

Approved 3-8-91 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. ~~xxx~~ on March 6, 1991 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:

Gina Hodgson, Kansas Marine Dealers Association, Lake Pomona  
Mary Ann Stout, Vassar  
Ralph Hildebrand, Junction City  
Joe Sexton, Manhattan  
Phil Suratt, Topeka  
Susan Duffy, Department of Revenue  
Pam Somerville, Kansas Motor Car Dealers Association  
Pat Weichman, Kansas Automotive Dismantlers & Recyclers Association

Hearing on SB 255 - Refunds for motor-fuel used in motorboats.

Gina Hodgson said that currently only those purchasing 40 gallons per fill-up are entitled to receive a 16¢ gallon refund at year end. This discriminates against the majority of Kansas boaters who do not have a 40 gallon tank. They are asking that all boats, regardless of fuel tank size, be allowed to receive the 16¢ gallon refund. A copy of her statement is attached. (Attachment 1).

Mary Ann Stout said this was an unfair tax on boat owners and that many owners are elderly and this is their form of recreation. A refund would be very helpful to them.

Ralph Hildebrand said the average amount of gas sold was approximately 16,000 gallons. He feels this is an unfair tax.

Joe Sexton said people who pay this tax get nothing out of it. The money collected should be used for the parks and lakes. The average boater would save \$30 per year and this money would probably be spent on other items in the area.

Phil Suratt said the money should be put back into the parks and recreation system.

Hearing and Action on S.B. 280 - Increasing annual fee for full-privilege license plates.

Susan Duffy said the Department of Revenue has a shortfall of \$39,020 on issuing full privilege plates, so they were asking for the increase. A copy of her statement is attached. (Attachment 2).

Pam Somerville spoke in opposition to the increase which she said was a 40% increase. She said the real problem here was lack of enforcement. A copy of her statement is attached. (Attachment 3).

Pat Wiechman said if the fee were increased dealers would probably stop purchasing full-use plates. Raising fees would not solve the problem. There should be more enforcement. A copy of her statement

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,  
room 254-E, Statehouse, at 9:02 a.m. ~~p.m.~~ on March 6, 19 91

is attached. (Attachment 4). The committee discussed the issue and felt there was abuse here and it should have an interim study.

A motion was made by Hayden to recommend the bill adversely. Motion was seconded by Sen. Doyen. Motion carried.

Hearing and Action on S.B. 281 - Increasing fees for 72-hour permits.

Susan Duffy said this permit allows trucks registered as "local" to go beyond the local radius authorized by that local registration. This \$6.00 increase was intended to be passed in legislation last year but it was inadvertently left out. A copy of her statement is attached. (Attachment 5). A motion was made by Sen. Hayden to report S.B. 281 favorably for passage and recommend it be placed on the Consent Calendar. Motion was seconded by Sen. Martin. Motion carried.

Hearing and Action on S.B. 282 - Increasing the fee for motor-vehicle fuels tax refund.

Susan Duffy said an increase was being requested because it costs over \$3.00 to process a tax refund permit. The permit would be for three years. The increase would cover the costs and the excess would go to the general fund. A motion was made by Sen. Rock to recommend S.B. 282 favorably for passage. Motion was seconded by Sen. Martin. Motion carried.

Action on S.B. 221 - Unlawful to possess untaxed motor-vehicle and special fuels.

Sen. Sallee submitted fiscal notes to the committee pertaining to S.B. 221 and S.B. 80. Copies are attached. (Attachment 6).

A motion was made by Sen. Sallee to recommend S.B. 122 favorably for passage. Motion was seconded by Sen. F. Kerr. Motion carried.

Meeting was adjourned at 10:00 a.m. Next meeting March 7, 1991.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 3-6-91 Place 254-E Time 9:02

GUEST LIST

NAME	ADDRESS	ORGANIZATION
al Heister	Topeka	Ks DOR
Joe Dick	TOPEKA	AIR MOTOR VEHICLE
Don Clark	Topeka	Dir. of Vehicles
Stuff	Topeka	Dept. Rev
<del>Stuff</del>	<del>Topeka</del>	<del>KINDA</del>
Pam Somerville	TOPEKA	Ks Motor Car Dtrs Assn
Pat Wiechman	Topeka	Ks Automotive Dismantlers & Recyclers Assn
Jim Hodgson	Lake Pomona	Ks Marine Dealers Assoc.
RE Hillstrand	Junction City, K.	Ks Marine Dealers Assoc.
JOSEPH G. SEXTON	MANHATTAN	KS. MARINE DEALERS ASSOC.
Mary Ann Stout	Vassar	KINDA
Jacque Oakes	Topeka	<sup>Ind.</sup> Ks. Auto Dealers Assoc.
Shawn McGrath	Topeka	Ks. Natural Resources Council
Roger W. BARR	TOPEKA	T. C. U.
Tom Whitaker	Topeka	Ks Motor Carriers Assn
Lanny McManhan	Topeka	KDOR

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 3-6-91 Place 254-E Time 9:02

GUEST LIST

NAME

ADDRESS

ORGANIZATION

MARK CIARDULLO ~~TOPKA~~

REU

Dedra Belling

Topoka

Reu.



## KANSAS MARINE DEALERS ASS'N., INC.

TESTIMONY

on

SENATE BILL NO. 255

MARCH 6, 1991

by

KANSAS MARINE DEALERS ASSOC., INC.

Thank you Mr. Chairman for hearing this bill and to you, the committee for the opportunity to testify on it.

The marine industry continues to grow in Kansas although the growth has been strenuous for several years now. The average size boat purchased is 17' to 18'. Very few of these vessels 17' and 18' (and under) have a 40 gallon fuel tank. Most have 12 gallon to 30 gallon capacities.

The current bill states that only those purchasing 40 gallons per fill-up are entitled to receive a (now) 16¢/gallon refund at year end. This discriminates against the majority of Kansas boaters who do not have a 40 gallon tank. It is also discriminatory in the fact that this refund is allowed for Aviation and Farmers. Obviously, airplanes do not use our highways and farmers do not. More obviously, marine vessels (boats), do not use our highways either! The marine vessel is strictly used in the water only! The boater should be allowed the same refund as Aviation and Farmers receive. Many, many of our boats are stored at water locations year around. They are hauled out of the water at summers end, put in a "dry storage" building, then put back in the water in the summer months. Many of the larger marinas leave them in the water year round. Even more proof that boats do not use our highways!

Therefore, we are asking that ALL boats, regardless of fuel tank size, be allowed to receive a 16¢/gallon refund on boat gas purchases.

We hope you will join us, Kansas Marine Dealers Association, sponsors of this bill, by supporting S.B. #255.

We'll be happy to respond to questions.

ATT. 1  
T&U  
3-6-91



KANSAS DEPARTMENT OF REVENUE

*Division of Vehicles*

Robert B. Docking State Office Building  
Topeka, Kansas 66626-0001

TO: Senate Committee on Transportation and Utilities  
Honorable Sen. Bill Morris, Chairman

Senate Bill 280 would increase the fee for a full privilege dealer license plate from \$350 to \$500.

Full use dealer license plates allow the unlimited use of a vehicle displaying the full use plate by the dealer, his family, corporate officers, and employees. Full use plates are available to any licensed vehicle dealer or manufacturer, and can be transferred to any vehicle owned by the dealer or manufacturer.

Full use plates cannot be used on leased or rented vehicles, any vehicle hauling commodities in excess of two tons, or on a tow truck or wrecker.

There are approximately 2,828 licensed dealers and manufacturers eligible to purchase full use license plates. However, only about 200 dealers take advantage of full use plates, accounting for the sale of 464 plates in FY '91. At \$350 a plate this represents a gross revenue of \$162,400. Half of this money goes to the counties and half goes to the Dealers and Manufacturers fee fund for the administration and enforcement of the Dealer's and Manufacturer's Licensing Act. The money deposited in the State fund is used to fund three positions: An Attorney in legal services; a Keyboard Operator II, also in legal services; and a Special Investigator II in the Dealer Licensing Bureau. At the close of FY '90 the fee fund had a balance of \$77,104. Deposits for FY '91 are expected to amount to \$81,200. Expenditures are projected to be \$111,120. This leaves a shortfall of \$39,020, and a balance of \$46,394.

An increase in the full use license plate fee from \$350 to \$500, assuming a constant number of plates purchased at 464, would increase the revenue to the State by \$34,800. A like amount would also go to the counties.

ATT. 2  
T&U  
3-6-91

The Dealer's and Manufacturer's fee fund is the only source of user fees for funding the Dealer Licensing Bureau--a bureau that brought a total amount of revenue to the State Highway fund in FY '90 of \$2,061,200.

Sincerely,

Ken Clark  
Division of Vehicles



KANSAS MOTOR CAR DEALERS ASSOCIATION  
 800 Jackson • Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 825-0169 (KS only)

# LEGISLATIVE TESTIMONY

March 6, 1991

Mr. Chairman and members of the Committee:

Thank you for the opportunity to appear before you on Senate Bill 280. My name is Pam Somerville, Governmental Affairs Director for the Kansas Motor Car Dealers Association. We are a trade association representing over 300 franchised new car and truck dealers in this state.

We appear before you today in opposition to Senate Bill 280. This bill proposes to increase the annual fee for full-privilege license plates from \$350 to \$500, a 40% increase! More importantly, Mr. Chairman, we believe the real issue is one of lack of enforcement rather than the necessity to view the franchised new car dealers as having "deep" pockets.

When this legislation was introduced on February 21st, I called the Department and requested a list of full-privilege tags issued. The results of that list indicates that there are 464 full-privilege plates issued. Of that number, 310 are issued to franchised new car dealers who are members of the Kansas Motor Car Dealers Association. We believe we are complying with the intent of the full-privilege plate, and again state we believe there is simply lack of enforcement.

ATT. 3  
 T&U  
 3-6-91

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Senate Transportation and Utilities Committee  
Senate Bill 280  
March 6, 1991  
Page Two

Further, Mr. Chairman, it is important to note that if in fact the fee is raised to \$500 per plate, the majority of our dealers will simply choose to register those vehicles in the counties they reside. Raising the fee to \$500 would no longer make it advantageous for the dealer to purchase full-privilege plates. I would also point out that our association takes great pride in keeping our members abreast of the laws governing them. We publish a Legal Reference Guide annually for our members, and frequently remind our dealers of the laws, particularly the issue at hand, in our bi-weekly bulletin.

Thank you again for the opportunity to appear. I would be happy to respond to questions.

*Kansas Automotive Dismantlers  
& Recyclers Association*

1101 West 10th  
Topeka, KS 66604

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913-233-1666  
FAX 913-233-8893

**SENATE COMMITTEE ON TRANSPORTATION  
AND UTILITIES**

March 6, 1991

**SENATE BILL NO. 280**

Mr. Chairman, Members of the Committee:

I am Pat Wiechman, Executive Secretary for the Kansas Automotive Dismantlers and Recyclers Association. K.A.D.R.A. appears today in opposition to SB 280 which is an attempt to raise the fees charged our dealers for the full-privilege, or full-use, dealer plates.

To understand the use of the *full-privilege* plates you have to go back to the time prior to the revisions of the Dealer Licensing Law as they were recommended by the Dealer Review Board in cooperation with the Department and the trade associations. Many of you in the Senate, as well as, those on the House side were receiving calls and, frankly, taking considerable heat from constituents complaining of the misuse and abuse of dealer tags. The problem of misuse or abuse developed from dealer tags being used as executive plates, or being used by

children of dealers while at college, or dealer plates showing up at KU or K-State games in the parking lots or at Royals Stadium, or at other more or less conspicuous places. Another part of the complaints involved the alleged loss of revenue from property taxes and registration fees that could result from dealers using vehicles with regular dealer plates for other than demonstration purposes.

Part of the charge given the Dealer Review Board at that time was to come up with a solution to this problem. The resulting recommendation, that became law, was the utilization of the full-use or full privilege dealer plate. This plate can be assigned by the dealer for any of the uses, within the limits of the act, that are other than for demonstration purposes. The dollar amount of the fees set up for the purchase of the full-use plate was calculated to address the complaints that dealers were abusing the dealer plates by not paying registration and taxes on vehicles that might be used for other than demonstration.

K.A.D.R.A. fears that if the fee is increased in an amount as purposed, we will find ourselves back in the position of hearing the same complaints. Quite simply, dealers will stop purchasing the full-use plates. No matter what name you give the fees they are still taxes and the purposed increase is entirely unreasonable, in excess of 40%! It is no secret that the vehicle industry in Kansas, as with many other industries, has suffered in our current economy. It's common knowledge that there are dealerships across the state that have had to close their doors in bankruptcy. A 40% increase in any tax is unrealistic and an unfair burden on any taxpayer. As you know, there is currently a bill before the Senate Assessment and Taxation Committee that would,

put simply, exempt automobiles from property tax; while this proposal would increase the taxes on dealer used vehicles by 40%.

Perhaps it would be possible to patrol and enforce the proper use of the D-tag. There are approximately 2,600 vehicle dealers and over 4,000 salesmen in Kansas and the Department has six inspectors. This is certainly no negative reflection on those inspectors; K.A.D.R.A. has a great deal of admiration and respect for the inspectors that work with the Division of Vehicles. However, no matter how aggressive these six are, the numbers are overwhelming. Unless there is voluntary compliance and industry support, we see no possible way that enforcement can be accomplished.

K.A.D.R.A. urges you to vote against SB 280 and this unreasonable increase in taxation on our Kansas Vehicle Dealers. If you have questions, I will be happy to attempt to address them.

Respectfully submitted,

Patricia M. Wiechman  
Executive Secretary



KANSAS DEPARTMENT OF REVENUE

*Division of Vehicles*

Robert B. Docking State Office Building  
Topeka, Kansas 66626-0001

MEMORANDUM

TO: THE HONORABLE BILL MORRIS, CHAIRMAN  
SENATE TRANSPORTATION AND UTILITIES COMMITTEE

FROM: AL GERSTNER, ADMINISTRATOR  
MOTOR CARRIER SERVICES BUREAU

DATE: MARCH 6, 1991

REF: SENATE BILL 281

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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 281 is a Department bill to amend K.S.A. 8-143i to increase the fee for "Beyond Local" 72 hour permits from \$20.00 to \$26.00. This permit allows trucks registered as "local" to go beyond the local radius authorized by that local registration.

These permits are sold by County Treasurers and approximately 200 of these are sold a year. The impact on the State Highway Fund would be approximately \$1,200 a year. The "Beyond Local" is the only 72 hour permit that was not increased to \$26.00.

RECOMMENDATION

Passage of Senate Bill 281 would result in minimal administrative costs for the Department and the Department asks for the committee's support of Senate Bill 281.

THANK YOU!

ATT. 5  
T&U  
3-6-91

*Director of Vehicles (913) 296-3601 • Titles & Registration Bureau (913) 296-3621  
Driver License Examination Bureau (913) 296-3963 • Driver Control Bureau (913) 296-3671  
Motor Carrier Services Bureau (913) 273-8192  
Dealer Licensing Bureau (913) 296-3626*

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STATE OF KANSAS • SENATE CHAMBER

DON SALLEE

Senator, 1st District

Atchison, Brown, Doniphan, Jackson, Jefferson Counties  
R.R. 2, Troy, Kansas 66087 Home: (913) 985-3501

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**memorandum**

DATE: March 6, 1991  
TO: Senate Committee on  
Transportation and Utilities  
FROM: Senator Don Sallee  
SUBJECT: SB 221  
SB 80

Attached are two Fiscal notes concerning  
Senate Bill No. 221 and Senate Bill No. 80.

ATT. 6  
T&U  
3-6-91

STATE OF KANSAS

128-5



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 1, 1991

The Honorable Bill Morris, Chairperson  
Committee on Transportation and Utilities  
Senate Chamber  
Third Floor, Statehouse

Dear Senator Morris:

SUBJECT: Fiscal Note for SB 221 by Senator Sallee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 221 is respectfully submitted to your committee.

SB 221 amends KSA 79-3401 and 79-3474, and makes it unlawful for anyone to possess regular motor vehicle or special fuel not taxed by the state unless they are specifically exempted. Violators would be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than \$1,000 or by imprisonment of not less than one year, or by both fine and imprisonment. If SB 221 would increase compliance with the current motor fuel statutes, there would be an expected increase in revenues to the State Highway Fund.

The bill also provides that no-exempt, non-taxed fuel users are guilty of a misdemeanor, but does not specify where the fines are to be deposited. It is not known how many individuals would be brought into compliance so the dollar amount is indeterminate.

Assuming it were the responsibility of the Department of Revenue to enforce the mandate, the establishment of a Department enforcement unit would then be necessary. Estimated costs for these units would be \$63,892 in FY 1991 and \$185,024 in FY 1992. The Department's estimate includes FY 1991 start up costs totaling \$23,415 and the addition of 6.0 new FTE positions, 4.0 Investigator I and 2.0 Tax Examiner II positions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Louis S. Chabira".  
Louis S. Chabira  
Deputy Director

cc: Mark Beshears, Revenue  
Ken Stodgell, Transportation

3111

6-2

128-5

STATE OF KANSAS



DIVISION OF THE BUDGET

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

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

JOAN FINNEY, GOVERNOR  
Gary Stotts, Acting Director

February 27, 1991

The Honorable Wint Winter, Chairperson  
Committee on Judiciary  
Senate Chamber  
Third Floor, Statehouse

Dear Senator Winter:

SUBJECT: Fiscal Note for SB 80 by Senator Sallee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 80 is respectfully submitted to your committee.

SB 80 allows the governing body or majority vote of an Indian tribe to request that the state exercise civil jurisdiction over the Indian tribe or Indian territory "for the enforcement and collection of taxes imposed by the state of Kansas." The tribe would adopt a resolution giving civil jurisdiction to the state. The bill would also allow such tribes, through a similar resolution, to revoke previous resolutions allowing the state civil jurisdiction.

The Department of Revenue estimates an increase in FY 1992 to State General Fund revenues of \$304,512 and \$744,000 to the State Highway Fund, assuming the Indians would vote to approve the collections. The additional tax revenues would be as follows:

Motor Fuel	\$	744,000
Cigarette Tax		258,700
Cigarette Sales Tax		45,812

Other sales tax- collected on sales on the Indian reservation would be minimal.

The administrative impact on the Department of Revenue would be minimal. Notices would be sent to all affected tribes and the affected businesses would be registered. The Department believes these costs could be absorbed within current operating resources.

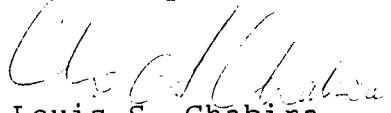


The Honorable Wint Winter  
February 27, 1991  
Page Two

The following agencies state that the administrative impact of SB 80 on their agencies would be negligible or that there would be none at all: Office of the Attorney General, Board of Tax Appeals, Public Disclosure Commission, Secretary of State, and the Department of Transportation.

Any revenues or expenditures which would result from passage of this act are not included in the *FY 1992 Governor's Budget Report*.

Sincerely,



Louis S. Chabira  
Deputy Director

cc: Jerry Sloan, Judicial Branch  
Neil Woerman, Attorney General  
Mark Beshears, Revenue  
Ken Stodgell, KDOT  
Carol Williams, Public Disclosure  
John Wine, Secretary of State  
Vic Elliott, Board of Tax Appeals

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