

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairman Rex Crowell at 1:30 p.m. on February 2, 1993 in Room 519-S of the Capitol.

All members were present except: Rep. M. Smith, Excused

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: Mike Steven-President, KMCDA
Paul MacDonald-Paul MacDonald Chevrolet, Hays
Steve Hatchett-President, Wichita Auto Dealers
Randy Matchett-Rusty Eck Ford, Wichita
Larry Green-Rusty Eck Ford, Wichita
Bernie Clark-Clark Chevrolet, Holton
Dale Willey-Dale Willey Pontiac, Lawrence
J.B. Craig-Kellogg Auto Sales, Wichita
Rick Davis-Kansas Motorcycle Industry Council
Dan Carlson, Kansas Independent Automobile Dealers Assn.

Chairman Crowell opened the hearing on HB 2123 concerning prohibiting certain vehicle dealers from conducting motor vehicle sales on Sunday.

The Chairman recognized Pam Somerville, KMCDA, who introduced Mike Steven, President of Kansas Motor Car Dealers Association, as the first proponent to testify for the bill. After his testimony, he answered questions of the committee. Mr. Steven's written testimony is Attachment 1.

The second conferee testifying in favor of HB 2123 was Paul MacDonald from Hays, Kansas. Mr. MacDonald answered questions taken from the committee members. See Attachment 2.

Steve Hatchett, President of Wichita Auto Dealers testified in favor of the bill. See Attachment 3 for his written testimony.

The Chairman then recognized Randy Matchett, proponent of the bill to testify. He explained to the committee about a study that was done by his dealership, Rusty Eck Ford of Wichita. His written testimony is Attachment 4.

Larry Green, Rusty Eck Ford of Wichita, was the next conferee testifying as a proponent of the bill. See Attachment 5 for his testimony.

The next conferee, a proponent of the bill, was Bernie Clark from Clark Chevrolet in Holton. See Attachment 6 for his written testimony.

Dale Willey, representing Dale Willey Pontiac of Lawrence was the next proponent to testify before the committee. He mentioned that three surrounding states have the mandatory Sunday closing. See his written testimony for further information. Attachment 7.

Chairman Crowell recognized J.B. Craig, a practicing attorney and General Manager for Kellogg Auto Sales in Wichita. He testified as a proponent of the bill. See Attachment 8.

Rod Compton of Rusty Eck Ford from Wichita submitted written testimony in favor of the bill. See Attachment 9. Dwight Jepson, President of Topeka New Car Dealer Association, also submitted written testimony as a proponent of the bill. See Attachment 10.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 519-S Statehouse, at 1:30 p.m. on February 2, 1993.

Testifying as an opponent of HB 2123 was Dan Carlson of the Kansas Independent Auto Dealers Association. His written testimony is Attachment 11.

The Chairman recognized Rick Davis with the Kansas Motorcycle Industry Council who testified on the bill and asked that motor cycle dealers be exempt. See Attachment 12.

There were no other conferees to appear and Chairman Crowell then closed the hearing on HB 2123.

The meeting was adjourned at 2:50 p.m. and the next meeting is on call of the Chairman.



KANSAS MOTOR CAR DEALERS ASSOCIATION

800 Jackson, Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 279-8566 (KS only) • FAX (913) 233-1462

TESTIMONY BEFORE THE
HOUSE TRANSPORTATION COMMITTEE
MIKE STEVEN, KMCD PRESIDENT

TO: THE HONORABLE REX CROWELL
HOUSE TRANSPORTATION COMMITTEE

RE: SUPPORT OF HOUSE BILL 2123 - SUNDAY CLOSING

DATE: FEBRUARY 2, 1993

Mr. Chairman and members of the Committee. My name is Mike Steven, President of the Kansas Motor Car Dealers Association representing over 300 franchised new car dealers in the state. I own four dealerships in Wichita and one in Augusta, Kansas. I would also like to point out I am a member of the Kansas Independent Automobile Dealers Association.

Mr. Chairman, I appear before you today in support of House Bill 2123. The Kansas Motor Car Dealers Association requested the committee's introduction of the bill to assist our employees. Mandated Sunday Closing of car dealerships enables us to keep our employees happier, attract better, more qualified, professional individuals.

You may ask, what is the motivation for me as an owner of a dealership to ask for this law? The real peanut is simply maintaining a quality of life for our

HOUSE
Transportation
Attachment 1-1
2/2/93

employees, keeping employee turnover to a minimum, and overhead costs lower. During the last 10 years, the cost of automobiles have increased; compounded by the proliferation of federal mandates for OSHA, Clean Air, Americans with Disabilities Act, underground storage tank requirements, and IRS Cash Reporting-- just to name a few. Our request pales in comparison to us asking the state to require us to be closed so that our employees are top notch, knowledgeable, and have good family values, and time to spend with their family. Missouri, Oklahoma and Colorado are closed around us. I would also point out that the definition of family, in my mind, includes everyone whether they are married, single, single with children, or married with children.

I want to share with you some interesting sales statistics on franchised car dealerships. First, new car dealers in this state sold 284, 375 new and used vehicles in 1991. In 1992, excluding December since those figures are not available, new car dealers sold 277,831 new and used vehicles. Statistics provided by the National Automobile Dealers Association indicate Kansas new car dealers employ approximately 9,300 employees with an annual payroll of \$220 million. The statewide average is 26.9 employees per dealership with an annual payroll of \$637,681.

Since Kansas is seemingly ranked "#1 in vehicle taxes", I want to take a moment to share some positive Kansas rankings with you. These numbers are the relationship of franchised new-car dealerships to total retail trade. Kansas exceeds the national average in all categories in relationship to percentages in retail sales. First, the number of dealerships as the percent of total retail establishments in the state. Kansas has 2.1%, the U.S. average is 1.7%. Second, dealership sales as

the percentage of total retail sales in the state, Kansas franchised dealers capture 17.5%, the U.S. average is 16.7%. Third, dealership payroll as the percentage of total retail payroll in the state, Kansas franchised dealers rank at 12.3%, the U.S. average is 12.1%, and finally, dealership employees as the percent of retail employment in the state. Kansas ranks at 4.7%, and the U.S. average is 4.6%.

We all know the stereotype of car dealers and their employees, but the real truth is we are real people living and working in communities all across the state. The auto industry has been, and will continue to be the pulse of our country. We are very much concerned about retaining a positive future for our employees.

Our industry has been moving toward a better image and a better environment for our employees. The best illustration is that the National Automobile Dealers Association has recently initiated the Society of Automobile Sales Professionals and the Salesperson Certification Program. This program is geared to greater customer service within a dealership so that consumers will no longer have to enter the car buying experience with trepidation.

Mr. Chairman, in closing I would emphasize the fact that car dealerships are an interesting breed of retailers. They're not like the KMarts, Walmarts, and normal retail enterprises. We do not try to staff our dealerships with part-time employees and high school students, but we do attempt to attract professionals, just like each of you sitting on this committee. We take our responsibilities to the public seriously, and we encourage your support for this important piece of legislation.

Thank you again for the opportunity to appear. I would be happy to answer any questions you have.

HOUSE TRANSPORTATION
Attachment 1-3
2/2/93

Paul E. Donald
Hays, Kansas

To: The Honorable Rex Crowell
Chairman, House Transportation Committee

Re: Support of HB2123- Sunday Closing

Date: February 2, 1993

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today in support of HB 2123. I am the Chevrolet/Mazda/Geo Dealer from Hays. We sell about 800-900 new and used vehicles per year, we employ 32 full time employees and have an annual payroll of over \$800,000 per year. I am, currently, the Vice President of the Kansas Motor Car Dealers Association.

Over the past half decade, a sincere and concerted effort has been made by the New Car Dealers and the Automotive Industry to improve our customer and employee service. The Sunday Closing Bill would further enhance our goal to remove and improve an area that is of constant annoyance to our Employees and our Customers. To ask an Employee to work 55 to 65 hours per week is beyond the call of duty. Sunday is the one day of the week that society has set aside for a day of worship, family or rest. In the car business, to open on Sunday, does not increase sales but does increase costs in the way of overhead to the Dealers and ultimately, to our customers. The most productive, happy employees are the ones who have a firm family life and a day of rest.

HOUSE TRANSPORTATION
Attachment 2-1
2/2/93

Many single parents have only Sundays to be with their families even if they have a day off during the week, due to their kids being in school all day. My most valuable asset is my employees, and the worst thing I could do to them is to place work ahead of family... seven days a week.

In addition to the employee concerns addressed with a Sunday Closing Law, I would also like to point out that many of my customers shop my car lot on Sunday so that they can take their time on making a decision on a car without the pressures of a salesperson. Our industry is trying hard to change our image to a more consumer oriented selling system, however, Sunday selling keeps us in the selling physique of the 1960's and 1970's. In the car business, to open on Sunday, does not increase sales but does increase costs in the way of overhead to the Dealers and ultimately, to our customers. I ask that you help us with the tools necessary to improve our industry and improve our time to be with our families.

Again I thank you for the opportunity to appear. I would be happy to respond to questions.

HOUSE TRANSPORTATION
Attachment 2-2
2/2/93

*Try Downtown Before You Buy!
Centrally located with plenty of parking.*



When It's Chevrolet, You Know It's Quality.
1520 E. Douglas — Wichita, Kansas 67214 — (316) 263-2111

To: The Honorable Rex Crowell
Chairman, House Transportation Committee

Re: Support of HB 2123 - Sunday Closing

Date: February 2, 1993

Mr. Chairman and members of the House Transportation Committee.
Thank you for the opportunity to appear before you today in support of House Bill 2123. My name is Steve Hatchett, President of the Wichita Automobile Dealers Association, and President of the Scholfield Automobile Dealerships.

Mr. Chairman, the Wichita Automobile Dealers Association supports HB 2123. We believe strongly in giving our employees time to spend with their families. In all honesty, closing our dealerships on Sunday helps keep our overhead costs down as well.

We are very much in support of the state association's position to further enhance the goals of improving customer and employee service. In addition, many people like to "shop the lots" on Sunday. Perhaps you ask why Sunday? Quite simply, Sunday is the day preceived to be the day of rest. Personally, I like to golf on Sunday, and it is also a day I have to spend with my wife and children.

HOUSE TRANSPORTATION
Attachment 3
2/2/93

*Try Downtown Before You Buy
Centrally located with plenty of parking.*



When It's Chevrolet, You Know It's Quality.
1520 E. Douglas — Wichita, Kansas 67214 — (316) 263-2111

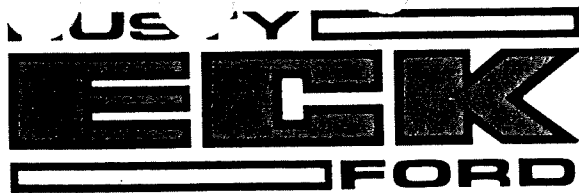
Finally, I cannot speak to the number of employees for the entire Wichita Automobile Dealers Association, however, for the 315 employees of the Scholfield Automobile Dealerships, we urge the committee to report the bill for passage.

I would be happy to respond to questions.

Respectfully,

Steve Hatchett
President
Scholfield Automobile Dealerships

HOUSE TRANSPORTATION
Attachment 3-2
2/2/93



(316) 685-9211 / 7310 East Kellogg / Wichita, Kansas 67207

Feb. 1, 1993

The Honorable Rex Crowell, Chairman of the House Transportation Committee,

My name is Randy Matchett. I am General Manager of Rusty Eck Ford, Inc., in Wichita. I am here on behalf of W.A.D.A., Wichita Employers and Employees, to ask for your support of H.B. 2123, Sunday Closing.

I've been in the automobile business for 25 years, the past 20 years in management. I've worked dealerships both open and closed on Sundays. The difference is dramatic. Some of you may have already run into a salesperson working Sundays and felt the pressure. On Sunday they only have a few hours to make a sale.

Rusty Eck Ford is ranked 11th in the nation out of 26,000 foreign and domestic franchises without being open Sundays. We have tested opening Sundays, only to find out most of the customers coming in on Sundays are surprised and upset that they can't look without being bothered by a salesperson. Our customer follow-up sheets indicate that 70% of our Sunday customers have been to the dealership earlier in the week. The average customer shops 5.2 dealerships before making a buying decision. I feel with the average dealership open 80 hours a week, the sales staff working an average of 65 hours a week, and the managers putting 79 hours a week in, that the customers can make it to a dealership of their choice without being open on Sunday.

Sunday closing will also give us the quality time to spend with our families, children, and friends. I have two children, one 9 and one 13. With school hours and open Sundays, I will have less than 15 hours a month to spend with my family. You will have to agree in today's society, we need more time with our children to build strong moral and family values.

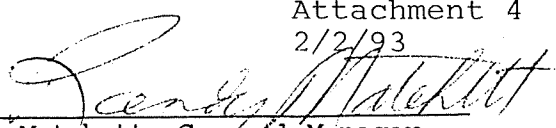
Failure to pass this bill will only result in higher turn-over in staff and lower moral. I've worked at Rusty Eck Ford for 4½ years, with minimal turn-over. We spend thousands of dollars and hours recruiting, hiring, and training our sales people to become professionals. Dealerships that are open 7 days a week have an extremely high turn-over rate in staff. If you have bought a car recently from a dealership open on Sundays, go back and see if your salesperson is still there. Chances are they are not.

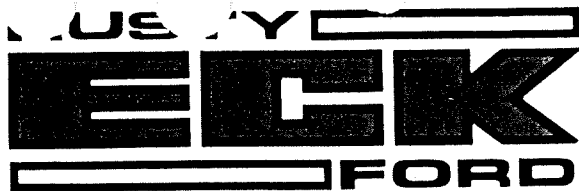
In closing, I want to thank you for your time, and again ask for your support of H.B. 2123. If passed we will still be open 80 hours a week to serve you.

Sincerely,

HOUSE TRANSPORTATION
Attachment 4

2/2/93


Randy Matchett, General Manager
Rusty Eck Ford, Inc.



(316) 685-9211 / 7310 East Kellogg / Wichita, Kansas 67207

Feb. 1, 1993

Mr. Chairman and Committee,

My name is Larry Green and I am employed by Rusty Eck Ford. I have been in the automobile business for over ten years, as a manager and in sales. I have worked for dealerships that are closed on Sundays and forced to work on Sundays for other dealerships. I have never seen a difference in the amount of sales made in either case.

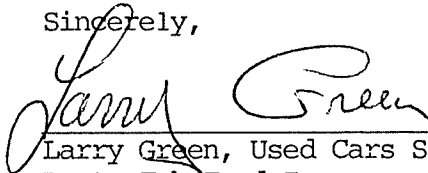
I do know this, the quality of a sales force depends on moral, just like any other business. I've never met a professional auto sales person that wanted to work on Sunday.

When working 65-70 hours a week, time with our families is precious. I have two children, ages 13 and 14, both they and I look forward to Sundays as family days. I was asked by my wife and children to change dealerships for this very reason.

Being open on Sunday is a disservice to our families and to the buying public, who use Sundays to browse from dealership to dealership without a salesman.

Speaking for hundreds of salesmen, managers, and families, there is no reason to open Sundays. There is absolutely no gain, just a loss to our families, friends, and the buying public.

Sincerely,


Larry Green, Used Cars Sales
Rusty Eck Ford, Inc.

HOUSE TRANSPORTATION
Attachment 5
2/2/93

TESTIMONY

Bernie Clark, Clark Chevrolet

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

Re: House Bill 2123 - Sunday Closing

Date: February 2, 1993

Mr. Chairman and members of the Committee, my name is Bernie Clark, President of Clark Chevrolet in Holton, Kansas. I am also a member of the Legislative Committee for the Kansas Motor Car Dealers.

Mr. Chairman and members, thank you for the opportunity to appear before you today on an issue we have been working on for the last couple years within our association. This is a very important issue to our industry, particularly from an employee relations issue. I do not open my dealership on Sunday nor do I want to be open. However, let's say the Topeka dealers started opening on Sunday in the future. There would then become a point in time where I would feel the pressure to open. Coming from a small town with two dealers, it's already difficult to attract strong employees. Our turnover is minimal at this point, and with the high cost of overhead, I simply cannot absorb even greater costs in training new employees. I want to be a better employer, gain better employees, and yes, we are asking the state to pass a law so we can be closed on Sunday.

Thank you for your support of H.B. 2123. I would be happy to answer any questions.

HOUSE TRANSPORTATION
Attachment 6
2/2/93

6



PONTIAC • CADILLAC
GMC TRUCKS

February 2, 1993

To: The Honorable Rex Crowell
Chairman of the House Transportation Committee

From: Dale Willey, Dale Willey Pontiac-Cadillac-GMC, Lawrence, KS

Re: Support of HB 2123

Good Afternoon, Mr. Chairman and Members of the Committee:

My name is Dale Willey, I am the owner of Dale Willey Pontiac-Cadillac-GMC Truck in Lawrence, Kansas. I would like to thank the Committee for the opportunity to appear in support of House Bill 2123.

My business is a people business. Yes, my dealership sells new and used cars and trucks. But I also employ 33 full-time employees with an annual payroll of approximately \$600,000. To successfully operate a dealership today, it requires educated professional people to sell and service cars and trucks; qualified professional salespeople to educate, inform and counsel people on the second largest buying decision that they will make in a lifetime; trained and certified computer diagnostic service technicians to repair and service customers' cars and trucks; educated office personnel to manage the business office and keep my dealership in compliance with the latest regulatory rule changes.

HOUSE TRANSPORTATION
Attachment 7
2/2/93

It is becoming more and more difficult to attract and retain employees that are qualified to represent my business. To ask my employees to work 60 to 70 hours per week will make this even more difficult.

Due to my Pontiac product line, my dealership attracts the younger car buyer, and to market those vehicles I employ younger professional salespeople. Salespeople with young families, and to ask them to work Sundays will take away the day of the week that is typically set aside for church, family activities and rest. The pressure that working Sundays would put on their family life would be tremendous. For these reasons, I ask for your support of HB 2123.

Thank you again for the opportunity to appear today. I would be happy to respond to any questions you may have.

TO: Transportation Committee
FROM: J.B. Craig

I. Background Information - J.B. Craig

- A) Practicing Attorney - Automobile litigation
Representative Client Consumers as well as Auto Dealers**
- B) Family Businesses in the automotive repair and sales
industry for 40 years**
 - 1) Currently General Manager for Kellogg Auto Sales -
Wichita, Kansas. Selling approximately 70 units
per month.**
 - 2) All businesses are non-franchise independent
businesses.**

II. Family Issues

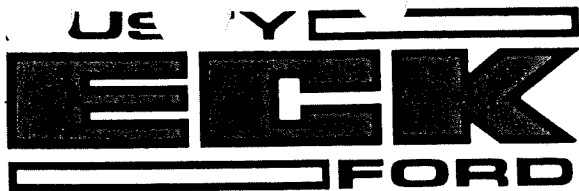
- A) Sunday closing encourages enhanced relationships
between Sales Personnel and other family members**
- B) Encourages participation in worship**
- C) Sunday work is required and not optional**

III. Consumer Issues

- A) Sunday closing encourages shopping without pressure**
- B) Sunday closing encourages contact between the
consumer and the insurance brokers and bankers**
- C) Sunday openings increase overhead which in the end will
be directed to the consumer.**

IV. Professional Issues

- A) Sunday closing will encourage employment of full time
employees**
 - 1) Full time employees will tend to be more
knowledgeable about their product**
 - 2) More knowledgeable sales people will translate to a
more informed buying consumer.**
- B) When you attain a fully informed consumer you will have
a satisfied consumer and enhance the reputation of auto
dealers. In turn encouraging professional relationships
between consumer and dealer**



(316) 685-9211 / 7310 East Kellogg / Wichita, Kansas 67207

Feb. 1, 1993

Mr. Chairman and Members of this Committee,

My name is Rod Compton and I am presently employed by Rusty Eck Ford in Wichita, Kansas. I have worked for various dealers over the past 8 years, and have experienced extended work hours during regular work days (10-12 hours for weeks on end) and constant Sunday openings. In fact, because of their closed Sunday policy, that is why I am at Rusty Eck Ford.

I am here today, representing myself and hundreds of salesmen, who will, if this Bill is not passed, be spending the only day possible at work, and not with their family. In my case, as with most families today, my wife works during the week and occasionally Saturdays. Sundays is the only day, and I emphasize **the only day** that we can actually plan time together with our children and grandchildren. This situation is repeated over and over again with working sales people who are trying to support a family. There is nothing wrong with working hard, and we do put in long hours (over 60 hours a week). Your help is needed desperately to give those of us a chance at still being an active part in the lives of our children and grandchildren.

Respectfully,

Rod Compton, Used Cars Sales, Rusty Eck Ford
1720 S. Beech Court
Wichita, KS 67207
#(316)-684-4279 (Home)
#(316)-685-9211 (Work)

HOUSE TRANSPORTATION
Attachment 9
2/2/93

*Written Testimony
only*

Sunflower Motors, Inc.

3030 South Kansas
Topeka, Kansas 66611
(913) 266-8480

**PORSCHE
AUDI
VOLKSWAGEN
BMW**

2-1-93

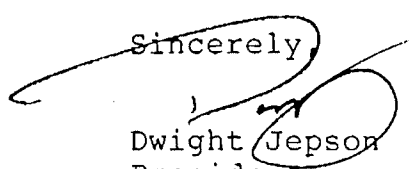
To the honorable Rex Crowell, Chairman House Transportation
Committee.

Ref: Support of H.B. 2123-Sunday Closing.

The members of the Topeka New Car Dealers support
Sunday closing. Therefore, we strongly support passage of
H.B.-2123.

Ed Bozarth Chevrolet Inc.
Kobach Bill Buick
Dale Sharp
Hoffer John Chrysler
Topeka Dodge Inc
Topeka Nissan Inc
Laird Noller Ford Inc.
Noller Lincoln Mercury
Yarrington Vic Oldsmobile Inc.
Lewis Toyota Inc.
Sunflower Motors, Inc.
Figgs Subaru

Sincerely,


Dwight Jepson
President
Topeka New Car Dealer Assoc.

HOUSE TRANSPORTATION
Attachment 10
2/2/93

written testimony only



KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION



Citizens Bank & Trust Building • 6th & Humboldt • Manhattan, Kansas 66502
Phone: 913-776-0044 FAX: 913-776-7085

February 2, 1993

TO: HOUSE COMMITTEE ON TRANSPORTATION

SUBJECT: HB 2123 -- Prohibiting certain vehicle dealers from conducting motor vehicle sales on Sunday.

FROM: Kansas Independent Automobile Dealers Association

Mr. Chairman and Members of the Committee:

My name is Dan Carlson, a member of the Board of Directors of the Kansas Independent Automobile Dealers Association, representing over 200 used vehicle dealers across the State.

We are here in opposition to HB 2123.

We believe that it is our basic right to be able to choose how and when to operate our businesses. We do not need any more state regulations, particularly dictating to us when we can open or close. These are choices we should be able to make ourselves as owners of small businesses. Many of our members do choose to be closed on Sunday -- but some do not.

A good friend of mine in Topeka is a used vehicle dealer. He has a two person operation. One person occasionally answers the phone and takes payments. The owner is on the road five days a week attending auctions looking for vehicles to buy. He spends Saturday and Sunday working hard to sell these vehicles. When I informed him of HB 2123, he was already thinking of a way to step around the law to sell cars on Sunday.

The automobile industry is one that is highly regulated, but so are many other professions. Some of these examples are the medical profession, attorneys, real estate and farming, but all of these professions are allowed to operate seven days a week or certainly as they choose. Even McDonalds, Toys R Us and Walmart are able to open on Sunday. Our members are in the business of selling automobiles either retail or wholesale, and they want to keep their right to free enterprises and to remain open on Sunday.

Past history has shown that once we open the door to one more regulation, it is almost impossible to shut that door. What will be next?? If the state wants to regulate our days, will they want to regulate our hours next?? If HB 2123 is passed, we believe that in the future all car dealers will regret this action, and it may take years to reverse this decision.

There are 1,658 licensed automobile dealers in Kansas, and 610 are franchise dealers. Much of the \$85 million in sales tax money generated by automobile sales in Kansas is collected by the independent, used vehicle dealer.

We believe that we should retain our right to operate our small businesses without unnecessary intervention. We respectfully request that the used vehicle dealers be amended out of HB 2123.

Thank you for your time and attention.

HOUSE TRANSPORTATION

Attachment 11

2/2/93

Individually we struggle to be heard—Collectively we cannot be ignored.

KANSAS MOTORCYCLE INDUSTRY COUNCIL
OPPOSITION TO HB 2123

*Rock
Davis*

The Kansas Motorcycle Industry Council, comprising of all motorcycle dealers in the state of Kansas are in opposition to HB 2123 in regards to motorcycle dealerships. We naturally have no problem with the automobile dealerships closing on Sunday, but we as motorcycle dealers wish to be exempt as we are also Recreational Vehicle Dealers.

Our business is more closely related to the R.V. industry and some dealers do stay open on Sunday's.

The competition in the motorcycle business is not as great as in the automobile sales industry.

In this light, the motorcycle industry choose's to self regulate.

HOUSE TRANSPORTATION
Attachment 12
2/2/93