

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on February 17, 2006 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department  
Norm Furse, Office of Revisor of Statutes  
Renaë Jefferies, Office of Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee:

Bryan J. Brown, Office of Attorney General Phill Kline  
Harold Taylor, Taylor Oil Co.  
Ken Suter, SACO Petroleum Inc.  
Scott Zaremba, Zarreco Oil, Lawrence  
Cassie Stewart, P. B. Hoidale  
Major John Sidwell, Topeka Police Department

Others attending:

See attached list.

The Chairman opened the meeting and said **HB 2837 - Providing for registration of debt collectors operating to collect debts in Kansas with the secretary of state** was scheduled to have a hearing. The Attorney General's Office requested this be postponed until next year.

Bryan J. Brown, Consumer Protection Division, Office of Attorney General Phill Kline, stated this is a bill that would create a Debt Collector Registry in the State of Kansas. This has fostered dialogue between the Attorney General's Office and the debt collection industry in the past week. A task force is working on these problems and will come back next year with a more narrowly focused and well crafted bill (Attachment 1).

The Chairman opened the hearing on **HB 2804 - Payment of motor fuels, required, exceptions.**

Harold Taylor, President, Taylor Oil, Inc., Wellsville, testified as a proponent to **HB 2804**. Gas thefts, also known as drive offs, have occurred for years and have cost Taylor Oil \$4,576 last year and \$3,450 the prior year. Taylor Oil has to sell 500 gallons of additional fuel to make up for a \$25.00 theft (Attachment 2).

Ken Suter, owner of SACO Petroleum, Inc., a distributor of gasoline and diesel fuels to its own retail and independent retailers in Kansas, testified as a proponent to **HB 2804**. Consumers that drive off without paying for gasoline is costing fuel retailers an enormous amount of money. SACO Petroleum lost over \$28,000 in drive offs during 2005. Gas thieves present a serious safety issue when they steal gas. License plates are sometimes temporally removed (Attachment 3).

Scott Zaremba, President, Zarco 66 Inc., testified as a proponent to **HB 2804**. This bill would help ensure the safety of the public. The thieves that drive off without paying are growing bolder and more reckless as the value of fuel increases. These criminals are driving a deadly weapon each time they commit this crime (Attachment 4).

Cassie Stewart, P. B. Hoidale, testified as a proponent to **HB 2804**. Motor fuel sales account for 66% of revenues in the convenience store industry. However, because of their extremely low profit margins, motor fuels only accounted for 27.5 percent of the gross profit dollars. Gasoline theft, or "drive offs," cost the convenience store industry 112 million dollars in 2003 and more than doubled to an astounding 237 million dollars in 2004. Convenience stores reported total fuel sales at \$262 billion in 2004 which means that one in every 100 fill ups fell victim to gasoline theft. While this is not a "Conga line" of theft, at a penny per gallon profit, a retailer needs to sell an extra 4000 gallons to offset each 40 dollars that is stolen. In densely populated metropolitan areas and areas near interstates, the average retailer reported losses of approximately \$1500.00 per month (Attachment 5).

CONTINUATION SHEET

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Major John Sidwell, Topeka Police Department, a proponent for **HB 2804** testified that gas theft is not a new problem. To make a level playing field for all retailers and to reduce the crime, a city ordinance was proposed requiring all retailers to have prepay or pay at the pump gasoline sales. It was narrowly defeated at city council (Attachment 6).

The Chairman closed the hearing on **HB 2804**.

The following written testimony was submitted by Major Thomas McGillin, proponent, Olathe Police Department (Attachment 7).

The meeting adjourned at 10:55 a.m. The next meeting will be February 20, 2006.