

Division of Vehicles
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Mark Burghart, Secretary



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Testimony

To: Chairman Petersen and members of the Senate Transportation Committee
From: Lee Ann Phelps, Vehicle Services Manager, Division of Vehicles
Date: February 5, 2020
RE: Senate Bill 305

Good morning Mr. Chairman and members of the Senate Transportation Committee:

The Division of Vehicles requested the introduction of this bill.

Currently licensed dealerships are required to obtain and hold a bond in the amount of \$30,000. We're seeking to increase the amount of the bond required for licensure to \$50,000, which would require changes to K.S.A. 8-2404.

This legislation is needed to cover the increasing rise in vehicle prices. The current bond amount of \$30,000 was originally set in the 1980's when vehicle prices were much lower. The bonds are in place for the benefit of wronged retail consumers and require a court judgment to access bond funds. This would cover either a vehicle of a higher price or multiple vehicles when a dealership closes and some customers are left without proper ownership documents when a good faith sale has occurred. The main impact of this legislation would be to the dealerships and this legislative proposal is supported by the Dealer Review Board and the Kansas Automobile Dealers Association.

We will respond to questions at the appropriate time.