

Approved: 3-14-00
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Rep. Gary Hayzlett at 1:40 p.m. on March 7, 2000 in Room 519-S of the Capitol.

All members were present except:

Committee Staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Research Department
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Don McNeely, President, Kansas Automobile Dealers Association
Pat Barnes, Attorney, Kansas Automobile Dealers Association
John Schmid, Chairman, KADA Legislative Committee
Sandy Braden, Alliance of Automobile Manufacturers

Others attending:

See attached list

The minutes of the House Transportation Committee for February 21st and February 22nd were presented for corrections or approval. Representative Aday made a motion to accept the minutes as written, seconded by Representative Long and the motion carried.

SB 489 -new vehicle dealers and dealerships

Chairman Hayzlett opened hearings on **SB 489** and called on Don McNeely, Kansas Automobile Dealers Association, to present testimony in favor of this bill. He told the committee that the proposed legislation is modeled after legislation already enacted by 16 other states and essentially seeks to prohibit motor vehicle manufacturers from obtaining a license to sell motor vehicles at retail within the state and competing with independently owned Kansas franchised dealers. In addition, the legislation ensures that all new vehicles, whether sold directly from the manufacturer on-line or through a catalog, are delivered by a licensed franchised dealer. (Attachment 1)

Mr. McNeely introduced Pat Barnes, Attorney for the Kansas Automobile Dealers Association. Mr. Barnes walked the committee through the statutory changes to the Dealers and Manufacturers Licensing Act and also outlined amendments which were requested by others and to which they have agreed. He also addressed the two amendments which had been offered by the Alliance of Automobile Manufacturers which they had rejected.

John W. Schmid, KADA Legislative Committee, and also a Chevrolet and Buick dealer in Coffeyville, spoke in support of **SB 489**. He testified over the past decade the automakers have pushed consolidation, elimination of small, low volume and "off channel" dealer locations of all sizes, which has left many cities and counties across the state with no local franchised new automobile dealer to serve the needs of the rural markets. He asked support of **SB 489** and concluded that KADA has historically worked diligently with the manufacturers in matters of this nature and **SB 489** in its current format is no exception. (Attachment 2)

Following questions and discussion by the committee, and there being no other proponents scheduled, the Chair called on Sandy Braden, on behalf of the Alliance of Automobile Manufacturers, who spoke as an opponent to **SB 489**. She stated this bill would create a broad prohibition against automobile manufacturers owning automobile dealerships in the state of Kansas. She then offered two amendments which would then allow the Alliance to support passage of **SB 489**. The first would add "other than an interest solely for investment purposes" to page one, line 22. The second would strike the language on page two, line 9, that reads "but for no other purpose" and adding "or in markets in which it is necessary for economic reasons for the manufacturer to temporarily hold an ownership interest for the purpose of attracting dealer investment". She concluded these proposals are relatively modest, compared to the overall impact of the bill, but important to striking a good balance between the concerns of both dealers and manufacturers. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE, Room 519-S Statehouse, at 1:40 p.m. on March 7, 2000.

Chairman Hayzlett opened the floor for questions and discussion. Representative Thimesch said that the concern seemed to be that dealerships would be developed that would squeeze out small car dealerships in Kansas and asked, that in essence, wasn't it happening now in that there are some dealerships in Kansas that have exclusive rights of selling cars, or parts, that small dealerships can't get now. Ms. Braden said she could not answer that question but would make that information available to him.

Chairman Hayzlett closed hearings on **SB 489**.

With approval from the Vice-Chair and the Ranking Minority member Chairman Hayzlett called for discussion and final action on **SB 489**.

Representative Johnston made a motion to pass SB 489 favorably, seconded by Representative Ballou and the motion carried.

Chairman Hayzlett adjourned the meeting at 2:30 p.m.

The next meeting of the House Transportation Committee is scheduled for Wednesday, March 8, 2000 in Room 519-S.