

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairman Rex Crowell at 1:30 p.m. on January 28, 1993 in Room 519-S of the Capitol.

All members were present except: All Present

Committee staff present: Tom Severn, Legislative Research Department
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Donna Luttjohann, Committee Secretary

Conferees appearing before the committee: Nancy Bogina, Executive Assistant to the Secretary, KDOT
Mike Rees, Chief Council for KDOT
Representative Alex Scott
Betty McBride, Director of Vehicles, Department of Revenue
Terry Humphries, Executive Director, Recreational Vehicle Council
L.N. Collier, Attorney for the Department of Revenue.

Chairman Crowell recognized Nancy Bogina, KDOT, for a bill request relating to wide-based single tires. Rep. Dillon made a motion to introduce the requested legislation. It was seconded by Rep. Shore. No discussion took place and the motion carried.

Mike Rees, Chief Council for the Department of Transportation was recognized and requested a bill concerning the temporary closing of highways. Rep. Shore made the motion to introduce the bill and it was seconded by Rep. Reinhardt. No discussion took place and the motion carried.

Rep. Alex Scott was then recognized by Chairman Crowell who requested legislation regarding the collection of sales tax. Rep. Smith made a motion to introduce the bill. It was seconded by Rep. Shore. No discussion took place and the motion carried.

Chairman Crowell then requested the committee introduce a bill regarding mandatory helmets. Chairman Crowell explained that he wanted a helmet bill introduced so the House Transportation Committee could have hearings on the same day that the Senate has hearings on their helmet bill. Rep. Dillon made the motion to introduce the bill. It was seconded by Rep. Smith. Short discussion took place. The motion carried.

The Chairman then called attention to the minutes from January 12, 1993; January 13, 1993; January 14, 1993; January 20, 1993; January 21, 1993; and January 26, 1993. No amendments, deletions or additions were made and the minutes were approved.

Chairman Crowell then opened the hearing on HB 2089. He recognized Betty McBride, Director of Vehicles as a proponent of the bill. Her written testimony is Attachment 1. After her testimony, questions were answered by she and L.N. Collier, attorney for the Department of Revenue.

The Chairman then recognized Terry Humphries, an opponent of the bill. Her written testimony is Attachment 2.

Chairman Crowell then closed the hearing on HB 2089. The Chairman appointed a subcommittee to study the bill and make recommendations to the committee. Rep. Hendrix, Rep. Shore and Rep. Pauls were appointed as members with Rep. Hendrix the Chair.

Chairman Crowell adjourned the meeting at 2:17 p.m. with the next meeting scheduled for February 2, 1993 at 1:30 p.m. in Room 519-S of the Capitol.

STATE OF KANSAS



Betty McBride, Director
Robert B. Docking State Office Building
915 S.W. Harrison St.
Topeka, Kansas 66626-0001

(913) 296-3601
FAX (913) 296-3852

Department of Revenue
Division of Vehicles

To: Honorable Rex Crowell, Chairman
Members of the House Committee on Transportation

From: Betty McBride, Director, Division of Vehicles
Kansas Department of Revenue

Date: January 28, 1993

Subject: House Bill 2089

Mr. Chairman, Members of the Committee,

My name is Betty McBride. I am the Director of Vehicles, and I appear before you on behalf of the Kansas Department of Revenue concerning House Bill 2089. This bill amends several statutes within the Vehicle Dealers and Manufacturers Licensing Act.

The proposed amendment to K.S.A. 8-2401 is intended to change the language of *salesman* to *salesperson*. Due to the increasing number of women working in vehicle sales, the division feels that a gender neutral term such as *salesperson*, is more appropriate. We are requesting to change the language wherever *salesman* appears throughout this statute.

The amendments to K.S.A. 8-2404 (i) are to simplify the process of handling claims made on dealer license bonds, and to clarify that bonding companies are not entitled to have administrative hearings on bond matters before the Director of Vehicles. Also in this subsection, where the court has found that the insurance company has failed to pay, the division is asking that the court be granted the authority to award reasonable attorney fees to encourage prompt payment.

The amendment proposed to K.S.A. 8-2404 (j), is meant to resolve the dilemma when a vehicle dealer substitutes a letter of credit, negotiable bonds or a certificate of deposit for a surety bond and then turns around and replaces the substitute with a bond. This happens most frequently when licenses are renewed but may happen at any time during the license period. If the Dealer Licensing Bureau releases the certificate of deposit, any of the consumer sales transactions which happened while the CD was in place, can become the subject of a lawsuit; and if the court finds in favor of the

HOUSE TRANSPORTATION
Attachment 1-1
January 28, 1993

consumer, there is no bond in place to pay the judgement. This amendment will require bond substitutes to remain on deposit with the State Treasurer for a period of five years after the date of the last vehicle sale before the termination of the dealer's license. It is the opinion of the department that the Legislature mandated that vehicle dealers have bonds or acceptable substitutes, and that for the department to knowingly release the bond substitute required by law may expose the agency to further litigation.

The department also proposes to amend K.S.A. 8-2433 sec. 5, to limit to one per any twelve month period the number of temporary salesperson licenses which may be issued by the Dealer Licensing Bureau to any one individual. Temporary licenses are issued to allow a person to begin working as a vehicle salesperson, under the supervision of a licensed dealer, for a period not to exceed 45 days or until the applicant can be approved or denied by the director. By changing employment and applying for another temporary license before a background check can be completed by the KBI, a person with a criminal history can work for an unlimited time as a vehicle salesperson. This amendment would grant a measure of control on the number of temporary salesperson licenses the bureau could issue to any one individual, and thus allow time for a background check to determine a persons fitness for working as a vehicle salesperson.

Finally, the department is requesting that K.S.A. 8-2410 (a) (29) be amended to make violations of the Retail Sales Act (K.S.A. 79-3601) and the Withholding Tax Act (K.S.A. 79-3294) violations of the Dealers and Manufacturers Licensing Act..

Recreational Vehicle Council

Member of Kansas Manufactured Housing Association

112 SW 6th Avenue * Suite 204 * Topeka * Kansas * 66603 * 913-357-5256

TESTIMONY BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION

TO: Representative Rex Crowell, Chairman and
Members of the Committee

FROM: Terry Humphrey, Executive Director

DATE: January 28, 1993

RE: HB 2089

Mr. Chairman and members of the Committee, I am Terry Humphrey, Executive Director of the R.V. Council.

Kansas R.V. Council opposes HB 2089 which significantly changes the bonding requirement that currently applies to R.V. retailers.

Today, a R.V. retailer under State licensing law can purchase a \$15,000 corporate surety bond or select to satisfy bonding requirements "by depositing with the state treasurer cash, negotiable bonds of the United States or of the State of Kansas, negotiable certificates of deposit of any bank organized under the laws of the United States or of the state of Kansas or irrevocable letters of credit of any such bank" in order to do business.

When an R.V. retailer decides to cease doing business relinquishes their license it appears that bonding requirements cease. However, under HB 2089 if you chose to deposit funds for surety with the state treasurer, you are now obligated to continue surety for five more years. But if a retailer chooses to provide a corporate surety bond that bonding protection will end when they cease business operations or when the bonding company decides to terminate the bond.

Currently when a letter of credit is issued in lieu of a corporate bond it is good only for one year and can be cancelled at any time with 30 days notice. Likewise, the Director of Motor Vehicles accepts these letters of credit in this form.

The R.V. Council believes it is unreasonable to have bonding requirements that extend years after business operations cease. To our knowledge no other retailing segment has such an onerous requirement. Therefore, we recommend an annual bond requirement. The R.V. Council respectfully requests that you oppose HB 2089. Thank you.

HOUSE TRANSPORTATION
Attachment 2
January 28, 1993