

Approved: 3-10-98
Date

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE.

The meeting was called to order by Chairperson Gary K. Hayzlett at 1:30 p.m. on March 5, 1998, 1998 in Room 526-S of the Capitol.

All members were present except: Representative Eugene Shore

Committee staff present: Hank Avila, Legislative Research Department
Reed Holwegner, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
J. Patterson, Committee Secretary

Conferees appearing before the committee: Betty McBride, Department of Revenue
Chuck Stones, Kansas Banker Association
Senator Les Donovan

Others attending: See attached list

SB 542 - Repossessed certificates of title, fee fund.

Betty McBride was the first proponent to testify on the bill. The bill will require applicants to pay an additional \$3.00 when obtaining a certificate of title for a repossessed vehicle. This fee is in addition to the \$7.00 title fee currently charged. (Attachment 1) Chuck Stones was the second proponent to speak. He testified that the Kansas Bankers Association is sympathetic to the Department of Revenue regarding this issue. They are in favor of SB 542. (Attachment 2) Senator Les Donovan was the last to testify in favor of the bill.

Representative Powers asked what started the problems with the repossessed titles and the Department of Revenue. Ms. McBride explained that there had been some laws changed that had to do with banking. The new law said that financial institutions had to be chartered in Kansas. Therefore, GMAC, Nissan, etc., established addresses by using P.O. boxes so they could claim residence in Kansas. Kansas has a very good reputation for the quality of their titles.

The hearing was closed.

Chair asked for the approval of the minutes for the last three meetings.

Representative Pauls made a motion to approve the minutes, Representative Howell seconded and the motion carried.

Meeting was adjourned at 2:25 p.m.

Next scheduled meeting is March 10, 1998.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: 3-5-98

NAME	REPRESENTING
Senator LES DONOVAN	SELF
Kathley Olsen	KBA
Chuck Stonus	KBA
Ken Behr	Ks. Governmental Consulting
Tom WHITAKER	Ks MOTOR CARRIERS ASSN

Betty McBride, Director of Vehicles
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Division of Vehicles

MEMORANDUM

TO: Representative Gary Hayzlett, Chairman
 House Transportation Committee

FROM: Betty McBride, Director
 Division of Vehicles

DATE: March 5, 1998

SUBJECT: Senate Bill 542

Mr. Chairman, members of the Committee, I am Betty McBride, Director of the Kansas Division of Vehicles. I want to thank you for the opportunity to appear today in support of Senate Bill 542.

If passed, Senate Bill 542 will require applicants to pay an additional \$3.00 when obtaining a certificate of title for a repossessed vehicle. This fee is in addition to the \$7.00 title fee currently charged. A fund will be established, called the "Repossessed Certificate of Title Fee Fund". Moneys credited to this fund shall be used by the Division of Vehicles for the purpose of funding the administration and operations, including personnel associated with the processing and issuance of titles for repossessed vehicles.

Prior to December, 1996, repossessed vehicle title applications were processed by the Division of Vehicles for only Kansas financial institutions who met the Division's titling requirements. At the end of 1996, the Division began receiving out of state financial institutions' applications for repossessed titles for all their agencies, nationwide. Applications were refused; however, upon review of the Kansas Statutes by the Division's Legal Services Bureau, a determination was made that the out of state financial institutions did, in fact, have the right to funnel all titles for repossessed vehicles from their nationwide agencies, through the State of Kansas.

This change in policy drastically increased the number of repossessed title applications received and processed within the Title and Registration Bureau. Prior to the change, approximately thirty five (35) repossession titles were received daily and were processed by one associate. The Bureau is currently receiving approximately 107 repossessed title applications daily, and it is anticipated that if all financial institutions are allowed to process their out-of-state titles through the State of Kansas, the Division of Vehicles could incur an increase to 300 titles per day.

The number of new title services (Title services are entities that bring title work in each day to the Division for same day service.) has increased from four (4) to forty three (43) since Kansas began accepting repossessions from other states. Out of state title services are using post office boxes in Kansas to process other states' repossession titles. 817,243 titles were issued in 1996. This number increased to 858,559 in 1997. The 41, 316 increase in 1997 is attributed to the repossessed titles issued.

House Transportation
 3-5-98
 Attachment 1

These increases have affected the level of service our Division can deliver, and has resulted in delays of title delivery to our Kansas Dealers, Kansas Financial Institutions, and our Kansas citizens. because Kansas titles are less expensive than most states', and the turnaround time for repossession titles is much faster, Kansas has become an attractive state for titling repossessed vehicles.

It is this situation which prompted Senator Harrington to request legislation to address this problem, after receiving constituents' complaints.

Turnaround time has increased proportionally to the number of repossession titles submitted. The following table demonstrates the current problem:

	Nov. 1996	Aug. 1997	Aug. 1998	Aug. 1999
Repo titles handled daily by T&R: This figure represents projected increases based on the current % of increase.	35 App./day	100/day	200/day	300/day

	Past Incr.	Current	1998 Incr.	1999 Incr.	Tot. 3yr Incr.
Percent of Increase: This figure represents projected increases based on the current % of increase at current level of staffing.	0%	100%	100%	100%	300%

	Nov. 1996	Aug. 1997	Aug. 1998	Aug. 1999
Repo application processing time: This figure represents projected increase based on current rate of increase at the current level of staffing.	7-10 Days	21 Days	45 Days	90 Days+

Costs for the operation, administration and staffing of this function are estimated at \$125,874 annually. The Title and Registration Bureau estimates 1,000 to 1,500 certificates of title, for repossessed vehicles will be issued weekly; of which, the majority will be titles issued to out of state financial institutions. As indicated below, passage of Senate Bill 542 will provide the funding necessary to administer this function.

1,000 per week x 52 weeks = 52,000 titles x \$3.00 = \$156,000.00
 1,500 per week x 52 weeks = 78,000 titles x \$3.00 = \$234,000.00

Senate Bill 542 was amended by the Senate Committee of the whole. The amendment would authorize an employee of a new vehicle dealer to verify the vehicle identification number on vehicles which are repurchased or reacquired by the manufacturer and purchased by a new vehicle dealer, commonly known as "program cars". The amendment has no impact on the Division of Vehicles.

Mr. Chairman, members of the Committee, I request your favorable consideration for passage of Senate Bill 542 so that the Division of Vehicles can again provide the quality of service to our Kansas citizens that they deserve.

Thank you again for allowing me the time to appear. I will stand for questions.

Kansas Bankers Association

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TO: House Transportation Committee
FROM: Chuck Stones, Director of Research

RE: SB 542

Mr Chairman and Members of the Committee:

Thank you for the opportunity to appear before you regarding SB 542. The KBA has been in communication with the DOR regarding this issue for over a year. We are very sympathetic to their situation. Over the summer, in discussions with the Dept., we all determined that the provisions of SB 542 were the best way to proceed in this situation. We are supportive of the bill, providing the appropriations process goes accordingly also.

We urge your favorable action.

Chuck Stones

House Transportation
3-5-98
Attachment 2