

Approved _____

Date

4.2.91

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Representative Herman G. Dillon at
Chairperson

1:33 ~~XX~~/p.m. on March 28, 1991 in room 519-S of the Capitol.

All members were present except:

Representative Parkinson - Excused
Representative Everhart - Excused

Committee staff present:

Hank Avila - Legislative Research
Bruce Kinzie - Revisor of Statutes
Jo Copeland - Committee Secretary

Conferees appearing before the committee:

Col. Bert Cantwell - Superintendent Highway Patrol
Dan Carlson - Chairman of the Board of the Independent
Automobile Dealers Assoc.
Wm. E. O'Brien - Johnson County Treasurer
Mary Ladesic - Wyandotte County Treasurer
Representative Tom Bishop
Denny Burgess - Representing Clarence Kelly Enterprises

Chairman Dillon opened the Hearing on HB 2557.

HB 2557 - Vehicle identification number, inspection;
competitive bidding required.

Chairman Dillon introduced Col. Bert Cantwell who testified
in support of HB 2557. (Attachment 1)

Denny Burgess testified in opposition of HB 2557. (Attachment
2)

Hearing ended on HB 2557.

Hearing opened on HB 2591.

HB 2591 - An act concerning motor vehicles; relating to the
checking of vehicle identification numbers, amending
K.S.A. 1990 Supp. 8-116a and repealing ther existing
section.

Chairman Dillon introduced Dan Carlson who testified in
opposition of HB 2591. (Attachment 3)

Bert Cantwell testified in opposition of HB 2591. (See
Attachment 1)

Hearing ended on HB 2591.

Chairman Dillon opened the Hearing on HB 2178.

HB 2178 - Vehicle identification number inspection, county
treasurer.

Col. Bert Cantwell testified in opposition of HB 2178.
(Attachment 1)

Chairman Dillon introduced Wm. E. O'Brien who testified in
opposition of HB 2178. (Attachment 4)

Chairman Dillon introduced Mary Ladesic who testified in
opposition of HB 2178. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:33 ~~am~~ p.m. on March 28, 1991

Chairman Dillon introduced Representative Tom Bishop who testified in support of HB 2178. (Attachment 6)

Chairman Dillon introduced Denny Burgess who testified in opposition of HB 2178. (See Attachment 2)

Sheriff Ed Richie presented written testimony only on HB 2178. (Attachment 7)

Hearing ended on HB 2178. Chairman Dillon appointed a Subcommittee on HB 2557, HB 2591, and HB 2178. Representative Gross, Chairman, Representative Garner and Representative Shallenburger are to study bills and report back to full committee.

HB 2437 - Drivers' licenses, renewing for students outside of state. This bill was passed out of Transportation Committee on March 5, 1991 as amended, withdrawn from calendar and referred to House Appropriations Committee, withdrawn from Appropriations and Rereferred back to Transportation.

Representative Shallenburger moved to pass HB 2437 and Representative Smith seconded. Motion Carried.

Final Action on SB 169.

SB 169 - Highway advertising control act, nonconforming signs, penalty.

Discussion and questions.

Information was requested from Ken Stodgell, KDOT, in regard to Federal and State laws and regulations on Highways. Action was not taken on SB 169 until information requested is received.

Final action on SB 293.

SB 293 - Possession of fake out-of-state driver's license or identification is a crime.

Representative Gross moved to pass SB 293 favorable and be put on consent calendar and Representative Correll seconded. Motion carried.

Meeting adjourned at 2:47 p.m.

GUEST LIST

COMMITTEE: HOUSE TRANSPORTATION COMMITTEE

DATE: 3-28-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Mary J. Jadosic	Wag. County	Treasurer
Nancy Hempen	Lawrence	Douglas County Treas.
Rick Scheibe	TOPEKA	Division of Vehicles
NANCY WEEKS	SUBLETT	HASKELL CO. TREAS.
Betty M. Bride	Columbus	Cherokee Co. Treas.
Cileen King	Manhattan	Riley Co. Treas.
JOANN HAMILTON	LYNDON	OSAGE CO. TREAS.
JERRY McCoy	SEDBWICK	TREASURER
Dean Houston	Topeka	CM Kelley
DAN BAILEY	Topeka	Motorcycle Industry Council
ML Manning	Topeka	DOB
Wm E. O'Brien	Johnson	TREASURER
Pam Somerville	TOPEKA	KS Motor Car Drivers Association
Tom Whitaker	Topeka	Ks. Motor Carriers Assn
KEN STODGELL	TOPEKA	KDOT
Ken Clark	Topeka	Division of Vehicles
Wm. J. Jadosic	Wag. Co.	
R ANDERSON	STRAWA	MAINTENANCE
Rep Tomberlin		
DAVID HORNBAKER	TOPEKA	KHP
Lt. BILL JACOBS	TOPEKA	KS HIGHWAY PATROL
Kristy Koscielny	Topeka	Governor's Leg. Affairs
Denny Burgess	Topeka	Clarence Kelley
Dan Carlson	Topeka	KS Ind Auto Dealer Assoc
Jacque Oakes	Topeka	KS Ind Auto Dealers Assn

SUMMARY OF TESTIMONY

Before the House Transportation Committee

House Bill 2557, 2178 & 2591

Presented by the Kansas Highway Patrol

(Colonel Bert Cantwell)

March 28, 1991

The Patrol appears today in support of House Bill 2557 and in opposition to House Bills 2178 and 2591.

The Patrol strongly supports House Bill 2557 which would provide for a fair basis of selecting private designees to perform Vehicle Identification Number (VIN) checks as required by K.S.A. 8-116a whenever the need arises.

We do oppose House Bill 2178 which eliminates the provision that the Superintendent may appoint designees to perform the VIN inspections. The bill would transfer the duties to the County Treasurers. This would not only eliminate private organizations but also the law enforcement agencies throughout the state that perform¹ these checks. Currently, there are law enforcement designees in 76 counties and the Patrol performs VIN inspections in 10 counties.

The VIN inspection program was originally developed to combat a law enforcement problem. It was designed to assist in detecting stolen vehicles and to prevent vehicles from coming into this state with fraudulent titles. This is a great deterrent to those individuals who engage in unlawful sales of vehicles and attempt to bring them into Kansas. We, therefore, feel that this should remain a law enforcement function. In the past, all private designees were selected on the basis that they had previous law enforcement experience. The program has greatly assisted in maintaining a very reliable titling system in Kansas.

We also oppose House Bill 2591 due to our support for House Bill 2557. While it does increase the fee charged for an inspection from \$10 to \$12 and designates an increase of that amount to be remitted to the Patrol from \$1 to \$4, it does not address the problems encountered in the past with private designee appointments.

The Patrol has reviewed the entire operation and has developed a recommendation that would indeed keep the VIN inspection program a viable and credible program. With the following recommendation, we think that the program would be self-sustaining.

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The Patrol presently performs VIN inspections in 10 counties and it is our recommendation that law enforcement designees continue to do inspections in 76 counties. The practice of contracting with designees either be discontinued and the Patrol assume the VIN inspections in those areas, or if private designees need to be selected it would be on a competitive bid basis. House Bill 2557 would permit the selection of private designees on a competitive bid process with at least \$1.00 of each inspection remitted to the Patrol. Under those provisions, it would permit county treasurers who are interested in being a private designee to bid the program the same as private entities if the need arises.

It is our intent to replace the private designees with agency personnel which would require an additional 24 FTEs. We have addressed this request in the Patrol's appropriations bill. Those FTEs would be totally funded with revenues from the VIN fund. We feel that this would maintain integrity in this very important program.

There is a great need also for automated equipment costing approximately \$115,000 which could be purchased with VIN funds if the Patrol assumes these responsibilities.

The Patrol therefore asks for your favorable consideration of House Bill 2557 because it permits the Patrol to assume the program in total, but if the need arises it also provides flexibility for the Superintendent to designate private designees as needed on a competitive basis.

LEGISLATIVE TESTIMONY

TO: THE HOUSE COMMITTEE ON TRANSPORTATION
RE: HB 2178 + 2557
FROM: DENNY BURGESS
DATE: MARCH ²⁸~~7~~, 1991

Mr. Chairman and members of the Committee. I'm Denny Burgess representing Clarence Kelly Enterprises. I am appearing in opposition to HB 2178. + 2557

In my opinion this bill is not needed at this time. The V.I.N. Program was designed to do 3 things:

- 1) Uncover stolen vehicles coming into Kansas
- 2) Catch titling errors.
- 3) Discover discrepancies in odometer readings.

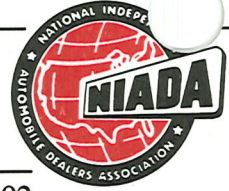
The program is a significant deterrent to bringing stolen vehicles into Kansas and in 1990 over 6500 titling errors were discovered. Over 2400 odometers discrepancies were reported.

The program is an excellent one for the benefit of Kansas consumers and should be allowed to continue.

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KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION



Citizens Bank & Trust Building • 6th & Humboldt • Manhattan, Kansas 66502
Phone: 913-776-0044 FAX: 913-776-7085

March 28, 1991

TO: HOUSE COMMITTEE ON TRANSPORTATION

SUBJECT: HOUSE BILL 2591--VEHICLE INSPECTION FEE CHANGES

Mr. Chairman and Members of the Committee:

I am Dan Carlson, Chairman of the Board of the Independent Automobile Dealers Association, representing 270 used car dealers in the state of Kansas.

We appear in opposition to the H.B. 2591 which would raise the charge of a motor vehicle inspection to \$12 from the present rate of \$10 per inspection.

Once again it seems that small business people are being asked to shell out more money from their own pocket to finance a program that is a public service. Although we could not verify the numbers, I would estimate that at least 80% of the inspections performed in Kansas are paid for by automobile dealers. Some of the dealers' customers may show up for the inspection, but the dealer is actually paying for it. Often this is an expense that is not passed on to the consumer, but it is another cost that dealers in Kansas must swallow themselves.

One of our members had over 600 vehicles inspected last year at \$10 a unit which would be about \$6,000. A \$2 raise in the fee would make that figure around \$7,200 amounting to a very significant increase.

There is a hidden cost due to the dealer's own labor or that of his employee. Most of these inspections are not done at a dealer's place of business but at an inspection site that may be miles from the dealership. The cost of a dealer's own employee and the fuel involved may even actually triple the cost of \$10 per unit.

Our members have been able to overcome the hassle and put up with some of the costs of the inspection program. However, we feel some changes would make things much easier for vehicle dealers such as the availability of pre-inspections. This would be inspecting the vehicles without the titles and then filling out the inspection form when the title arrives. This would help stop the expense of returning autos for inspection once they are sold.

More available hours for inspections would also be appreciated. Shawnee County dealers can only get inspections on Monday, Wednesday and Friday from 8:30 a.m. to 12:30 p.m. unless they have three or more vehicles. Then an inspector will come to your place of business at their own convenience. Douglas County dealers can get inspections on Tuesday and Thurs-

Individually we struggle to be heard—Collectively we cannot be ignored.

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H.B. 2591--Vehicle Inspection Fee Changes

day while Wyandotte County dealers can get inspections Monday through Friday.

The Legislative Post Audit Report quoted many figures in its report. In fiscal year 1990, it was reported that a total of \$1,548,559 was received for inspections completed with the Highway Patrol receiving \$305,416. One inspection designee's revenues were over \$550,000 in 1990. The Post Audit Report also quotes some designees as saying that an inspection costs between \$5 to \$7 to perform. Recently, one of our members had 30 vehicles inspected in less than one hour. This works out to \$300 per hour at a cost of \$1 to \$2 per unit accounting for the designee's administrative cost. The point is that someone is making a huge profit for this public service while the Highway Patrol who is responsible for this program receives only 10% of the revenue.

We believe the Highway Patrol should receive more than \$1 per inspection or maybe that they, themselves, should perform the inspections and receive all of the \$10. Obviously a great profit is being made by certain individuals, and we, the used car dealers who pay for the greatest majority of this service, do not feel that we should be required to pay higher costs so that the private inspectors can maintain their high level of profitability.

Thank you for your time and for your serious consideration of keeping the fees at \$10.

TESTIMONY BEFORE THE TRANSPORTATION COMMITTEE
ON HOUSE BILL NO. 2178

THURSDAY MARCH 28, 1991

By Wm. E. O'Brien, Johnson County Treasurer

Mr. Chairman, ladies and gentlemen of the committee, good afternoon.

My name is Bill O'Brien, Johnson County Treasurer, appearing for the County Treasurers' Association.

I appreciate this opportunity to express some thoughts from our association's members insofar as H.B. 2178 was originally filed and as it is proposed to be amended.

The bill as originally filed provides that a person applying for a Kansas title for a used vehicle titled in another state shall have such vehicle checked by the Kansas highway patrol or it may be checked by the county treasurer.

This changes the existing statute, K.S.A. 1990 Supp. 8-116a, from the inspection "may be made by a designee - - - of the Kansas highway patrol" to the inspection "may be made by the county treasurer" and provides for the fee to be paid to the treasurer for necessary help and expenses with the remaining year end balance to go to the general fund.

The inspections required have been and are presently handled in two ways across the state, either by the highway patrol or by designees designated by the highway patrol.

In many counties, problems have arisen where inspections are only available within a few hours time frame and then only on a very few days of the week and/or at a distant location. In other counties where the volume can justify the expense, full time inspectors are available.

The counties which have large population such as Johnson, Sedgwick and

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Wyandotte have full time designees doing the inspections. This has worked in most cases fairly well.

Counties with lesser populations are served only at specific hours and days causing many auto buyers delays and frustration in registering and licensing their vehicles.

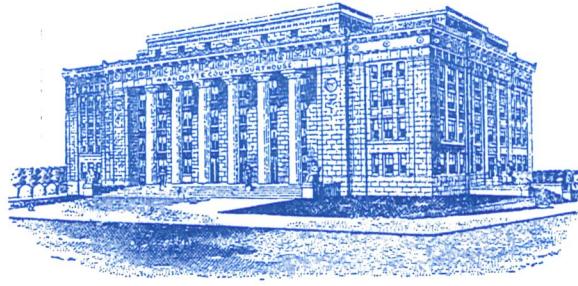
The bill would permit the treasurer's motor vehicle office to do inspections at times the highway patrol or their designee were not available. However, the treasurer would not have the ability, knowledge and access to a nation wide classified computer system necessary for the inspections.

The association would especially oppose this bill if amended to provide the fees be channeled through the general fund which would prevent treasurers from properly administering the inspection responsibility to provide the service to the taxpayer required.

Respectfully,



Wm. E. O'Brien
Johnson County Treasurer



573-2823

OFFICE OF
MARY P. LADESIC
COUNTY TREASURER
WYANDOTTE COUNTY COURT HOUSE
KANSAS CITY, KANSAS 66101



TO: HOUSE TRANSPORTATION COMMITTEE
FROM: MARY LADESIC, KANSAS TREASURERS ASSOCIATION
DATE: MARCH 28, 1991
RE: HOUSE BILL NO. 2178

GOOD AFTERNOON. MY NAME IS MARY LADESIC, I AM TREASURER OF WYANDOTTE COUNTY. I AM HERE ON BEHALF OF THE THE KANSAS COUNTY TREASURERS' ASSOCIATION. I WOULD LIKE TO THANK YOU FOR ALLOWING ME TO TESTIFY HERE TODAY ON H.B. 2178.

WHILE WE RECOGNIZE THAT THIS BILL HAS MERIT, WE RECOMMEND FURTHER STUDY BE GIVEN TO THIS COMPLEX SITUATION IN ORDER TO FASHION A COMPREHENSIVE PLAN WHICH WILL ULTIMATELY BENEFIT ALL KANSANS.

OUR MAIN OBJECTIONS TO THE BILL ARE:

- 1) ONLY LAW ENFORCEMENT PERSONNEL HAVE ACCESS TO N.C.I.C. RECORDS AND SINCE THESE RECORDS ARE NECESSARY TO CONDUCT V.I.N. INSPECTIONS, IT WOULD BE IMPERATIVE THAT LAW ENFORCEMENT PERSONNEL BE HIRED BY THE TREASURER,
- 2) THERE WOULD BE NO CHECK AND BALANCE OF DUTIES IF THE RESPONSIBLE PERSON OVER THE INSPECTION WAS THE SAME PERSON OVER TITLE AND REGISTRATION, AND

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PAGE TWO

3) TREASURERS IN BORDER COUNTIES WITH LARGE POPULATIONS, SUCH AS WYANDOTTE AND JOHNSON COUNTIES, WOULD HAVE TO NOT ONLY DEVELOP A WHOLE NEW AREA OF EXPERTISE, BUT HIRE NEW PEOPLE AND ESTABLISH NEW FACILITIES FOR INSPECTIONS. IN MY COUNTY WE HAVE AS MANY MISSOURI TITLES TO HANDLE AS WE DO KANSAS TITLES. IT WOULD BE A FULL-TIME JOB TO ADMINISTER THE PROVISIONS OF THIS BILL SINCE FORTY PERCENT OF THE V.I.N. INSPECTIONS OCCUR IN WYANDOTTE AND JOHNSON COUNTIES.

OTHER ISSUES TO CONSIDER ARE:

- 1) WHEN AN INSPECTION DETECTS A STOLEN VEHICLE, THE TREASURER COULD NOT CONFISCATE THE VEHICLE NOR ALWAYS RELY ON IMMEDIATE HELP FROM A LAW ENFORCEMENT AGENCY, AND
- 2) GIVEN THE SOMETIMES ANTAGONISTIC RELATIONSHIP BETWEEN COUNTY COMMISSIONERS AND OTHER COUNTY ELECTED OFFICIALS, INCLUDING TREASURERS, THIS BILL, AS AMENDED, COULD UNWITTINGLY PROVIDE TREASURERS WITH UNDERFUNDED AND THEREFORE POORLY IMPLEMENTED DUTIES TO PERFORM.

IN CLOSING, LET ME REPEAT, THE MEMBERS OF THE KANSAS COUNTY TREASURERS ASSOCIATION BELIEVE THE BILL HAS MERIT, HOWEVER, AS IT CURRENTLY STANDS, WE TOTALLY OPPOSE IT. WE SINCERELY RECOMMEND FURTHER STUDY IN ORDER TO DEVELOP THE BEST SOLUTION POSSIBLE.

I WOULD BE HAPPY TO STAND FOR QUESTIONS.

THANK YOU.

MPL:SLC

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THOMAS A. BISHOP
"TOM"
REPRESENTATIVE, 91ST DISTRICT
SEDGWICK COUNTY
1500 W. 32ND N.
WICHITA, KANSAS 67204



COMMITTEE ASSIGNMENTS
MEMBER: ECONOMIC DEVELOPMENT
GOVERNMENTAL ORGANIZATION
PUBLIC HEALTH AND WELFARE
ADVISORY COUNCIL ON AGING

TOPEKA

HOUSE OF
REPRESENTATIVES

To: Members of the House Transportation Committee

From: Rep. Tom Bishop

RE: Testimony in support of HB 2178

Date: 2-12-91

Attached you will find HB 2178 with proposed amendments.

These were to be in the original bill but did not make the final revision. These amendments provide the following;

1. The highway patrol may continue to contract with local law enforcement for this service.

The Sheriff's Office presently preforms this function in the majority of the counties. The amendment restores this option for contracts with city or county law enforcement agencies. The Bill removes only the option of inspections being conducted by private contractors.

2. Control of the budget for the inspection service, if conducted by the County Treasurer, will rest with the County Commission.

This will prevent the County Treasurer from expanding staff and equipment beyond what is necessary to provide for the inspection service.

H.B. 2178 provides for more flexibility for the Highway Patrol, increased revenues for the state V.I.N. fund, and removes partonage and the appearance of wrongdoing from the V.I.N. program.

Thanks for your consideration of HB 2178

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ATTACHMENT 6-1

284-w

STATE OF KANSAS



DIVISION OF THE BUDGET

JOAN FINNEY, GOVERNOR

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

(913) 296-2436
FAX (913) 296-0231

March 7, 1991

The Honorable Herman Dillon, Chairperson
Committee on Transportation
House of Representatives
Third Floor, Statehouse

Dear Representative Dillon:

SUBJECT: Fiscal Note for HB 2178 by Representatives
Bishop, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2178 is respectfully submitted to your committee.

HB 2178 amends KSA 1990 Supp. 8-116a concerning the inspection of vehicle identification numbers. Currently, KSA 1990 Supp. 8-116a requires any person making application for a Kansas title on a used vehicle titled in another state, or on a vehicle which has been reconstructed from more than one vehicle, or on a vehicle for which the identification number is in doubt to have the vehicle checked by the Kansas Highway Patrol in order to verify the authenticity of the identification number. The Highway Patrol is authorized to charge \$10 for each vehicle identification number check.

The purpose of the inspection is to verify that the vehicle identification number on the foreign title and on the vehicle agree. The law allows that the checks may also include inspections for violations of odometer tampering laws, as outlined in KSA 8-611. HB 2178 amends current law to provide that the checks may include inspections for violations of the odometer tampering laws as outlined in KSA 21-3757, instead of KSA 8-611.

KSA 1990 Supp. 8-116a provides that the Superintendent of the Highway Patrol may choose designees to perform vehicle identification number checks. When an inspection is performed by a designee, the designee remits \$1 to the Highway Patrol and retains \$9.

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HB 2178 amends the current law by removing the superintendent's authority to select designees who may perform inspections. The bill would allow a county treasurer to conduct a vehicle identification number inspection and would require the county treasurer performing such an inspection to remit \$2 (of the \$10 fee collected) to the Highway Patrol. The remaining \$8 collected by a county treasurer would be deposited into a special fund, from which funds would be appropriated to pay for the costs associated with performing the inspections. Any funds remaining in this special account at the close of any calendar year would be transferred to the county's general fund.

The bill would have a significant impact on the Kansas Highway Patrol and on counties in the state. However, this impact is difficult to estimate and could vary widely. All of the following fiscal impacts and scenarios are based on 154,000 inspections performed annually (the average of the last three fiscal years). The fiscal impact of the bill would likely be a variation of the third scenario presented.

Although the bill could have a significant impact on counties, the impact should only be positive. Since the bill allows (and does not require) that counties conduct inspections, any county that performs inspections at a loss would be doing so on its own decision. In addition to the revenues outlined below, the Patrol would probably initially experience increased costs associated with training county employees to perform the inspections. However, any increase in costs should be minimal.

The following table displays the actual number of checks performed in fiscal year 1990, as well as the associated revenues and expenditures for the Highway Patrol.

<u>FY 1990</u>	<u>Number of Checks</u>	<u>KHP Revenue</u>	<u>KHP Expenditures</u>
Highway Patrol	16,268	\$162,680	
Local Agencies	45,198	45,198	
Private Designees	<u>94,705</u>	<u>94,705</u>	
	156,171	\$302,583	<u>\$300,000</u>

Under the first scenario, the counties would perform all inspections. This would result in annual revenue to the Patrol of \$308,000. A total of \$1.232 million would be earned annually by the 105 counties in Kansas, with the counties with larger populations and performing more checks earning substantially more than the smaller counties. The additional costs to most counties should be negligible, assuming that existing office space, equipment and employees could be

utilized. However, it is possible that in some counties additional expenses could be incurred. The average number of checks performed and Patrol revenues and expenditures are summarized below.

Scenario 1	Average Number of Checks	KHP Revenue	KHP Expenditures
Highway Patrol Checks	0	\$ 0	
County Checks	<u>154,000</u>	<u>308,000</u>	
	154,000	\$308,000	<u>\$300,000</u>

Under the second scenario, the Highway Patrol, in addition to the 10 counties in which it currently performs inspections, would assume inspection responsibilities in 19 counties now serviced by private designees. Based on an average of 114,000 inspections, the Patrol would receive \$1.14 million annually. Counties would perform the remaining 40,000 inspections, resulting in additional revenue to the Patrol of \$80,000 and revenue of \$320,000 to 76 counties. This scenario would be identical to the current arrangement in 76 counties and would not have a significant impact on the counties.

To perform the required inspections, the Patrol estimates it would need 24 new employees at a cost of \$542,726 in FY 1992. Additional costs would probably include one-time capital outlay (\$100,000) and recurring operating expenses of approximately \$100,000. The net effect would be a surplus of fee fund receipts in excess of expenses to the Patrol of approximately \$280,000 annually. The average number of checks performed and Patrol revenues and expenditures are summarized below.

Scenario 2	<u>Average Number of Checks</u>	<u>KHP Revenue</u>	<u>KHP Expenditures</u>
Highway Patrol Checks	114,000	\$1,140,000	
County Checks	<u>40,000</u>	<u>80,000</u>	
	154,000	\$1,220,000	<u>\$942,726</u>

In the third scenario, the Patrol would continue to do the inspections that it currently performs (in 10 counties) and counties would perform the remaining inspections. The Patrol would receive annual revenue of \$190,000 from performing 19,000 inspections and revenue of \$270,000 from the 135,000 inspections performed by the counties. Since this arrangement would be identical to the present system, the Patrol would not experience any recurring increased costs. Revenue to the counties would total \$1.08 million, spread among the counties depending on the number of inspections performed by the county. The additional costs to most counties should be

The Honorable Herman Dillon
 March 7, 1991
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negligible, assuming that existing employees, offices, and equipment could be utilized. However, it is possible that in some counties additional expenditures could be incurred. The average number of checks performed and Patrol revenues and expenditures are summarized below.

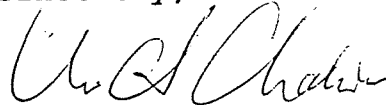
Scenario 3	<u>Average Number of Checks</u>	<u>KHP Revenue</u>	<u>KHP Expenditures</u>
Highway Patrol Checks	19,000	\$190,000	
County Checks	<u>135,000</u>	<u>270,000</u>	
	154,000	\$460,000	<u>\$300,000</u>

The Governor's FY 1992 budget recommendation for the Highway Patrol includes expenditures of \$300,000 from the Vehicle Identification Number Fee Fund. Any expenditures as outlined in the second scenario would be in addition to expenditures recommended in the *FY 1992 Governor's Budget Report*. All scenarios would increase fee fund revenues over the \$300,000 estimated in the *FY 1992 Governor's Budget Report*.

The potential impact of each scenario on the counties is summarized below.

	<u>Average Number of Checks</u>	<u>Revenues</u>	<u>Additional Expenditures</u>
Scenario 1	154,000	\$1,232,000	Some possible
Scenario 2	40,000	320,000	None
Scenario 3	135,000	1,080,000	Some possible

Sincerely,



Louis S. Chabira
 Deputy Director

cc: Col. Bert Cantwell, Highway Patrol
 Mark Beshears, Department of Revenue
 John Torbert, Association of Counties

3420

DATE: _____

*Thurs. 3-7-91*TOPEKA CAPITAL JOURNAL
WICHITA EAGLEHAYS DAILY NEWS
HUTCHINSON NEWSOLATHE DAILY NEWS
PARSONS SUNMORNING SUN
WY NEWS
AL
LY COURIER

Legislator aims at patronage

Inspection contracts are lucrative favors

By Judy Lundstrom Thomas*The Wichita Eagle*

TOPEKA — A freshman legislator is going after one of the state's most lucrative forms of political patronage today.

A proposal by Rep. Tom Bishop, D-Wichita, would abolish a vehicle inspection system that awards contracts as political favors. A hearing is scheduled in the House Transportation Committee.

"This is one form of political patronage that's really blatant," Bishop said. "It's a good ol' boy system. This takes the patronage out of the system and will give a consistent quality to the inspections."

The bill would make it impossible for the Kansas Highway Patrol to give private businesses contracts for inspecting newly titled cars to identify stolen vehicles. It would instead force the patrol to do the job itself or award the contracts to county treasurers' offices or local law en-

forcement agencies.

Bishop said the bill would create possibilities for tax breaks for county governments. Sedgwick County, for example, could receive \$150,000 to \$200,000 beyond the expense of the inspections, he said.

Legislators had mixed reactions to Bishop's proposal. And a House committee on Wednesday introduced a competing proposal by Gov. Joan Finney that would require that inspection work be done by either the Highway Patrol or local law enforcement agencies, or that it be awarded to contractors after competitive bidding. It would not give the option to county treasurers.

Since 1984, all vehicles being titled in Kansas for the first time have been inspected to ensure that the out-of-state title is genuine and that the vehicle identification numbers match the number on the title. The goal is to identify and recover stolen cars.

The Highway Patrol and local law enforcement agencies perform the inspections in most counties. But in 19 of the most populous counties, private companies hold contracts to

do the inspections for \$10 each. The contracts are awarded by the Highway Patrol superintendent, who is appointed by the governor. Competition is stiff because the payoff is large — \$9 of every \$10 collected. The remaining \$1 goes to the Highway Patrol.

Bishop and other critics have charged that the lucrative contracts wind up in the hands of favored campaign workers.

In fiscal 1990, inspections were performed by 25 private contractors, who made \$852,000. Local law enforcement agencies made \$407,000. One of the contractors, Benchmark Security Corp., took in more than \$550,000 for the inspections, a legislative post audit showed. Benchmark is owned by Gary Owensby, a Topeka contributor to former Gov. Mike Hayden's election.

The second-largest amount collected was by Vehicle Inspection Associates, which took in nearly \$174,000. Mike Meacham, Hayden's former Sedgwick County campaign coordinator, was a partner in the firm.

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6-6

DATE: _____

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TOPEKA CAPITAL JOURNAL
 WICHITA EAGLE
 KANSAS CITY STAR
 EMPORIA GAZETTE
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EDITORIALS

No more Right to cut school aid without major reforms

The school lobby will be in full cry in the Senate today to fight a funding measure that would cut state spending for education by \$12 million and possibly mean big property tax increases.

"This is not good news for education," said Helen Stephens, lobbyist for the Blue Valley school district in Johnson County.

Ms. Stephens is partly right. The school-aid bill written by the Senate Education Committee is bad news for the educational establishment, but it could be very good news for taxpayers and Kansans concerned about school reform.

Over the past few years, the Legislature has pumped millions of additional dollars into education. Yet the taxpayers and children of Kansas have gotten virtually nothing in return for the spending. Instead, the educational establishment has fought such essential reforms as merit pay for teachers, alternative certification, school choice and a tough high school curriculum.

Enough is enough. Education spends more state and local tax money than any part of government. But the teacher unions, many local school boards, the State Board of Education and school bureaucrats have resisted most of the changes needed for young Kansans to be educated properly.

The sad thing is that the Senate Education Committee missed a good opportunity to tie funding to reform. As it has in the past, the committee haggled over allocating

state dollars, but it did nothing to ensure that the money produces quality results.

It is another example of how Kansas is falling behind other states in school reform. Several states are using the power of the purse to promote good schools. Maryland, for example, offers grants to schools that draft three-year improvement programs. Colorado has earmarked state money to help restructure its public schools. Tennessee is considering financial inducements for schools that show student improvement.

The Senate bill, however, avoids the issue of good education. It is a product of the state's tight financial condition. Basically, the committee would throw more of the burden of financing schools onto local boards of education. It's estimated that without new state money, property taxes could increase \$159 million statewide.

Again, that's not a bad thing. It would force local boards of education to justify property tax increases. It would be interesting to hear change-resistant boards explain why taxes must rise to support failing schools. If voters understood they were paying more for the same old thing, school reform could get a gigantic boost.

Kansans are paying too much for the low quality of education most schools in the state are offering. Except for incentives to improve education (which would make Wichita a big winner), the Legislature should turn a deaf ear to the school lobby.

Op-Ed Page

Time to free state vehicle inspections from cronyism

The Finney administration recently had bad news for the Republicans who hold lucrative state contracts to inspect cars and trucks coming into Kansas: The gravy stops flowing on April 24.

Such is life in the world of spoils politics. Gov. Mike Hayden rewarded their political good works by giving them inspection contracts for counties with lots of incoming vehicles, including Sedgwick. But in November, their patron failed to win re-election.

His successor, Gov. Joan Finney, understandably sees no reason why contractors beholden to her vanquished opponent should reap huge profits on her watch. So, they'll soon move from vehicle inspecting — the work entails collecting \$10 to check the identification number of an incoming vehicle against the FBI's master list of stolen vehicles and pocketing \$3 to \$7 after expenses — into more challenging (if less remunerative) careers.

Critical question

A critical question remains: Should it continue to be possible for whoever is governor to let political cronies pocket the hard-earned dollars of folks who bring cars and trucks into Kansas?

Mrs. Finney's answer to that question appears to be maybe. She's asked the Highway Patrol to perform vehicle inspections after April 24. At a time when the state's in-



DENNEY CLEMENTS
EDITORIAL WRITER

fiscal hot water, Finney spokeswoman Ann Cook says, it's doesn't make sense to allow private contractors to siphon off state resources.

But that's as far as the governor's plans for vehicle inspection reform go. She won't be petitioning the Legislature to amend the 1985 law so that inspection contracts can't be used as political plums. That suggests she's more interested in some day using the contracts for political purposes than she's letting on.

But there is a ray of hope for the many Kansans who understand that the vehicle inspection program as presently constituted is a parasite upon the body politic. A bipartisan group of 19 House members (including Reps. Elizabeth Baker, R-Derby; Tom Bishop, D-Wichita; and Tom Sawyer, D-Wichita, and also including House Speaker Marvin Barkis) proposes that the 1985 law be amended to eliminate private inspection contracts.

Their bill would continue to assign the Highway Patrol primary responsibility for making the inspections. But if the patrol wanted to



Geoffrey Moss

farm out the work in a given county, that county's treasurer would perform vehicle inspections. Treasurers operate county license tag offices, so the pairing would be efficient.

Mrs. Finney's plan to have the Highway Patrol perform inspections now being done by the GOP contractors may tempt some legislators to leave the law undisturbed, on the ground that the problem has been solved administratively. The history of the inspection program shows why that's not good enough.

The first governor to use private inspection contracts for political

purposes wasn't Mr. Hayden, but his Democratic predecessor, Gov. John Carlin. Soon after the Legislature passed the 1985 law, Highway Patrol Superintendent Bert Cantwell (whom Mrs. Finney recently reappointed to the job) awarded the Sedgwick County inspection contract to former Democratic Sheriff Johnnie Darr.

Darr, Meacham did well

Because the law allows contractors to keep \$9 of each \$10 fee — the other dollar goes to the Highway Patrol — Mr. Darr's inspection

business, run out of a shopping center on South Seneca, did very well. During the three years Mr. Darr's company had the Sedgwick County contract, he grossed \$428,337, according to a 1990 state audit of the inspection program.

Early in 1988, Mr. Darr lost that contract to Republican Mike Meacham, who'd chaired Mr. Hayden's 1986 Sedgwick County campaign. Mr. Meacham's company, Vehicle Inspection Associates, which had good sense to move the inspection station to the tag office on West Murdock, did well, too. During 1989, Mr. Meacham and his partners col-

lected \$181,140; after paying expenses, they pocketed \$117,375 — a 64 percent net profit.

Indeed, the state audit of the 25 companies and individuals who've received inspection contracts since 1985 showed that their net profits ranged from 33 to 77 percent. Since 1985, owners of vehicles coming into Kansas have spent \$7.3 million on inspection fees. Of that total, \$5.8 million — minus the Highway Patrol's 10 percent cut — went to private contractors.

Abysmal oversight

The audit also found that the Highway Patrol's oversight of the private contractors has been abysmal. For instance, several contractors, including Mr. Meacham, performed the inspections improperly, or hired unqualified personnel.

All this suggests that the 19 House members are right not to propose fixing the law so further such abuses are impossible, but also to propose letting county treasurers inspect vehicles, in return for \$8 of the \$10 fee. Sedgwick County Treasurer Jerry McCoy says that's enough money to allow the tag office staff to handle the inspections, with some left over for the county treasury.

With the GOP contractors bowing out in two months, now is the right time to get rid of a program that, since its inception, has flown in the face of efficiency and weakened public trust in government. If the Legislature fails to reform the law, Kansans will know the worst: Their elected officials don't mind inefficiency and public cynicism as long as a political plum that's been useful to both parties remains in play.

The U.S. needs to regain moral high ground in Gulf

By Sandy Grady

Knight-Ridder Newspapers

WASHINGTON — If there was

antiseptic, glossy war of lasers and missiles. Suddenly the almost unbearable videotapes showed real

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EDITORIALS

Tokens

Talented women, minorities losers under House quota bill

If the Kansas House has its way, women and minorities appointed to state boards and commissions would carry the burden of doubt that they got their posts based on competency, rather than race or gender.

In an example of affirmative action gone amuck, the House last week passed legislation requiring that the membership of state boards mirror the population the agency serves. If, for example, half of the state's barbers were female, half of the barber oversight board would be women.

It also would mean that where the gender makeup of the constituency group was uncertain, the assumption would be equal representation by men and women. In other words, half of the members of the Board of Regents would have to be female.

This is a pure quota bill. It should offend every Kansan concerned with promoting truly talented women and racial minorities to high state positions.

The real victims of this measure aren't white men, but competent women and racial minorities whose abilities would be immediately suspect once named to a state board. The major factor in their appointment might not be professional or personal accomplishment, but hitting a numerical target. They would carry the stigma that the only way they could have won a state post was through an accident of birth.

Actually, the bill could undermine the advancement of outstanding women and

minorities in state government. Competent members of those groups would quickly recognize that they are not necessarily being rewarded for their abilities. They would resent being tokens. State offices then would be seen as the province of bumbling, but "politically correct" activists.

The Legislature's goal should be to fill state boards with people who can make decisions that are in the best interests of all Kansans, regardless of race or gender. Instead, this bill puts pressure on board members to act according to their sex or skin color. Each issue facing a board then becomes a struggle over race and gender.

The proposal also offends basic principles of equality. It tells thousands of Kansans that they can't join a state board because they are the "wrong" race or gender. The end result is less public respect for state government; state agencies come to be seen as dominated by people whose only "qualification" is their race or gender.

There is no question that Kansas needs to expand its talent pool by bringing in more women and racial minorities. The way to do it is to encourage those making state appointments — primarily the governor and legislative leaders — to seek people of quality from all groups in Kansas.

The Senate should put the House's quota bill to a swift and merciless death. Discrimination is wrong — and equality isn't the same thing as a numbers game.

Efficiency

Let county treasurers do vehicle inspections

Present state law allows governors to funnel hundreds of thousands of dollars a year to political cronies. The law allows inspections of vehicles coming into the state to be performed by private contractors, at \$10 per vehicle.

The law also allows contractors to keep nine of those dollars. Govs. John Carlin and Mike Hayden used inspection contracts for the state's more populous counties, including Sedgwick, to repay political favors.

Now, legislators have two choices for ending this abuse. The best bill is offered by Rep. Tom Bishop, D-Wichita, and co-sponsored by Reps. Elizabeth Baker, R-Derby, and Tom Sawyer, D-Wichita. It would ban the private contracts and have county treasurers perform vehicle inspections, which are aimed at discouraging thieves to bring stolen cars into Kansas.

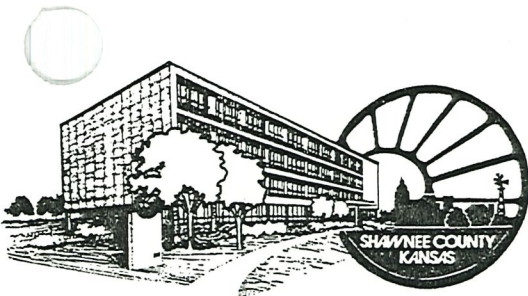
The other alternative, backed by Gov.

Joan Finney, would assign vehicle inspections to the Highway Patrol or local law enforcement agencies. Her bill also would permit private inspection contracts on a competitive-bid basis.

But why go through the rigamarole associated with competitive bidding, or increase the work burden of the Highway Patrol, when county treasurers could perform vehicle inspections easily and at low cost? The beauty of the Bishop proposal is that it would be convenient for motorists, who could get their vehicles inspected at the same place they buy tags. It might even put some new revenue into county coffers.

The Bishop approach to the problem makes more sense than Mrs. Finney's. By letting county treasurers perform vehicle inspections in urban counties, the Legislature would strike a blow for efficiency and plug some unjustified political patronage.

Members of the editorial page staff are Associate Editorial Page Editor David Awbrey, Editorial Writers Denney Clements and Randy Brown, Editorial Cartoonist Richard Crowson and Copy Editor Shannon Littlejohn.



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MEMORANDUM

March 7, 1991

TO: Members of the House Transportation Committee
FROM: Sheriff Ed E. Ritchie
RE: House Bills No. 2178/2317


The purpose of this correspondence is to express my opposition to House Bills No. 2178 and 2317, and any similar provisions, the effect of which would be to add to the duties of local law enforcement agencies the obligation to check vehicle identification numbers. That has long been an obligation of the State of Kansas, carried out by the Kansas Highway Patrol (or a designee of that agency), and has worked well in Shawnee County.

Unless the state is willing to provide the resources that will be necessary to fulfill this duty, which for some counties would be an extreme burden, I do not think it is appropriate for the obligation to be transferred. The State of Kansas, either through the Kansas Highway Patrol, through private contracting, or perhaps otherwise is better suited to do so. At least, if there are isolated problems with the current system, it would be better to consider and address those, rather than making this major change improvidently.

My operating budget, as one of many departments within Shawnee County, has been extremely tight for the last several years, and many needs have gone unmet. And, there does not seem to be any immediate relief in sight. Of course, I am always willing to do whatever is necessary to perform my basic statutory functions, including any enhanced criminal enforcement measures that the legislature enacts. However, this is merely an administrative matter that has been handled for years through the Kansas Highway Patrol. Giving the job to me will mean I will be forced to take officers off the street (preventing or treating criminal violations), and assign them to V.I.N. checks.

In light of such factors, I would strongly urge that you not pass this bill, or similar provisions, because the result will be that essential law enforcement services will be hampered. If you have any questions or comments, please do not hesitate to contact me. Thank you for your consideration.

Respectfully,


Sheriff Ed E. Ritchie
Shawnee County, Kansas

EER/jl

House Transportation
3-28-91
ATTACHMENT 7