



**TESTIMONY IN SUPPORT OF
SB 73**

AN ACT CONCERNING MOTOR VEHICLES; RELATING TO DEFINITIONS.

**Whitney Damron
On behalf of
Polaris Industries**

House Transportation Committee

March 11, 2015

Good afternoon Chairman Proehl and Members of the House Transportation Committee. I am Whitney Damron and I appear before you today on behalf of Polaris Industries in support of SB 73.

By way of information, Polaris Industries, Inc., is headquartered just outside of Minneapolis, Minnesota in Medina. The company has manufacturing plants in Minnesota; Wisconsin; Iowa; Monterrey, Mexico; distribution facilities in South Dakota and Ohio; and has just announced plans to build a new manufacturing facility in Huntsville, Alabama. Polaris Industries designs, manufactures and markets innovative, high-quality, high-performance motorized products for recreation, utility and agriculture use.

Products include ATV and off-road vehicles, snowmobiles and motorcycles.

Polaris Industries is seeking to update three definitions in statute relating to off-road vehicles with definitions that accurately reflect off-road vehicles in the market today and allow for continued innovation. Statutory definitions have historically come from the industry when new or modified products were brought into the market and there was not an existing definition that fit the new product. As a result, over time our definitions have become in need of amendment.

Proposed changes to off-road vehicle definitions and comments in SB 73 are as follows:

K.S.A. 8-126

- (a) **"All-terrain vehicle"** means any motorized nonhighway vehicle 50 inches or less in width, having a dry weight of 1,500 pounds or less *and* traveling on three or more nonhighway tires, ~~having a seat designed to be straddled by the operator. As used in this subsection, nonhighway tire means any pneumatic tire six inches or more in width, designed for use on wheels with rim diameter of 14 inches or less.~~

Amendment deletes the requirement for a straddle seat, as existing products utilize both straddle and bench or bucket seats. Also, the requirement for “pneumatic tires” and the wheel size limitation is replaced with the industry preferred term “nonhighway tires.” Polaris has introduced a non-pneumatic tire technology, or NPT, to the commercial ATV market on the WV850 – which is a work vehicle suitable for mining, farming, ranching, and construction applications. The non-pneumatic, never-flat tire technology enhances vehicle handling in rough terrain. The NPT is composed of a central polymeric web surrounded by a rubber tread band which allows continuous operation, even if up to 30 percent of the web is damaged.

- **(ff) “Recreational off-highway vehicle”** means any motor *vehicle more than 50 but not greater than 64 inches* or less in width, having a dry weight of 2,000 pounds or less, traveling on four or more nonhighway tires, ~~having a nonstraddle seat and steering wheel for steering control.~~

Amendment deletes the requirement for a straddle seat. Language relating to tires does not need to be amended in this statute. Also, steering wheel limitation is deleted.

A minimum size requirement is included of “greater than 50 but not greater than 64 inches.” In the previous definition, an All-terrain vehicle is defined as being 50 inches or less in width.

- **(rr) “Work-site utility vehicle”** means any motor vehicle which is not less than 48 inches in width, ~~has an overall length, including the bumper, of not more than 135 inches,~~ has an unladen weight, including fuel and fluids, of more than 800 pounds and is equipped with four or more ~~low-pressure nonhighway~~ tires, a steering wheel and bench or bucket-type seating allowing at least two people to sit side-by-side, and may be equipped with a bed or cargo box for hauling materials. “Work-site utility vehicle” does not include a micro utility truck or recreational off-highway vehicle.

Amendment replaces low pressure with nonhighway tires which was explained previously in this testimony. Also, the maximum length requirement is removed. This style of vehicle has evolved over the years to allow for more passengers and/or the addition of vehicle storage boxes, beds or other attachments, which increase vehicle length, but the essential purpose remains the same whether equipped with one row or two rows of seating.

Included with my testimony is a picture of “work-site utility vehicle” and a very similar vehicle that is considered a “recreational off-highway vehicle” under current length restrictions, which illustrate the similarities of the products.

K.S.A. 8-1402(a) (All-terrain vehicle) and K.S.A. 8-1493 (Work site utility vehicle) are also amended for consistency with the previously-proposed amendments.

When I received the proposed changes from Polaris Industries, I scheduled a meeting with the Kansas Department of Revenue, Division of Motor Vehicles and met with Director Kaspar and her staff as well as former state representative Richard Carlson to discuss the proposed definitional changes. I also circulated drafts to the Kansas Automobile Dealers Association, as they have several members who sell these kinds of motorsports products. After a Q&A session with KDOR/DMV, I circulated comments to Polaris and made revisions, which we shared with KDOR/DMV in early January before our request for bill introduction was made. .

The proposed definition updates are not proprietary to Polaris Industries. Other manufacturers of these products include John Deere, Honda and Yamaha, to name a few popular brands. We have shared our proposal with dealer-related associations and agriculture-related organizations with statehouse representation, as well as with the 22 Polaris dealers in Kansas, many of whom carry multiple lines of off-road and motorsports products (Polaris Dealer locations attached to testimony). To date we have not received any objections or expressed concerns in regard to the contents of SB 73.

By and large, we believe the proposed definitions to be noncontroversial on their face. However, it is appropriate for me to note that under K.S.A. 79-3606 (t), "work-site utility vehicles" are exempt from sales tax when purchased as farm machinery and equipment when properly certified to the dealer by the purchaser.

If the Committee will indulge me a moment, I believe a brief discussion of the title and registration requirements for off-road vehicles is important in order to provide context to this issue.

Purchasers of off-road vehicles are required to obtain an off-road title from the State of Kansas. These vehicles are not registered. People who purchase these vehicles out-of-state are rarely subjected to being required to pay sales tax, as the out-of-state dealer typically does not have a nexus to Kansas and enforcement is difficult to achieve.

Our bill does not expand the sales tax exemption to "all-terrain vehicles" or "recreational off-highway vehicles." We believe the spirit and intent of the agriculture exemption for work-site utility vehicles remains intact, as these vehicles meet the current definition except for modifications to currently-exempt vehicles that have led to the same vehicles being manufactured in longer in longer versions to meet the needs of the consumer.

Eliminating the length restriction could lead to increased sales in Kansas by motorsports dealers, or more likely, encourage a qualified agriculture-related purchaser to buy a product in Kansas that more appropriately meets their needs rather than from an out-of-state dealer.

SB 73 spent 2.5 days on the Senate Consent Calendar before being pulled off and was then passed on a vote of 40-0. The bill does not have a fiscal note, according to the Kansas Department of Revenue (attached).

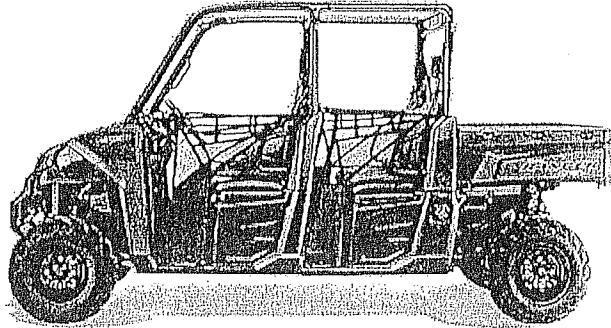
In closing, Polaris Industries appreciates the opportunity to appear today in support of SB 73 and would respectfully request its favorable consideration. I am pleased to stand for questions.

WBD

Attachments

For more information on Polaris Industries, please refer to their website: www.polaris.com

Current Law
K.S.A. 8-126 (ff) "Recreational off-highway vehicle"



Bed for hauling materials

Ranger XP900 Crew

Width: 60"

Length: 148.5 "

Weight: 1,571 lbs.

Four low-pressure tires

Steering wheel

Bench seat (capable of seating
6 passengers)

K.S.A. 8-126 (rr) "Work-site utility vehicle"



3 passengers)

Bed for hauling materials

Ranger XP900 Full-size

Width: 60"

Length: 116.5"

Weight: 1,325 lbs.

Four low-pressure tires

Steering wheel

Bench seat (capable of seating

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Shawn Sullivan, Director of the Budget

Sam Brownback, Governor

February 3, 2015

The Honorable Mike Petersen, Chairperson
Senate Committee on Transportation
Statehouse, Room 345-S
Topeka, Kansas 66612

Dear Senator Petersen:

SUBJECT: Fiscal Note for SB 73 by Senate Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 73 is respectfully submitted to your committee.

SB 73 would change the definitions for all-terrain vehicle, recreational off-highway vehicle, and work-site utility vehicle. For all-terrain vehicles (ATV), the bill would delete the requirement to have a seat designed to be straddled by the operator. The bill would also delete the definition of nonhighway tire as it pertains to ATVs. For recreational off-highway vehicles, the definition would be amended to state the width must be at least 50 inches, but not greater than 64 inches. The requirement that recreational off-highway vehicles have a non-straddle seat and steering wheel for steering control would be deleted. For work-site utility vehicles, the definition would be amended to remove the length limitation of 135 inches. The bill would now require work-site utility vehicles to have nonhighway tires instead of low pressure tires.

The Department of Revenue indicates SB 73 would have no fiscal effect on agency operations. Since the basic definition of work-site utility vehicle is not altered under provisions in the bill, the Department does not anticipate an increase in the number of vehicles which are exempt from sales tax.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan".

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR