

MINUTES OF THE HOUSE TRANSPORTATION.

The meeting was called to order by Chairperson Gary Hayzlett at 1:55 p.m. on March 26, 2002 in Room 519-S of the Capitol.

All members were present except:

Representative Howell, excused

Representative Phelps, excused

Committee staff present:

Bruce Kinzie, Office of the Revisor

Hank Avila, Legislative Research Department

Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Sheila Walker, Director, Division of Vehicles

Don McNeeley, Kansas Automobile Dealers Association

Tom Whitaker, Kansas Motor Carriers Association

Others attending:

See attached sheet

SB 458 - Vehicle dealers and manufacturers, license fees, increasing

Chairman Hayzlett opened hearings on **SB 458**. Sheila Walker, Director, Division of Vehicles, explained the bill would increase dealer licensing fees \$25.00, which would bring Kansas more in line with other states' dealer licensing fees. The increased funds would be deposited in the existing Dealer and Manufacturers' Fund to pay for background checks and the National Motor Vehicle Title Information System (NMVTIS). Following a background check by the Kansas Bureau of Investigation there are three criteria for suspending or revoking a dealer's license: 1) convicted of a felony 2) convicted of any crime involving moral turpitude and 3) found guilty of any state of U.S. law in connection with such person's operation as a dealer or salesperson. However, due to lack of funds for the past two years these background checks were not made. The FBI gave them a price break for one year so they have begun doing these checks again but next year the cost is expected to increase to full price. She stated this legislative proposal to increase the dealer licensing fees is designed, in part, to recover the costs of the background checks.

She continued, as recommended by their Dealer Review Board, the increase in fees would also cover the costs of the NMVTIS. She said NMVTIS is used by state motor vehicle titling agencies, law enforcement, consumers insurance carriers, dealers and others to instantly and reliably verify information on a vehicle and is expected to decrease the ability of criminals to obtain titles fraudulently and reduce the number of titles issued on stolen vehicles. Fewer than a dozen states are currently using NMVTIS and Kansas has submitted a letter of intent.

She explained an amendment they would like to add to the bill which would relate to temporary trade show licenses and the restrictions thereof. She concluded this is the result of a cooperative effort between the Division of Motor Vehicles and the industry to promote trade and commerce throughout the state.

(Attachment 1)

Don McNeely, President, Kansas Automobile Dealers Association, spoke in support of **SB 458**. He said while no one likes enhancements to required state licensing fees, the industry does recognize from time to time that fee enhancements are necessary, especially, when they provide needed funding for beneficial programs and services which benefit the consuming public and the industry-at-large. He stated the proposed amendment would limit fraud, promote enforcement of dealer licensing laws and control the adverse economic impact by out-of-state recreational vehicle and semi-truck/tractor trailer dealers when displaying their vehicles in Kansas as part of a legitimate trade show. In addition, with the inclusion of the reciprocity language, the amendment would allow Kansas licensed dealers of these types of vehicles to enjoy the benefits of temporarily displaying their vehicles at trade shows located in other states with similar reciprocal language. (Attachment 2)

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE, Room 519-S of the Capitol at 1:55 p.m. on March 26, 2002.

Tom Whitaker, executive directory of the Kansas Motor Carriers Association, said his organization believe the amendment will allow for expanded convention and trade show business in Kansas and asked for support of **SB 458**. (Attachment 3)

There were no other proponents and no opponents. Following questions from the committee Director Walker will provide information as to what Oklahoma charges for dealers' licenses and also what twelve states now are enrolled in NMVTIS.

Chairman Hayzlett closed hearings on **SB 458**.

SB 410 - Division of vehicles, motor vehicle records

Chairman Hayzlett opened **SB 410** for discussion and final action. Representative Powers made a motion to pass SB 410 favorably, seconded by Representative Levinson.

Representative Dillmore made a substitute motion to amend SB 410, adding the language requested by Ron Gaches at the hearing on March 19th and supported by the Division of Vehicles, which would allow access to Kansas' motor vehicle records "all federal, state and local government agencies including any court or law enforcement agency, or any private person or entity acting on behalf of such agencies in carrying out the functions required of such governmental agencies except that such records shall not be redisclosed. This was seconded by Representative Humerickhouse.

Representatives Powers and Levinson withdrew their motion.

Toni Roberts, Division of Vehicles, explained to the committee what currently is allowed regarding release of these records and who pays for these records. Upon request from the committee the Division will provide information as to who is eligible to have these records under the Driver Privacy Protection Act.

Representative Powers made a motion to pass SB 410, as amended, seconded by Representative Levinson. A vote was taken and division requested. There were 10 aye votes, 8 nays. The motion carried.

The minutes for the House Transportation Committee for March 19th, March 20th and March 21st were presented for approval or corrections. Representative Dreher made a motion to approve the minutes, seconded by Representative Levinson and the motion carried.

Chairman Hayzlett adjourned the meeting at 2:55 p.m. The next meeting of the House Transportation Committee will be April 3rd, 2002.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: March 26, 2002

NAME	REPRESENTING
Marcia Stambaugh	KDOT
Eric Collins	Ks Governmental Consulting
Tom Whitaker	Ks Motor Carriers Assn.
Christi Stewart	Ks Motor Carriers
GARY DAVENPORT	Ks Motor Carriers Assn
Deann Williams	K mca
Whitney Jamron	KS Gas Service
Steve Johnson	Kansas Gas Service
Mathew Moser	KDOR DMV
Shelia Walker	KDOR - DMV
Joni Roberts	KDOR - DMV
DON MCNEELY	KANSAS AUTOMOBILE DEALERS ASSN.
Don Gaches	EXPERIAN



Sheila J. Walker, Director
Division of Vehicles
915 SW Harrison St.
Topeka, KS 66626-0001

(785) 296-3601
FAX (785) 291-3755
Hearing Impaired TTY (785) 296-3909
Web Site: www.ksrevenue.org/dmv

Division of Vehicles

TO: Chairman Gary Hayzlett
Members of the House Transportation Committee

FROM: Sheila J. Walker, Director of Vehicles

Sheila J. Walker

DATE: March 26, 2002

SUBJECT: SB 458 – Dealer Licensing Fees

Chairman Hayzlett, members of the committee, thank you for giving me the opportunity to testify in favor of Senate Bill 458. This bill would increase dealer licensing fees (under K.S.A. 8-2404).

Increasing Dealer Licensing Fees

Under this bill, dealer licensing fees would generally increase \$25 (from \$50 to \$75 for most fees), bringing Kansas more in line with other states' dealer licensing fees:

- Missouri - \$150
- Colorado - \$300
- Nebraska - \$200
- California - \$150

The increased funds would be deposited in the existing Dealer & Manufacturers' Fund to pay for background checks and the National Motor Vehicle Title Information System (NMVTIS).

KBI Background Checks

State law (8-2410) says the Director of Vehicles may deny, suspend or revoke a dealer's license (or renewal) if the applicant has, within five years preceding the date of application, been:

- convicted of a felony;
- convicted of any crime involving moral turpitude; or
- found guilty of any state or U.S. law in connection with such person's operation as a dealer or salesperson.

Since becoming Director in April 1999, my general rule of thumb has been to deny all applicants who, in the last five years, have met one of these three criteria.

House Transportation Committee
March 26, 2002
Attachment 1

Up until several years ago, Alcoholic Beverage Control (ABC) had conducted background checks on our applicants through the Kansas Bureau of Investigation (KBI). When the KBI started charging for these background checks, ABC referred the duties back to Titles & Registrations. Because there was no money budgeted for the background checks, the applicants were no longer being checked.

For the past two years, the only way we knew if applicants had been convicted of a felony or any crime involving moral turpitude or found guilty of a state or U.S. law in connection with their dealer or salesperson's license was if they indicated the truth on their application.

Fortunately, we were recently able to reinstate background checks on all applicants. We negotiated a lower price for the background checks through the Kansas Bureau of Investigation. The KBI is giving us a price break for one year. Next year, the cost is expected to increase to full price.

Our legislative proposal to increase the dealer licensing fees is designed, in part, to recover the costs of the background checks.

I believe we have a public policy interest in enforcing the denial of applicants convicted of a felony or any crime involving moral turpitude or found guilty of a state or U.S. law. It is our responsibility to protect the public interest as residents buy and trade vehicles.

NMVTIS

As recommended by our Dealer Review Board, the increase in fees is also expected to cover the costs of the National Motor Vehicle Title Information System (NMVTIS). NMVTIS is required by the Anti Car Theft Act of 1992 and is used by state motor vehicle titling agencies, law enforcement, consumers, insurance carriers, dealers and others to instantly and reliably verify information on a vehicle. It is expected to decrease the ability of criminals to obtain titles fraudulently and reduce the number of titles issued on stolen vehicles.

Fewer than a dozen states are currently using NMVTIS. Kansas has submitted a letter of intent.

We respectfully ask the committee to amend the attached balloon to Senate Bill 458. This amendment would allow the Division of Vehicles to issue a temporary trade show license for truck, truck tractor and semi-trailer dealers, as well as recreational vehicle dealers, to display their vehicles, but not sell them, at trade shows in Kansas. A disclaimer that the motor vehicles are for display purposes only and not for sale shall be placed on the motor vehicles in a clear and conspicuous manner.

In addition to paying a \$50 sponsor fee, this amendment also requires trade show operators to invite dealers whose relevant market area includes the proposed site of the display to attend and participate in the show. Participants will pay a \$35 licensing fee. If fewer than 50 dealers participate, than more than half of them must be licensed Kansas dealers.

Under the proposed amendment, these shows will not last more than four days. There may be no more than two trade show licenses issued per participant per county per year.

This measure is the result of a cooperative effort between the Division of Motor Vehicles and the industry to promote trade and commerce throughout the state. Large display trade shows for trucks and RVs attract large crowds and generate revenue for the venue's local economy. It also exposes Kansas dealers to potential customers from outside of the state. Surrounding states (such as Missouri and Oklahoma) have similar laws and this would put Kansas on a level footing with them to attract trade shows.

We appreciate your favorable consideration of this amendment and bill.

REVISED MOTOR VEHICLE DISPLAY LEGISLATION AMENDING K.S.A. 8-2435

(EXISTING STATUTE IS IN BOLD PRINT, CHANGES IN REGULAR PRINT)

(a)* Upon proper application, on a form approved by the division of vehicles, the director of vehicles may authorize the display of new motor vehicles at a location other than the established or supplemental place of business of a motor vehicle dealer provided that the requirements of subsections (i) and (n) of K.S.A. 8-2404, and amendments thereto, and K.S.A. 8-2405, and amendments thereto, are satisfied by the motor vehicle dealer. A fee in the amount of \$15 shall be paid by an applicant for each application. No sales transactions may occur at such display locations, nor may the authorization to display be granted under this subsection for those events for which the temporary trade show license provided by subsection (b) would otherwise be required. The director of vehicles may deny an application for a license under this subsection if it has probable cause to believe that the applicant's request for a license falls under the provisions of subsection (b) rather than this subsection, or the request for the authorization to display new motor vehicles under this subsection is being used to avoid compliance with subsection (b), or both.

(1) Authorization granted by the director under this section shall be granted only to motor vehicle dealers licensed by the director and to no other person, natural or otherwise.

(2) The authorization under this subsection shall be for a period not to exceed 15 consecutive days unless otherwise authorized by the director of vehicles.

(b)** Upon proper application on a form approved by the division of vehicles, the director of vehicles may issue a license known as a temporary truck, truck tractor, semitrailer trade show license or a temporary recreational vehicle trade show license, as the case may be, to a person who is licensed in this or another state as a vehicle dealer under the laws of this or another jurisdiction and will be participating with vehicle dealers licensed as such in the state of Kansas whose principle places of business are in the state of Kansas. Such license shall only allow the display of new motor vehicles which are truck, truck tractors or semitrailers as defined by K.S.A. 8-126, and amendments thereto, or recreational vehicles at a location other than the established or supplemental place of business of the dealer. The license provided under this section shall also be subject to the requirements and limitations set forth herein and no sales transactions may occur under such license or at such location at which such dealer may be authorized to display vehicles under this section. A license may be granted such a dealer under this subsection if the following conditions are met:

(1) Notwithstanding any other dealers invited to display vehicles, the display of vehicles will be at an event whereby at a minimum all licensed new vehicle dealers in each particular line-make of truck, truck tractor, or semitrailer or recreational vehicle to be displayed have been invited to attend and participate whose relevant market area as defined by K.S.A. 8-2430, and amendments thereto, includes the proposed site of the display;

(2) The period of the show will last no more than 4 consecutive days;

(3) Each dealer has received the prior approval of the first stage manufacturer, second stage manufacturer, first stage converter or second stage converter, as the case may be, for each line-make of truck, truck tractor, semitrailer or recreational vehicle to be displayed and the fact the event will be a trade show has been disclosed at the time of seeking such approval;

(4) If the applicant is not a Kansas licensee, then it must be licensed in a state which permits vehicle dealers licensed in Kansas who sell trucks, truck tractors, semitrailers and recreational vehicles to participate in vehicle shows in such state pursuant to conditions substantially equivalent or less than the conditions which are imposed on dealers from such state who participate in vehicle shows in Kansas;

(5) The show meets the following criteria:

(a) If less than 50 dealers participate as exhibitors, more than 50% of the participating vehicle dealers are licensed motor vehicle dealers in this state; or

(b) If the show or exhibition has at least 50 dealers displaying vehicles when it opens to the public, it need not have a minimum number of Kansas dealers participating in the show or exhibition.

(c)** In addition to the above provisions, the following conditions and restrictions shall also apply to temporary trade show licenses:

(1) There may be no more than two trade show licenses issued per participant per county per year;

(2) The requirements of subsections (i) and (n) of K.S.A. 8-2404 and amendments thereto, and K.S.A. 8-2405, and amendments thereto, must be satisfied by each motor vehicle dealer;

(3) A disclaimer that the motor vehicles are for display purposes only and not for sale shall be placed on the motor vehicles in a clear and conspicuous manner to be prescribed by the director of vehicles;

(4) Each dealer must have paid a licensing fee of \$35.00;

(5) The sponsoring entity of the exhibition or promotion, if any, shall also pay a fee of \$50.00 to the director of vehicles;

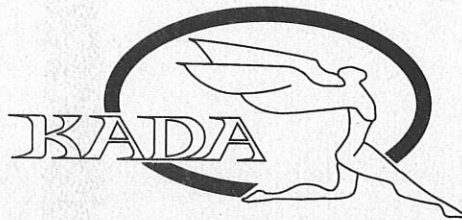
(6) A license may be issued only for the display of trucks or truck tractors with a gross vehicle weight rating above 26,000 pounds, or semitrailers or a recreational motor vehicles; and

(7) Such other provisions of the dealers and manufacturers licensing act, K.S.A. 8-2401 et seq., and amendments thereto, have been complied with as designated applicable by the director of vehicles and such other information as the director may require has been provided.

(d) The provisions of this section shall be a part of and supplemental to the vehicle dealers and manufacturers licensing act.

*The current display law would continue. The trade show exception would provide a alternative type of display license meeting strict criteria for a trade show.

**The language of the current statute's subsection "b" is now found in (a)(1) and (a)(2). The language of the current statute's subsection "c" is now found in (d).



KANSAS AUTOMOBILE DEALERS ASSOCIATION

TO: The Honorable Gary Hayzlett, Chairman
And Members Of The
House Committee on Transportation

FROM: Mr. Don McNeely, President
Kansas Automobile Dealers Association

RE: SB 458 – An Act Related to Motor Vehicle Dealer and
Manufacturer Licensing Fees.

DATE: March 26, 2002

Good afternoon, Chairman Hayzlett and Members of the House Committee on Transportation. My name is Don McNeely and I am the President of the Kansas Automobile Dealers Association, which represents the franchised new car and truck dealers in Kansas. On behalf of KADA, I am pleased to present this testimony in support of SB 458, as amended by the Senate Committee on Transportation and the proposed amendments by the Kansas Division of Motor Vehicles, as they relate to the temporary display of recreational motor vehicles, heavy-duty trucks over 26,000 pounds and semi-trailers at a trade show by out-of-state licensed dealers.

While no one likes enhancements to required state licensing fees, the industry does recognize from time to time that fee enhancements are necessary. Especially, when they provide needed funding for beneficial programs and services, which benefit the consuming public and the industry-at-large.

The licensing fee enhancements proposed in SB 458, as amended by the Senate Committee on Transportation are for such purposes, especially as they pertain to implementation of the National Motor Vehicle Title Information System (NMVTIS), which will provide immense benefits to the consuming public, the Kansas Division of Motor Vehicles, the various local and state law enforcement agencies, as well as to the wholesale and retail motor vehicle industry.

800 S.W. Jackson, Suite 1110 • Topeka, KS 66612
Telephone (785) 233-6456 • Fax (785) 233-1462

House Transportation Committee
March 26, 2002
Attachment 2

KADA has also welcomed the opportunity to work with the Kansas Division of Motor Vehicles in drafting their proposed amendment as it pertains to the establishment of a temporary "display only" trade show license for out-of-state recreational vehicle dealers and semi-truck/tractor-trailer dealers under limited circumstances. We believe the Division's proposed amendment will limit fraud, promote enforcement of our dealer licensing laws, and control the adverse economic impact by out-of-state recreational vehicle and semi-truck/tractor trailer dealers when displaying their vehicles in Kansas, as part of a legitimate trade show. In addition, with the inclusion of the reciprocity language, the amendment will allow Kansas licensed dealers of these types of vehicles to also enjoy the benefits of temporarily displaying their vehicles at trade shows located in other states with similar reciprocal language.

On behalf of the Kansas Automobile Dealers Association, I thank you for your consideration of our comments in support of SB 458 and the proposed amendments by the Kansas Division of Motor Vehicles.



KANSAS MOTOR CARRIERS ASSOCIATION

P.O. Box 1673 ■ Topeka, Kansas 66601-1673 ■ 2900 S. Topeka Blvd. ■ Topeka, Kansas 66611-2121
Telephone: (785) 267-1641 ■ FAX: (785) 266-6551 ■ www.kmca.org

Trucking Solutions Since 1936

KEN LEIGHT
Frito-Lay Distribution & Service
President

JOHN LATHROP
Roadway Express
Chairman of the Board

GLENN UNREIN
Golden Plains Trucking, Inc.
First Vice President

TONY GASTON
Rawhide Trucking, Inc.
Second Vice President

JEFF ROBERTSON
J.M.J. Projects, Inc.
Treasurer

LARRY "DOC" CRIQUI
Kansas Van & Storage/Criqui Corp.
Corporate Secretary

MIKE MILLER
Miller Trucking, LTD
ATA State Vice President

JERRY ARENSDORF
Arensdorf Trucking, Inc.
ATA Alternate State Vice President

MIKE ROSS
Ross Truck Line of Salina, Inc.
ProTruck PAC Chairman

KELLY KILE
Wal-Mart Stores, Inc.
Public Relations Chairman

MEL GRAVES
S&G Associates, Inc.
Allied Industries Chairman

TOM WHITAKER
Executive Director

Legislative Testimony By the Kansas Motor Carriers Association

In support of amendments to Senate Bill No. 458 to allow display of larger motor vehicles at trade shows.

Presented to the House Transportation Committee, Rep. Gary Hayzlett, Chairman, Tuesday, March 26, 2002, Statehouse, Topeka, Kansas.

Mr. Chairman and Members of the House Transportation Committee:

I am Tom Whitaker, executive director of the Kansas Motor Carriers Association. We appear before you this afternoon in support of amending Senate Bill No. 458 to allow for out-of-state vehicle dealers to display trucks or truck-tractors with a gross vehicle weight rating of 26,000 lbs. or more.

This amendment is necessary for our Association to host a joint convention and trade show with the Missouri Motor Carriers Association at the new Overland Park Convention Center in September of 2003.

We believe the amendment will allow for expanded convention and trade show business in Kansas and ask for your support.

Thank you for the opportunity to appear before you. I would be pleased to respond to any questions you may have.