

Approved: 3/8/95
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES .

The meeting was called to order by Chairperson Ben Vidricksen at 9:00 a.m. on March 7, 1995 in Room 254-E of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research
Bruce Kinzie, Revisor of Statutes
Martha Ozias, Committee Secretary

Conferees appearing before the committee:

Bob Haley - KDOT
Betty McBride - Division of Vehicles
Lee Eisenhauer - Propane Marketers Association of Kansas
Ron Hein - MESA

Others attending: See attached list

SB 349 - CONCERNING THE UNIFORM COMMERCIAL DRIVER'S LICENSE ACT

Bob Haley addressed the committee in support of this bill which would make the language in Kansas' Uniform Commercial Drivers' License Act conform more closely to the federal requirements. Failure to pass this legislation could jeopardize a portion of the Federal highway funds to the state. (Attachment 1)

Betty McBride offered technical amendments for clarification and reviewed suggested amendments in various sections. (Attachment 2)

SB 352 - RELATING TO TAXATION; PROVIDING FOR A FEE IN LIEU OF LP GAS FOR CERTAIN VEHICLES

Lee Eisenhauer urged support for this bill which proposes a two-tier flat fee for a user's annual permit and pre-payment of LP gas and compressed natural gas motor fuel tax. This fee would lessen the hassle for the fuel user and Department of Revenue and could possibly increase state revenues by encouraging those not presently paying taxes to do so. (Attachment 3)

Ron Hein spoke in support of this bill which he felt would be a starting point to using alternative fuels and reducing the reliance on imported foreign oil as well as helping clean up air pollution caused by tailpipe emissions. He stated that this bill is a reasonable accommodation to the needs of the alternative fuel industry while still protecting the highway funds. (Attachment 4)

Bob Haley addressed two concerns of this bill. One being that the proposed rate would tax one class of motor fuel users independently of the miles traveled on the streets and highways and the efficiency of the vehicle that they use. The other being the potential to significantly reduce the amount of motor fuel revenues collected from road users. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES, Room 254 E-
Statehouse, at 9:00 a.m. on March 7, 1995.

The committee turned its attention back to **SB 349**. Senator Lawrence made a motion to approve the technical amendments which were offered. Senator Harrington seconded this. Motion carried.

A motion was then made by Senator Brady to recommend **SB 349** favorable for passage as amended. A second was made by Senator Lawrence. Motion carried.

Action on **SB 352** was deferred for further study and proposals.

HB 2050 - RELATING TO PUBLIC UTILITIES; CONCERNING THE APPLICATION OF SURCHARGES RELATING TO PROPERTY TAX INCREASES OR DECREASES

This bill would require the Kansas Corporation Commission to approve certain surcharges on utility bills that reflect the annual increase in expense for property taxes paid by electric or natural gas public utilities. The KCC would be required to approve the surcharges within 30 days if the surcharges are applied to the bills in a reasonable manner and are calculated substantially to reflect the changes in property taxes paid by the utilities. These surcharges would not be deemed to be rates increases, and the net effect of the surcharges would be required to be included by KCC when establishing base rates in subsequent rate cases.

The Staff pointed out that there was a conflict with this bill and HB 2100 and technical amendments would be needed.

Senator Jones made a motion to pass this bill with the technical amendments. Senator Harrington seconded this. Motion carried.

A motion was made by Senator Rock to approve the minutes of the February 23rd and February 24th meetings. A second was made by Senator Papay. Motion carried.

The next meeting is scheduled for March 8, 1995.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE GUEST LIST

DATE: March 7, 1995

NAME	REPRESENTING
<i>Sen Eisenhower</i>	<i>PMAK</i>
<i>Dennis Platt</i>	<i>Dept. of Revenue</i>
<i>Mickie Schuttz</i>	<i>Dept of Revenue</i>
<i>ED SCHAUB</i>	<i>WESTERN RESOURCES</i>
<i>TERRY MAPLE</i>	<i>KHP</i>
<i>RICK SCHEIBE</i>	<i>KDOR</i>
<i>Nancy Bogina</i>	<i>KDOT</i>
<i>Robert Haley</i>	<i>H DOT</i>
<i>Tom WHITAKER</i>	<i>KACA</i>
<i>John W. Smith</i>	<i>KDOR DMV</i>
<i>Roy Hein</i>	<i>MP SA</i>
<i>Sen Seltz</i>	<i>Raytheon Aircraft Co.</i>
<i>Jim Ludwig</i>	<i>Western Resources</i>



KANSAS DEPARTMENT OF TRANSPORTATION

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Secretary of Transportation

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Bill Graves
Governor of Kansas

**TESTIMONY BEFORE THE
SENATE TRANSPORTATION AND UTILITIES COMMITTEE
REGARDING S.B. 349**

March 7, 1995

Mr. Chairman and Committee Members:

I appreciate the opportunity to appear before you today to express the Kansas Department of Transportation's support of S.B. 349.

S.B. 349 has been drafted to make the language in Kansas' Uniform Commercial Drivers' License Act conform more closely to the federal requirements. It also includes new requirements for out-of-service orders. This legislation is necessary to implement the U.S. Department of Transportation's Final Rule for Violations of Out-of-Service Orders by Commercial Motor Vehicle Operators, dated May 18, 1994. Failure to pass this legislation could jeopardize a significant portion of the Federal-aid highway funds allocated to Kansas.

The Commercial Motor Vehicle Act of 1986 requires that the state comply with minimum federal standards for the licensing, reporting, and penalizing of individuals who hold commercial drivers' licenses. The penalty for failure to meet those standards is the withholding of ten percent of the funds allocated to the state for several of the largest Federal-aid highway programs, including Interstate Maintenance, the National Highway System, and the Surface Transportation Program, as well as any funds made available to the state under the hold harmless clause in the distribution formula. For FFY 1996, this penalty is estimated to be \$13.6 million dollars. To preserve the State's full Federal-aid entitlement, we encourage the Committee to take favorable action on S.B. 349.

SENATE TRANSPORTATION

DATE: 3/7

ATTACHMENT: 1

STATE OF KANSAS

Betty McBride, Director
Robert B. Docking State Office Building
915 S.W. Harrison St.
Topeka, Kansas 66626-0001



(913) 296-3601
FAX (913) 296-3852

Department of Revenue
Division of Vehicles

To: Honorable Senator Ben Vidricksen, Chairman
Senate Committee on Transportation and Utilities

From: Betty McBride, Director
Division of Vehicles

Date: March 7, 1995

Mr. Chairman, Members of the Committee,

My name is Betty McBride. I am the Director of the Division of Vehicles, and I appear before you on behalf of the Kansas Department of Revenue regarding Senate Bill 349.

This bill offers technical amendments to clarify our Uniform Driver's License Act, including the deletion of an obsolete grandfather clause, and adding language to comply with new U.S. Department of Transportation rules regarding out-of-service orders. We are asking to amend this bill to further define out-of-service. The current law defines out-of-service as a prohibition against operating a commercial motor vehicle when the driver has any measured or detected alcohol concentration while on duty or operating, or in physical control of a commercial motor vehicle. We are asking to expand this definition to include a declaration by an authorized enforcement officer of either this country or Mexico or Canada, that a vehicle is out-of-service pursuant to federal law. In addition, we ask that you amend the following sections:

Section 1 (1), page 1, line 22, delete the superfluous language "*and all other lawful combinations of vehicles with a gross combination weight rating of 26,001 or more*";

Section 1 (7), page 2, line 23, delete "*or registered gross weight, whichever is greater.*" This amendment is required by federal regulations;

Section 1 (p), page 5, line 7, delete "*or registered gross weight, whichever is greater.*" This amendment is required by federal regulations;

Section 1 (s), page 5, line 21 through 26, expanding the definition of *out-of-service order*.

SENATE TRANSPORTATION

DATE: 3/7

ATTACHMENT: 2

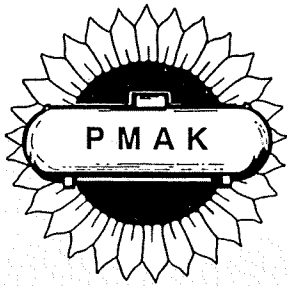
Section 4 (b), page 7, line 11 through 43, deleting a grandfather clause no longer applicable to current law.

Section 5 (e), page 9, delete a portion of line 22 beginning with "*All licensee's desiring to obtain a commercial driver's license shall do so between January 1, 1991, and April 1, 1992, in accordance with rules and regulations adopted by the secretary.*" This is another grandfather clause that is no longer needed;

Section 5 (f), page 9, beginning on line 26, after *applicant must complete* insert the language, "*the test required in subsection (e) of K.S.A. 8-247, and amendments thereto, and...*" We are requesting this language to avoid appearing as if we are exempting an applicant from the normal renewal test;

Section 6 (c) (1) page 10, delete the following sections: line 3 "*not less than*" and "*nor more than one year*"; line 5 "*not less than*" and "*nor more than five years*"; line 7 "*for not less than*" and "*nor more than five years*". This is the penalty section required by federal regulation, however, we decided to require the minimum withdrawal period rather than the maximum withdrawal period.

I appreciate this opportunity to appear before you, and I would stand for your questions.



Propane Marketers Association of Kansas

Statement by Lee Eisenhauer
Concerning Senate Bill 352
Presented Tuesday, March 7, 1995
to the
SENATE TRANSPORTATION & UTILITIES COMMITTEE
Senator Ben Vidricksen, Chairman

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE;

I am Lee Eisenhauer, executive vice president of the Propane Marketers Association of Kansas. On behalf of the propane marketers in your districts and throughout the state, I thank you for allowing me this time to very briefly express our support of Senate Bill 352.

This bill proposes a simple, two-tier, flat fee for a user's annual permit and pre-payment of LP-gas (propane) and compressed natural gas motor fuel tax. Attached to your copy of this statement is a copy of the current pre-pay tax schedule which, as you can see, is a much more complex system, with the fees based on ten weight classifications and nine mileage estimate tiers.

The flat fee would not only lessen the hassle for the fuel user, but also for the Department of Revenue. Additionally, its simplification could possibly increase state revenues by encouraging those who may not now be paying taxes to do so and, also, may encourage some increased usage of these clean-air fuels.

Users would continue to have the option, as they have now, of paying the state motor fuel tax at the pump at time of purchase, if that is their preference.

The fees set forth in Senate Bill 352 are patterned after those which have been successfully utilized in our neighboring state of Oklahoma since 1991 - \$100 for vehicles weighing 12,000 pounds or less and \$150 for those over 12,000 pounds. Another neighbor, Missouri, has a fee schedule of: \$75 for all vehicles under 18,000 pounds; \$150 for those 18,000 to 36,000 pounds (\$100 for farm vehicles); and \$1,000 for those over 36,000 pounds (\$250 for farm vehicles).

We would also like to see this system take effect on July 1 of this year.

We urge your favorable passage of S.B. 352, and thank you again for allowing us this time. I would be happy to stand for any questions.

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SENATE TRANSPORTATION
DATE: 3/7
ATTACHMENT: 3

INSTRUCTIONS

Complete all the information on the reverse side for each motor vehicle. Indicate weight class by referring to the schedule below. The amount of tax for each motor vehicle is based upon the gross weight of the vehicle and the number of miles it was operated on the public highways of Kansas during the previous year. On vehicles placed in operation after the first month of the calendar year the tax will be prorated on the basis of the gross weight and the mileage for the months operated in the calendar year.

TAX SCHEDULE PER VEHICLE

WEIGHT CLASS	Less than 5,000 miles	5,000 to 10,000 miles	10,001 to 15,000 miles	15,001 to 19,999 miles	20,000 to 29,999 miles	30,000 to 39,999 miles	40,000 to 49,999 miles	50,000 to 59,999 miles	60,000 miles and over
Class A: 3,000 pounds or less	\$ 34.00	\$ 68.00	\$ 102.00	\$ 136.00	\$ 204.00	\$ 272.00	\$ 340.00	\$ 408.00	\$ 476.00
Class B: more than 3,000 pounds and not more than 4,500 pounds	\$ 58.00	\$ 116.00	\$ 173.00	\$ 231.00	\$ 347.00	\$ 462.00	\$ 578.00	\$ 694.00	\$ 809.00
Class C: more than 4,500 pounds and not more than 12,000 pounds	\$ 70.00	\$ 139.00	\$ 209.00	\$ 279.00	\$ 418.00	\$ 558.00	\$ 697.00	\$ 836.00	\$ 976.00
Class D: more than 12,000 pounds and not more than 16,000 pounds	\$ 95.00	\$ 190.00	\$ 286.00	\$ 381.00	\$ 571.00	\$ 762.00	\$ 952.00	\$1,142.00	\$1,333.00
Class E: more than 16,000 pounds and not more than 24,000 pounds	\$ 122.00	\$ 245.00	\$ 367.00	\$ 490.00	\$ 734.00	\$ 979.00	\$1,224.00	\$1,469.00	\$1,714.00
Class F: more than 24,000 pounds and not more than 36,000 pounds	\$ 170.00	\$ 340.00	\$ 510.00	\$ 680.00	\$ 1,020.00	\$1,360.00	\$1,700.00	\$2,040.00	\$2,380.00
Class G: more than 36,000 pounds and not more than 48,000 pounds	\$ 211.00	\$ 422.00	\$ 632.00	\$ 843.00	\$1,265.00	\$1,686.00	\$2,108.00	\$2,530.00	\$2,951.00
Class H: more than 48,000 pounds	\$ 284.00	\$ 568.00	\$ 852.00	\$1,136.00	\$1,703.00	\$2,271.00	\$2,839.00	\$3,407.00	\$4,060.00
Class I: Transit carrier vehicles operated by transit companies									\$1,336.00
Class J: Motor vehicles designed for carrying fewer than 10 passengers and used for the transportation of persons for compensation									\$ 694.00

Please direct any inquiries regarding this application to the address below:

Tax Registration Section
 Business Tax Bureau
 Docking State Office Building
 Topeka, Kansas 66625-0001
 or
 Call (913) 296-2411

1994

1994

(913) 296-2411

**APPLICATION FOR SPECIAL LP-GAS USER
 PERMITS AND DECALS**

Permit No. _____
 (Office Use)

FEDERAL EMPLOYEE IDENTIFICATION
 NUMBER OR SOCIAL SECURITY
 NUMBER: _____

DAY TIME TELEPHONE: _____

The vehicle information below is what is currently reflected on your account. Feel free to make necessary changes or corrections in the information. Complete those columns which are blank. If you no longer have one of the vehicles listed please mark through its information. Any new vehicles which you have acquired should be added in the blank spaces. Apply the applicable fees according to the tax schedule reflected on the reverse side. Enclose one check made payable to the Director of Taxation.

Previous Years Ending Odometer Reading	Current Odometer Reading	Year	MAKE	Weight Class	Vehicle Identification Number	Number of Miles Operated Last Year	Fee Amount

TOTAL AMOUNT OF FEES ENCLOSED \$ _____

Applicant hereby states that the above application and all statements contained therein, are true and correct.

 Signature of Owner, Partner or Corporate Officer (Circle One) Date

SEE REVERSE SIDE FOR TAX SCHEDULE

HEIN, EBERT AND WEIR, CHTD.

ATTORNEYS AT LAW

5845 S.W. 29th Street, Topeka, KS 66614-2462

Telephone: (913) 273-1441

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*Ronald R. Hein
William F. Ebert
Stephen P. Weir
Stacey R. Empson*

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

TESTIMONY RE: SB 352

Presented by Ronald R. Hein

on behalf of

MESA

March 7, 1995

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Mesa. Mesa is one of the nation's largest independent natural gas producers and currently has approximately 60% of its natural gas reserves in the state of Kansas.

MESA supports SB 352, which provides for a flat fee to be paid on LPG or CNG vehicles, rather than a per gallon equivalent fuel tax.

MESA has testified in the past in support of Legislation to exempt compressed natural gas and other alternative fuels from the state fuels tax. We believe this is one way that the state can jump start the alternative fuel industry in this country so as to reduce reliance upon expensive imported foreign oil. In addition, the alternative fuel industry would help clean up air pollution, 50-60% of which is caused by tailpipe emissions.

However, exempting such alternative fuels from fuel taxes always has been opposed by groups who are desirous of protecting the highway fund. MESA has, over the years, come to realize that achieving such an exemption is not politically possible in this state at this time.

However, SB 352 is a reasonable accommodation to the needs of the alternative fuel industry while still protecting the highway fund.

Due to the small number of vehicles which would actually convert to CNG or LPG, MESA assumes that the fiscal note of this legislation would be relatively insignificant. And yet, the message that it will send to those desirous of utilizing alternative fuels will be very strong indeed.

Legislation similar to this has been enacted in the state of Texas and is working very well. Texas is a state, like Kansas, which has significant natural gas and propane production but which also has significant mileage in its state highway system. The fact that this program is working well in Texas should be a good indicator of success in Kansas as well.

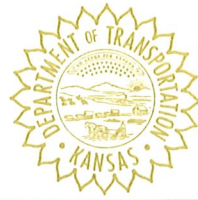
MESA urges you to support SB 352.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

SENATE TRANSPORTATION

— DATE: 3/7

ATTACHMENT: 4/



KANSAS DEPARTMENT OF TRANSPORTATION

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Secretary of Transportation

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Bill Graves
Governor of Kansas

**TESTIMONY BEFORE THE
SENATE TRANSPORTATION AND UTILITIES COMMITTEE
REGARDING
SENATE BILL 352
CONCERNING THE TAXATION OF LP-GAS
FOR CERTAIN VEHICLES**

March 7, 1995

Mr. Chairman and members of the Committee:

I appreciate the opportunity to appear before the Committee.

The Department of Transportation is concerned about S.B. 352. Currently, all motor fuel users pay roughly the same amount of tax for motor fuels based on the number of miles they drive and the efficiency of the vehicle that they use. Those who use the roads more pay a higher tax. The proposed rate would tax one class of motor fuel users independently of the miles traveled on the streets and highways and the efficiency of the vehicle that they utilize.

In addition, the bill has the potential to significantly reduce the amount of motor fuel revenues collected from road users. The Department of Transportation and the Department of Revenue estimate that this bill will reduce collections from LP-gas users by approximately 60 percent. This estimate is based on the fees currently paid by permit holders and the assumption that non-permit holders would switch to the permits to save taxes. The first year's tax loss is estimated to be \$300,000. The potential tax loss increases as additional vehicles are converted to LP-gas or Compressed Natural Gas.

SENATE TRANSPORTATION
DATE: 3/7
ATTACHMENT: 5