

Approved

2-492

Date

MINUTES OF THE House COMMITTEE ON Transportation

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

1:35 a.m./p.m. on January 22, 1992 in room 519-S of the Capitol.

All members were present except:

Representative Delbert Gross

Committee staff present:

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

Conferees appearing before the committee:

Betty McBride - Department of Revenue - Director, Division of Vehicles  
Dick Brewster - AMOCO Oil Corporation  
Pam Somerville - Ks. Motor Car Dealers Association  
Col. Bert Cantwell - Superintendent of Kansas Highway Patrol  
Bob Connors - Wichita AMOCO Dealer  
Melanie Carter - Overland Park, Ks. - Carter Petroleum  
Donna Pelley - Derby, Ks. - AMOCO Dealer

**BILL REQUESTS**

Betty McBride, Director, Division of Vehicles, who requested legislation to require that a "repossession" title be issued for a motor vehicle only if the motor vehicle had originally been sold in Kansas.

She also requested the introduction of legislation which would impose misdemeanor penalties for those who sell motor vehicles without a license issued by the Director of Vehicles.

In addition, she asked that legislation be introduced which would allow the Director of Vehicles to issue a permit to registered motor vehicle dealers to display motor vehicles at a location other than the dealer's place of business provided that no sale may occur at the display location. (Attachment 1)

A motion was made by Representative Shallenburger, seconded by Representative Correll that these proposals be introduced as Committee bills. Motion carried.

Dick Brewster, representing AMOCO Corporation, requested the introduction of legislation which exempts natural gas from KCC regulations when used as motor fuel.

A motion was made by Representative Crowell, seconded by Representative Shore to introduce this request as a Committee bill. Motion carried.

Pam Somerville, representing the Kansas Motor Car Dealers Association, requested legislation to reinstate temporary vehicle salesman licenses which was repealed in 1983. In 1986, the vehicle salesman license was reinstated, but the temporary salesman license portion was not reinstated. (Attachment 2)

She also requested the introduction of legislation which would exempt vehicles 10 model years and older and heavy trucks more than 16,000 pounds from the federal odometer requirements. (Attachment 2)

A motion was made by Representative Crowell, seconded by

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,  
room 519-S, Statehouse, at 1:35 a/m./p.m. on January 22, 1992

Representative Correll to introduce these proposals as Committee bills. Motion carried.

Col. Bert Cantwell, Superintendent of the Kansas Highway Patrol, asked that legislation be introduced concerning the child passenger safety act, defining passenger cars.

A motion was made by Representative Correll, seconded by Representative Shore to introduce this request as a committee bill. Motion carried.

**Testimony - House Bill 2628 - Kansas Motor Fuel Marketing Act.**

Chairman Dillon introduced Bob Conner who testified in support of HB 2628 Kansas Motor Fuel Marketing Act. (Attachment 3)

Chairman Dillon called on Melanie Carter who expressed support for HB 2628. (Attachment 4)

Chairman Dillon called on Dennis McAnany who also testified in support of HB 2628. (Attachment 5)

Chairman Dillon called on Donna Pelley who testified in support of HB 2628. She said she is a direct supply dealer in Derby, Ks., and has been associated with the gasoline service station business for over 20 years. She believes HB 2628 would maintain a free enterprize system in a market that has a growing trend of having a problem in that area. She stated, "if I can compete on the same street corner with the same rules as everyone else can then I can take on the competition". She added, "that doesn't bother me, if I can compete and have the right to compete". She noted that the proposed legislation won't hurt anybody and allows her to remain in business whatever the cost of doing business using normal accounting procedures.

Questions followed.

Meeting adjourned at 2:46 P.M.

GUEST LIST

COMMITTEE: HOUSE TRANSPORTATION COMMITTEE

DATE: 1-20-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
DONNA PELLEY	6245 NANCY LAKE DERBY KS 67037	DOB/AMOCO
Ken Bahr	Topoka	KS Petroleum Council
Rebecca Fain	Topoka	Amoco Oil Co.
Jacqueline Daker	Topoka	KIADA
James W. Anany	Lawrence	W. Lawrence Oil Co.
Walter W. Wathel	Cuba KS	W. Wathel Oil Co.
CHARLES D. KLOEPPER	ITAWATHA, KS	KLOEPPER Inc
P MADELL	Topoka	KCO
Ed Haselwood	Berryton	Haselwood Oil
Dennis Anderson	Topoka	KOMA
Shawn Harrelson	Topoka	KOMA
Judy Conklin	Topoka	KOMA
BOB ANDERSON	TOPEKA	KOMA
George Traylor	Clay Center	Traylor Oil
DENNIS McANANY	OLATHE, KS	McANANY Oil
Bob Conner	WICHITA	Conner ENTERPRISES INC
Harold Clarke	Wichita KS	Clarke oil CO
V. L. HAGER	CLAY CENTER	APCO/STOP 2 SHOP
MELANIE CARTER	KANSAS CITY	ASAP CONVENIENCE STORE
Chad Hayes	Topoka	ASAP Convenience store
Linda James	KANSAS CITY	ASAP Convenience Store
BRAD SMOOT	Topoka	KS Petroleum Council

STATE OF KANSAS

Mark A. Burghart, General Counsel  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66612-1588



(913) 296-2381  
FAX (913) 296-7928

Department of Revenue  
*Legal Services Bureau*

**MEMORANDUM**

To: The Honorable Herman Dillon, Chairman  
House Committee on Transportation

From: Betty McBride, Director, Division of Vehicles  
Kansas Department of Revenue

Date: January 21, 1992

Subject: Proposed Legislation

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The Department of Revenue's proposed legislative package consists of three bills. Bill drafts have previously been provided to the Revisor of Statutes Office. We respectfully request that the bills be introduced and given favorable consideration by your committee. A brief synopsis of each of the proposed bills is provided below.

- Proposed Bill No. 1. -- Amend K.S.A. 8-116a to provide that a "repossession" title shall be issued for a motor vehicle only if the motor vehicle had originally been sold in Kansas.
- Proposed Bill No. 2. -- Enact legislation which would impose misdemeanor penalties for those who sell motor vehicles without a license issued by the Director of Vehicles.
- Proposed Bill No. 3. -- Enact legislation which would allow the Director of Vehicles to issue a permit to registered motor vehicle dealers to display motor vehicles at a location other than the dealer's place of business provided that no sale may occur at the display location.

I would be happy to respond to any questions you might have.

*House Transportation*  
*1-22-92*  
*ATTACHMENT 1*



KANSAS MOTOR CAR DEALERS ASSOCIATION  
 800 Jackson, Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 748-8201 (KS only) • FAX (913) 233-1462

January 22, 1992

To: The Honorable Herman Dillon  
 Chairman, House Transportation Committee  
 and Committee Members

Re: 1992 Bill Request

From: Pam Somerville  
 Government Affairs Director

Mr. Chairman and members of the committee. On behalf of the 330 franchised new car dealers in the Kansas, I extend my appreciation to appear before you to request introduction of two bills.

The first request is to reinstate temporary vehicle salesman licenses which was repealed in 1983. In 1986, the vehicle salesman license was reinstated, but the temporary salesman license portion was not reinstated. Discussion with the Division of Vehicles indicates this was an oversight. I have attached a copy of the language to this request.

The second request would permit Kansas to exempt vehicles 10 model years and older and heavy trucks more than 16,000 pounds from the federal odometer requirements. These exemptions are authorized by the Federal Truth in Mileage Act. A copy of this language is also attached.

Thank you for the opportunity to request these bills.

*House Transportation*  
*1-22-92*  
 ATTACHMENT 2

An Act concerning temporary licenses for vehicle salesman.

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

Section 1. Temporary permits for salesmen. Whenever application for a license as a vehicle salesman has been made, a temporary permit may be granted by the Director, effective with the application date for the salesman license provided the salesman is under direct supervision whenever any sale for a vehicle is conducted. The temporary permit shall be valid until such time as the application is approved or denied by the Director of Vehicles.

Section 2. This act shall be a part of and supplemental to the vehicle dealers and manufacturers licensing act.

Section 3. This act shall take effect and be in force from and after its publication in the Kansas register.

*To exempt vehicles 10 model years and  
older and heavy trucks more than 16,000  
lbs. from the federal odometer requirements.  
These exemptions are authorized by the  
Federal Truth in Mileage Act.*

Amend K.S.A. 8-135 (2)

1           (2) The certificate of title shall contain upon the reverse side a  
2 form for assignment of title to be executed by the owner before a  
3 notary public or some other officer authorized to administer on oath.  
4 This assignment shall contain a statement of all liens or  
5 encumbrances on the vehicle at the time of assignment. The  
6 certificate of title shall also contain on the reverse side blank spaces  
7 so that an abstract of mileage as to each owner will be available. The  
8 seller at the time of each sale shall insert the mileage on the form  
9 filed for application or reassignment of title, and the division shall  
10 insert such mileage on the certificate of title when issued to  
11 purchaser or assignee. The signature of the purchaser or assignee is  
12 required on the form filed for application or reassignment of title,  
13 acknowledging the odometer certification made by the seller.  
14 *Vehicles which are ten (10) model years or older and trucks with a*  
15 *gross vehicle weight of more than 16, 000 pounds shall be exempt*  
16 *from the mileage reporting and disclosure requirements of both*  
17 *buyer and seller. Such title shall indicate whether the vehicle for*  
18 *which it is issued has been titled previously as a nonhighway vehicle.*

19 In addition, the reverse side shall contain two forms for  
20 reassignment by a dealer, stating the liens or encumbrances thereon.  
21 The first form of reassignment shall be used only when a dealer sells  
22 the vehicle to another dealer. The second form of reassignment shall  
23 be used by a dealer when selling the vehicle to another dealer or the  
24 ultimate owner of the vehicle. The reassignment by a dealer shall be  
25 used only where the dealer resells the vehicle, and during the time  
26 that the vehicle remains in the dealer's possession for resale, the  
27 certificate of title shall be dormant. When the ownership of any  
28 vehicle passes by operation of law, repossession upon default of a  
29 lease, security agreement, or executory sales contract, the person  
30 owning such vehicle, upon furnishing satisfactory proof to the county  
31 treasurer of such ownership, may procure a certificate of title to the  
32 vehicle.



PRESENTED TO MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE  
JANUARY 22, 1992

CAPITOL BUILDING  
TOPEKA, KANSAS

My name is Bob Conner. I lease several gasoline convenience stores from Amoco Oil Co. I employ 35 people; 8 less than one year ago. I am asking for your support on House Bill 2628. This bill will require refiners to do business in good faith and allow small businesses equal opportunity to compete in the market place.

Even though this bill does not guarantee profitability, without your "yes" vote, the future of an independent gasoline dealer is very bleak. Not only are these major oil companies my supplier and landlord, but they are my competitor.

These oil companies have the ability to manipulate prices both at wholesale and retail to increase their market share and profit. They can sell gasoline in Topeka, Coffeyville and Pittsburg at a little less profit and capture market share hurting independent dealers and sell gasoline in Wichita, Hutchinson and Hays at a little more profit and it all balances out in the end, both market share and profit.

Speaking of profit, my profit as with most independent dealers, stays in Wichita through increased employment, higher wages and more business purchases. These contribute to a healthy economic environment for Kansas. Money stays in Kansas, not siphoned off to corporate headquarters out of state.

I believe that when refiners and producers ultimately control the market from well head to consumers gas tanks, they will leave a path of bankrupt independent dealers. I believe that without your yes vote, the path will lead to high prices and possible supply problems and limit the ability of any independent business to operate freely. Fuel is a necessity, not an option.

Thank you.

Bob Conner  
Conner Enterprises, Inc.  
1330 S. Seneca  
Wichita, Kansas 67213  
316-263-5653

*House Transportation  
1-22-92  
ATTACHMENT 3*

January 22, 1991

Honorable Chairman and Committee Members,

Hello. My name is Melanie Carter. I am a retail supervisor for ASAP Convenience Stores. Thank you for the opportunity to speak to you today.

I want to emphasize that this is a serious issue and stress that this issue IS affecting Kansans as we speak.

This past December our company closed five retail outlets due to poor margins.

Just a few weeks before Christmas, I had to tell 32 associates that they were out of work.

They were out of work because of major oil companies unfair marketing practices.

These folks here with me today, and the ones from yesterday, work in our two remaining Topeka stores. We need your support on this bill.

Yesterday there was concern that this bill would increase gasoline prices. I know that each of you is concerned for the consumer.

This bill is as much a bill to protect the consumer as it is anything else.

Gasoline prices have increased less over the past 20 years than any other commodity the Kansas consumer uses. The reason: independent retailers are very competitive.

The purpose of this bill is to allow that competition to continue.

The refiners have been into the retail market several times in the past, but have always exited because there was never enough profit in retailing.

However, this time they have it figured out.

If they can eliminate competition, they can easily make up for temporary losses, and from there on out, charge any price they want.

House Transportation  
1-22-92  
ATTACHMENT 4  
4-1

Mr. Parkinson, you asked yesterday for a specific town in Kansas where this has taken place.

While I can't give a Kansas example, I would like to comment on the gasoline market in Europe.

In the late 60's and early 70's, major oil companies had a plan to spend millions of dollars subsidizing their retail outlets and to force the independent competition out of business. There is a memo from major oil company executives that out-lined what it would cost to subsidize retail prices. The memo states that they could easily recoup on losses after the competition was gone. Their plan was effective. Today in Europe gasoline margins are 55-60 cents per gallon.

When we can identify specific parts of Kansas, it will be too late

I'd like to give a simple example of what happens to prices when there is no competition:

Today, a certain supplier's gasoline cost at wholesale (rack) is .879. This major refiner's retail station in Topeka is retailing gas to the public for .839. Yet, the same refiner is charging the public .959 at their company operated retail station at the Topeka turnpike. Across the street from an independent retailer they are losing 4 cents on each gallon sold; on the turnpike they are profiting .08.

Why the difference? They have no competition of the interstate.

The Department of Energy Information Administration states that major oil companies need 12-14 cent margins to cover expenses at their retail outlets.

We would be foolish to think that they are spending \$750,000 to cover a million dollars per location just so they can sell gas at a loss!

They are entering the retail market only to increase their profits. Losses today will amount to peanuts once they have eliminated the independent competition.

If this bill does not pass, refiner operated stations will soon have no competition from independents anywhere. Kansans will be paying more, not less, for their gasoline in the future.

The independent retailers and Kansans need your support on this bill.

Thank You,

*Melanie S. Carter*

Melanie Carter

January 22, 1992

Dennis McAnany  
D.M. Oil Company  
500 West Spruce  
Olathe, Kansas 6061

RE: HB 2628

Dear Chairman Dillon and Members of the Committee:

Until December 13, 1991, I owned and operated a small self-service 8-hose gasoline station located at 4519 Rainbow Blvd. in Kansas City, Kansas. Three factors led to its demise. Two of the factors can be overcome over a period of time, but one remains constant and is gradually getting worse.

The first was the lopsided gasoline tax differential we now have with our surrounding states. Being in a major metropolitan part of Kansas situated three blocks from the Missouri state line where the state gasoline tax is seven cents a gallon less, our monthly gasoline volume dropped gravely. Also, with it went our inside sales which we collected sales tax on, all of which Missouri gained. Slowly, we gained part of it back by selling at a lower cost and again eating more of our profits.

The second factor is the ever-present and non-ending regulations imposed on us by all levels of government. A profit has to be made to pay for them. A federal mandate for Stage 2 also known as vapor recovery, appears to be looming over us. Stage 2 would have cost me approximately \$30,000 to install, not counting the upkeep. How many years do you think it would take to pay for that implementation alone by selling at cost or below cost? In addition to a number of new regulations, the federal EPA regulations for underground storage tanks have put a number of us out of business. Some of us have hung on or are hanging on until the tanks have to be pulled or replaced. Others of us made it through only by your generosity and foresight in passing the underground storage tank legislation and making insurance affordable and available.

Last but not least, is the factor that really killed my station - predatory pricing. Selling below cost by two to five cents a gallon in the Kansas City area is not abnormal. But in my experience, at my location, company-operated outlets would sell up to thirteen cents a gallon below cost and would do so for up to three weeks at a time. There is absolutely no way one can compete in this business climate. Nor are there enough candy bars and soda pop to sell to make up the difference.

*House Transportation*  
*1-22-92*  
*ATTACHMENT 5*  
*5-1*

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Small marketers like myself are not diverse enough to withstand everything coming to us all at once. We have no refineries or terminals or other investments to turn to for a profit when we are losing money at the street level.

I operated my station for almost seven years and saw my volume drop from 70,000 to 80,000 gallons a month to 12,000 gallons a month, nearly an 80% drop.

Once again we are calling on you for help so we don't have to change careers in mid-life. We are only asking for the right to compete fairly.