

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 8:30 a.m. on March 17, 2004 in Room 527-S of the Capitol.

All members were present except:
Senator David Adkins- absent

Committee staff present:
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisors of Statutes
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee:
Senator Chris Steineger
Bob Lockett, President, Premier Motor Sports
Kathy Damron

Others attending:
See Attached List.

HB 2746: Export certificates of title

Senator Chris Steineger explained that Premier Motorsports is a small company located in Kansas City, Kansas. They specialize in manufacturing extremely high quality "Cobra" replicas. They are quite expensive and the company exports them around the world. There is a problem in titling cars for export. He introduced Bob Lockett, President of the Company to further explain the problem. Mr. Lockett testified in support of the bill, explaining the need for the bill to enable them to compete on a level playing field (Attachment 1). Members discussed several aspects of the business, including number of employees, wages and how he became involved in the business. No other conferees appeared. Hearing closed..

HB 2833: Designating highways for the 75th, 89th, and 95th divisions of the U.S. Army

Staff explained the background on this bill. One of the Divisions is located in Wichita, one in Topeka and one in Leavenworth. All of these highways are heading toward the unit's Fort of destination, either Ft. Riley or Leavenworth. These are all long standing Divisions with historical ties to the Kansas area. Kathy Damron appeared on behalf of the University of Phoenix, a post-secondary, private university which has been approved for degree-granting authority by the Kansas board of Regents. They are seeking appropriate highway signage which is provided other universities and colleges. Attached to her testimony is a copy of a letter from Kansas Department of Transportation, explaining why they cannot, under current law, comply with this request. She offered a proposed amendment to correct the problem. (Attachment 2). Senator Goodwin moved to adopt the proposed amendment. Senator Schodorf seconded the motion. Motion carried. Discussed the entire highway designating process. Particularly the problem in "denaming" a highway or changing a portion of an already designated highway.

HB 2633: Impounded motor vehicles, requirements for recovery

Yesterday the committee held hearings on this bill. It is a simple bill to deal with impounded vehicles with stolen tags. Following a brief committee discussion, Senator Jackson moved to recommend the bill favorable for passage. Senator Schodorf seconded the motion. Motion carried. Senator Jackson will carry this bill.

HB 2695: Littering, traffic infraction, criminal littering

This bill was also heard yesterday. This bill will help Kansas follow a national trend in dealing with littering and dumping. Senator Schodorf moved to recommend the bill favorable for passage. Senator Mark Gilstrap seconded the motion. Motion carried. Senator Schodorf will carry the bill.

CONTINUATION SHEET

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE at 8:30 a.m. on March 17, 2004 in Room 527-S of the Capitol.

Discussed bills in committee remaining to be heard. Since **HB 2746** which was heard at the beginning of today's meeting is also a straightforward, obviously needed bill, members decided to take final action on it. Senator Lyon moved to recommend **HB 2746** favorable for passage. Senator Pugh seconded the motion. Motion carried. Senator Gilstrap will carry this bill on the Senate floor.

Meeting adjourned at 9:25 a.m.

The next meeting is scheduled for March 18, 2004.

SENATE TRANSPORTATION COMMITTEE
GUEST LIST

DATE: March 17, 2004

NAME	REPRESENTING
<i>Willie</i>	<i>KDOT</i>
Tom Whitaker	Ks Motor Carrier Assn.
Matthew Moser	KDOR
Bob Luckoff	Premier Motorsports
Cynthia Cunniff	KDOT
Kathy Dammron	University of Phoenix
Steve Johnson	Kansas Gas Service / ONEOK

My name is Bob Lockett. I am Chief Operating Officer for a small Kansas company, Premier Motorsports, LLC. Let me tell you a little about us, what we do and why we need your help.

Several years ago we rebuilt a burnt out shell of a building to a state-of-the-art manufacturing facility. Then we began to create jobs.....good paying, value adding, manufacturing jobs – the type of jobs we have all heard so much about lately that we are losing offshore. After many, many months of development and capital investment, we began to offer our product to the marketplace.

We provide a solid, well-designed and engineered product. It is delivered with integrity, quality, and value for the customer. We did not lose sight of the fact we are ultimately in the people business, not the manufacturing business. And we continued to create jobs and pay taxes – which are the fundamental responsibilities of every capitalist and businessman.

You may take a look at the brochure that has been provided for you. Fortunately for us, as you may see, we get to manufacture high performance sports cars. And not only any sports car, we manufacture the legendary AC Shelby Cobra. In fact, I have the best job in the world. We have a reputation that is not only exemplary but good enough for Mr. Carroll Shelby himself, to state that our cars were “as good as there has ever been”. We have manufactured and delivered cars for Shelby American in Las Vegas. We have restored priceless original cars. We have built our cars and sold them to the most discerning of clients. The rumors that are rife throughout the Cobra community about cars being built in a burned out potato warehouse somewhere in the Midwest are, indeed, quite true.

Our cars are delivered with a Manufacturer’s Statement of Origin (MSO) generated by us. This document essentially guarantees that our client is the first owner of the vehicle and is entitled to receive a merchantable title - subject to any liens - once a state approved inspection has been performed and all sales taxes are paid.

And there is where we need your help. Frankly, our reputation has grown to the point where the international marketplace has taken notice. And the customs inspectors in the international marketplace don’t do well with company generated MSO’s. They are used to dealing with vehicle titles. Rather than being promptly processed through the port and on to waiting customers, our vehicles languish until the right broker finds the right customs official and the importation is sanctioned. To say the least this puts us at a competitive disadvantage. Our remedy thus far has been to pay the Kansas sales tax to obtain a title. This adds approximately \$4,000 to the cost of the car which we naturally pass along. That \$4,000 adds another several hundred in shipping and insurance costs. Then there is the 16% European VAT tacked on.....and then the dealer adds his profit margin to the added burden. The result is that our cars carry almost a \$10,000 premium – simply for taxes to obtain a title - when they arrive at our foreign dealers.

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SEN. TRANSPORTATION COMMITTEE
- DATE 03-17-04 -
ATTACHMENT: 1

Our largest competitor, Superformance, is located in the Republic of South Africa (RSA). Not only does the RSA give Superformance a virtual blank check on any special titling needs they may have, but they are handed a cash payment by the government at the end of every year equal to 25% of their sales volume. This windfall stipend is made as an incentive to create more jobs. And the RSA government receives this money from none other than the U.S. State Department in the form of foreign aid. Its incredible but our own tax dollars are being used against us to subsidize a company that doesn't have to make a profit to grow.

We went to the Kansas Department of Commerce for help. They, along with the folks from the Department of Revenue and the Office of the Governor, went to GREAT lengths to try to find an avenue by which we could obtain an export title without paying sales tax. They were not able to assist us within the framework of current Kansas law. At their suggestion we have turned to the legislature.

Ladies and gentlemen, we need your help by passing this legislation to allow us to obtain an "EXPORT ONLY" title for our vehicles. These vehicles will not be sold within the United States and we do not expect to EVER see them imported back into the U.S. We're not asking for a free ride as we don't believe this will cost the State of Kansas any monies. We believe that it will, in fact, be good for the residents of Kansas City, the unified Wyandotte County government, and the State of Kansas. It will allow us to create more good-paying jobs which will reduce unemployment, provide for more circulation of wages within the community - which will result in additional incremental tax revenues.

As I said, we are not asking for a free ride. All we are asking is that the State of Kansas allow us to compete in the international arena with a fair and level playing ground by submitting a serialized, chassis-specific MSO to the state and receiving back a title indelibly marked "EXPORT ONLY". The paperwork will be packed in the car. It will be shipped directly to Chicago. It will then be loaded into a container and sent to its destination somewhere in the world.

As of January of this year, I'm happy to report to you that Superformance's largest dealer in Europe is no longer a Superformance dealer. Cobra Sud of Schwabisch Hall, Germany now sells Cobras made in Kansas City, Wyandotte County, Kansas. Cobra Sud is now a PREMIER dealer. As far as Superformance goes, we certainly don't begrudge them their incentives to create jobs. Frankly we can now produce almost 50 % of their annual sales volume with a very few hard working Kansans. And they have 650 subsidized employees. Literally, a handful against 650.... I think that speaks eloquently about our workforce and our investment in our community and our future.

Give us the opportunity to roll up our sleeves and compete equally. Please, bureaucratically allow us no more than the government of the Republic of South Africa has handed carte blanche to our competitors. Give us the chance to show the world what quality automobiles are produced by dedicated Americans from the great state of Kansas.

On behalf of our workforce, thank you for your time and attention. If there are any questions, please.....

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**Kathy
Damron**

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Topeka, Kansas 66612-2205

Testimony Regarding HB 2833
From
Kathy Damron, on behalf of
The University of Phoenix
March 17, 2004

The Honorable Les Donovan
Chairman, Senate Transportation Committee
Statehouse
Topeka, Kansas 66612

Dear Chairman Donovan and members of the committee:

I appreciate having the opportunity to appear before you today regarding highway signage. I am appearing on behalf of The University of Phoenix, a post-secondary, private university which has been approved for degree-granting authority by the Kansas Board of Regents.

Currently the U of P has campus locations in two Kansas communities – Wichita and Lenexa. Students enrolled through those two locations are learning through a modality known as Flexnet. This is a combination of on-campus and online learning and is structured for students who require scheduling flexibility, but also benefit from and prefer at least some traditional classroom instruction. Both campuses have been operational for close to one year and are serving the interests of many Kansans.

The University of Phoenix, once it had been given the necessary approvals from the Kansas Board of Regents, approached the Kansas Department of Transportation to request appropriate highway signage such as is provided to other colleges and universities. I have attached a copy of the letter I received from

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KDOT to my testimony.

I am asking that the legislation before you be amended to insert the language also attached which would do two things:

1. Put the signs up, where appropriate and,
2. Make clear that the costs associated with these signs be the responsibility of the University of Phoenix.

I appreciate your interest in this matter and would ask for your favorable consideration of this request. Thank you very much.

New Sec. ____ The secretary of the Kansas department of transportation shall cause signs to be installed on the state highway system informing the public of the exits for post-secondary degree granting schools under the jurisdiction of the Kansas board of regents and which are accredited by the higher learning commission. Such signs shall not be installed unless such school requests the signs and the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of installing such signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing such exit signs.

KANSAS

DEPARTMENT OF TRANSPORTATION
DEB MILLER, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

WARREN SICK, P.E., ASSISTANT SECRETARY/ STATE TRANSPORTATION ENGINEER

January 21, 2004

Ms. Kathy Damron
800 SW Jackson Street, Suite 1100
Topeka, Kansas 66612-2205

Dear Ms. Damron:

Subject: University of Phoenix

Thank you for your letter concerning signing for the University of Phoenix on the State Highway System. I understand signs are requested by the University for the Wichita campus on K-96 at Webb Road, and for the Lenexa campus on I-35 at 87th Street.

Our highway signing policy for educational facilities is based on the *Kansas Educational Directory* which is published by the Kansas State Board of Education. Public and private schools—primary, secondary and post-secondary—are categorized in this directory. On freeways—such as K-96 and I-35—our policy allows signing for public, municipal, and American Indian universities, community colleges, and private educational institutions. “Private educational institutions” is a specific category of private post-secondary schools with a long history in the state of Kansas, such as Baker University in Baldwin City and Brown Mackie College in Lenexa. Under provisions of former K.S.A. 17-6105 and current K.S.A. 74-3250, these “private educational institutions” were exempted from jurisdiction of the State Board of Regents. All new private post-secondary degree-granting schools are under the jurisdiction of the State Board of Regents. New schools will not be added to the category of private educational institutions originally established under K.S.A. 17-6105. On expressways and conventional highways, our policy also allows signing for area vocational-technical schools and public attendance high schools. Other than private educational institutions, we do not sign for private degree granting schools—such as the University of Phoenix—or proprietary schools on the State Highway System.

Regarding the *Kansas Educational Directory*, the University of Phoenix does not fall under any of the defined categories in the directory. In the future, the Kansas State Board of Education will probably establish a new educational category listing the University of Phoenix. At that time, the Kansas Department of Transportation will determine if that new category will qualify for signing on the State Highway System. That determination will likely include criteria based on enrollment figures and use of campus (on-line versus classroom activity.)

I am sorry that we are unable to sign for the University of Phoenix at this time. If you have any questions or comments, please feel free to call Steven Buckley, State Traffic Signing Engineer, at 785-296-3618.

Sincerely,



Warren L. Sick, P.E.
Assistant Secretary and
State Transportation Engineer

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