825-0169 (KS only) • FAX (913) 233-1462

**BILL INTRODUCTION REQUEST
OF KEVIN ALLEN, KMCDA
REGARDING THE KANSAS DEALER REVIEW BOARD**

For years licensees under the Dealer and Manufacturers Licensing Act had the ability to appeal a finding of a licensing violation from the Director of Vehicles to Dealer Review Board. Their primary responsibility was reviewing and fact finding in regard to violations of the dealer licensing act. They also investigated unconscionable acts and practices by dealers and manufacturers for violations of the act and help govern dealer - manufacturer disputes.

With the addition of the Kansas Administrative Procedures Act to our law the Dealer Review Board was either overlooked or effectively bypassed, although it still presently exercises advisory powers and technically has the power to enjoin dealer violations of the licensing law through court action. Kansas dealers cannot do without this important board which is scheduled to sunset this July 1 unless the legislature revises it's authority. This bill will do that by placing the Dealer Review Board back in the administrative appeals process without affecting the use of the Administrative Procedures Act.

Kansas dealers cannot do without this board. We respectfully request consideration be allowed for this bill.

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KANSAS MOTOR CAR DEALERS ASSOCIATION

800 Jackson, Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 825-0169 (KS only) • FAX (913) 233-1462

BILL INTRODUCTION REQUEST OF KEVIN ALLEN, KMCDA REGARDING BROKERING

Present Kansas law provides for brokering of automobiles and other vehicles. There is, however, an ambiguity which has prevented enforcement of the law. By definition, it appears new vehicle brokering is unlawful without a franchise. This is the ambiguity which needs to be cleared up. This bill would solve the problem by deleting vehicle brokering from present law such that it can no longer take place for automobiles.

This is necessary because the use of brokering has developed in form to the point where the original purpose for dealer licensing can easily be circumvented. For example, out of state dealers with new and used vehicles, can sell autos through brokers without meeting our licensing requirements for the direct sale of such vehicles. Brokers essentially have the effect of silencing main street auto sales which will in turn cause the loss of the present marketing system and with it the loss of many valuable businesses in Kansas, specifically Kansas new and used car dealerships. We can expand upon this bill in full hearings, and I believe we can show you that without this bill you will eventually lose a great portion of small to medium size businesses, especially in rural or semi-rural areas.

Thank you for your consideration. We respectfully request consideration be allowed for this bill.

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KANSAS DEPARTMENT OF REVENUE
Office of the Secretary
Robert B. Docking State Office Building
Topeka, Kansas 66612-1588

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

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

DATE: January 17, 1990

SUBJECT: Legislative Request

PROPOSAL

1. Increase the fee for a duplicate vehicle registration from \$.50 to \$2.00 to cover the Division of Vehicles cost for processing and mailing.
2. Commercial Driver's License Act technical corrections.
3. Increase the fee for a notice of security interest filing from \$1.50 to \$2.50 to cover the Division of Vehicles cost for processing. Also, authorize the county treasurers to charge a \$1.00 service fee for mailing a copy of the title application to the lienholder.
4. Increase the penalty for delinquent motor fuels, L.P., and interstate motor fuels from 5% to 10% and authorize the Director of Taxation to extend the statute of limitations for assessments and refunds by agreement with the taxpayer.

ATT. 9
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