

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:30 a.m. on February 10, 2011, in Room 152-S of the Capitol.

All members were present except:

Senator Anthony Hensley-excused  
Senator Les Donovan-excused

Committee staff present:

Scott Wells, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Jill Shelley, Kansas Legislative Research Department  
Toni Beck, Committee Assistant

Conferees appearing before the Committee:

Joe Grisolano, President, Kansas County Treasurers Association  
Mark Schemm, President, Smith County Treasurer

Others attending:

See attached list.

**SB 120 - Vessel titling act**

Chairman Umbarger opened the hearing on **SB120**.

Daniel Yoza, Assistant Revisor, presented 2011 SB120. (Attachment 1) He stated the definition covers all boats, with the Department of Motor Vehicles covering implementation. Senator Petersen inquired if this would include small hobby vehicles. Daniel responded, yes, but the bill can be amended as need be to exclude if written with that purpose. Senator Reitz commented it is all inclusive in the water craft bill as presented. Daniel made reference to Section II, Sub Section I, for inclusion. Senator Huntington inquired as to how small the vessel would be to be included; which can be any size as amended.

Joe Grisolano, President, Kansas County Treasurers Association, appeared as a proponent on the bill. (Attachment 2)

Joe presented all water craft should be titled; stating the Kansas system of titling is lacking. His intent was not to include small hobby vessels, but to register boats in Kansas instead of neighboring states. Titling fee would be \$20, with \$10 for disposing of the vessel and title. Banks would be favorable toward having titles for liens to secure vessels, per Doug Wareham, Kansas Bankers Association; although they are neutral on the bill. Senators are in agreement that small hobby vessels should not be required to title. Senator Reitz asked if canoes have a KA identification number, which they do, but it is not required. Senator Schmidt expressed concerns about the tax revenue follow up after titling; making the additional expense an issue. Joe commented it would be beneficial for Wildlife, Park and Tourism to have the inventory information. Under a specific value there would be no tax value to vessels. KA numbers are new every three years, but titled only once.

Mark Schemm, President, Smith County Treasurer, appeared as a proponent on the bill. (Attachment 3)

In clarifying information, he commented straddled vessels/vehicles are titled such as jet skis. There is an option to title trailers under 2,000 pounds, but titling these vessels and trailers would be helpful in matters of theft and tracking. Carmen Alldritt stated the state is set up for the titling process now.

There being no further conferees, **SB120** was closed by Chairman Umbarger.

Mike Hoeme, Director of Transportation, Kansas Corporation Commission, made a presentation from the Corporation Commission to keep the committee apprised of division projects and goals. (Attachment 4) He discussed the new exemption for farmers having CDL licenses no longer required in a 150 radius of their farm. His presentation will be continued on Tuesday, February 15, due to time constraints on the meeting.

The meeting was adjourned at 9:20 a.m. The next meeting is scheduled for February 16, 2011.

DATE: 2-10-2011  
THURSDAY

THURSDAY

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MEMORANDUM

To: The Senate Transportation Committee  
From: Daniel Yoza, Assistant Revisor  
Date: February 9, 2011  
Subject: 2011 SB 120—The Kansas vessel titling act

Senate Bill 120 is almost identical to 2010 SB 577 as it passed out of this committee last year. The effective date of 2011 SB 120 is January 1, 2012.

**Section 2** is the definitions section. This bill is designed to include all boats and personal watercraft. The state agency executing the requirements of this bill is the department of revenue, division of vehicles.

**Section 3** requires that a title is necessary to transfer or sell a vessel. The title application will be created by the director of vehicles and will include any liens that may be on the vessel. Section 3(e) sets a title fee of \$20 per title. Section 3(g) sets a fee to file an original security interest on a title, which is \$2.50. Filing subsequent security interests incurs a fee of \$10 per security interest. When a vessel is destroyed or sold for parts, the junk title fee is \$10. Lienholders keep the title, but they must give the title back to the vessel owner when the lien is paid in full.

**Section 4** requires the division to have an electronic title system, and charges the division with creating the forms necessary to create vessel titles.

**Sections 5-8** creates 3 new funds, and describe how the title fee money will be split. The vessel title and registration fee fund within the department of revenue will get \$8 from each title, the vessel enforcement fee fund within the department of wildlife and parks will get \$6 from each title, and the vessel dealer license fund within the department of revenue will get \$4 from each title. Each county treasurer will collect the title applications and fees and will keep \$2 from each title fee for administration expenses.

**Section 9** requires that all vessel dealers and manufacturers must obtain a license before they may sell vessels in this state. The vessel dealer license fee is \$75.

**Section 10** requires dealers to file monthly informational reports stating which vessels they sold and the names of the purchasers, among other information. It also requires the dealers to make their records available to the division.

**Section 11** gives reasons that the division may suspend a dealer's license. These reasons include misrepresentation on an application for license, filing a fraudulent tax return, defrauding a buyer, making fraudulent transactions, and false advertising. This section also allows the division to levy a fine of between \$50 and \$1,000 for violations of this act, in addition to a license suspension or revocation.

**Section 12** allows the department of revenue to create rules and regulations to implement this act.



## Kansas County Treasurers Association

Joe Grisolano, President

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February 10, 2011

TO: Kansas Senate Transportation Committee

FROM: Joe Grisolano, Crawford County Treasurer  
President, Kansas County Treasurers Association

SUBJECT: SB 120

Chairman Umbarger and Committee Members:

On behalf of the Kansas County Treasurers Association, I am here today to speak in favor of SB 120. This bill requires a certificate of title to be issued on all watercraft or "vessels" in Kansas.

Currently, when a boat owner comes into a County Treasurer's Office requesting a title, we have to inform them that Kansas is not a titling state. Most boat owners would like to have a title for their vessel, especially if they are going to be moving it to another state. If the boat was purchased from an out of state dealer, the county treasurer collects sales tax, gives the owner a receipt and the owner goes to a Kansas dealer to get the Wildlife and Parks registration numbers.

Approximately 38 states already require a certificate of title on watercraft. Requiring titles will make it easier for Kansas Banks to perfect a lien, for the Kansas Department of Wildlife and Parks to keep a current inventory of all Kansas watercraft, and benefit law enforcement in tracking stolen boats.

SB 120 will generate additional revenue for the Kansas Department of Wildlife and Parks and the State of Kansas through titling fees.

Administration of SB 120 should be relatively easy, especially with the new DMVS software system coming on line in July of this year. This legislation will be beneficial to boat owners, Kansas Bankers, Wildlife and Parks, and the State of Kansas. Thank you for your consideration of this bill and for allowing me to address you today.

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Att: 2-10-11  
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# KANSAS COUNTY TREASURERS ASSOCIATION

MARK E. SCHEMM  
SMITH COUNTY TREASURER  
PRESIDENT

**TESTIMONY PRESENTED BY MARK E. SCHEMM,  
SMITH COUNTY TREASURER,  
PAST PRESIDENT, KANSAS COUNTY TREASURERS ASSOCIATION  
SUPPORTING SB 120  
BY SENATE TRANSPORTATION COMMITTEE**

Chairman Umbarger and members of this committee, my name is Mark Schemm, Smith County Treasurer and past President of the Kansas County Treasurers' Association and member of the associations' Legislative Committee. I appreciate the opportunity you've given me to testify on behalf of Kansas County Treasurers in support of Senate Bill 120. The bill if passed would require a Kansas certificate of Title to be issued on all watercraft vessels owned by Kansas residents.

Many times customers come into County Treasurers Office across the state requesting a title for their watercraft and are surprised when they are told that Kansas does not title watercrafts. Often times their lien holders are requiring that they title their watercraft so that the lien can be perfected on a Kansas title.

Most states title watercraft causing a new Kansas resident to require a Kansas title in order to keep a lien holder happy.

Passing SB 120 will generate additional revenue for Kansas Department of Wildlife and Parks and the State of Kansas through titling fees. Personal Property taxes are already being assessed on the watercraft if the owner reported it to their appraisers office.

Passing SB 120 will also benefit the public in the form of consumer safety by having a VIN number on file with the state of Kansas in the event that the watercraft is stolen. Also lien holders will be able to identify watercraft that would be involved with repossession or other issues. Instead of filing a UCC report.

Titling watercraft will be easily accepted in the DMVS system due to come online next year.

In conclusion, Senate Bill 120 will benefit the boating public across the state, lien holders, Kansas Wildlife and Parks and Law enforcement agencies across the nation with minimum expense to the boating public.

At this time I will stand for questions or comments from the committee.

Before the Senate Transportation Committee  
Comments by the  
Staff of the Kansas Corporation Commission  
February 10, 2011

**Commercial Drivers License (CDL) Reciprocity Agreements**

Chairperson Umbarger and Members of the Committee:

My name is Mike Hoeme. I am the Director of Transportation for the Kansas Corporation Commission. The Transportation division is responsible for administering and enforcing the economic and safety statutes and regulations governing motor carrier operations.

I thank you for the invitation to appear before you to discuss Kansas's newest exemption for farmers operating in interstate commerce. Recently, the State of Kansas signed reciprocity agreements with Nebraska, Missouri and Oklahoma which permit farmers to operate CDL classified farm vehicles across state lines without requiring commercial driver's licenses.

In Kansas, the CDL requirements are set out in K.S.A. 8-2,125 *et seq.* and are administered by the Department of Revenue. Traditionally, Federal and State laws require any person operating a commercial motor vehicle with a gross vehicle weight rating of at least 26,001 pounds or more; or a vehicle designed to transport 16 or more passengers including the driver; or any vehicle used to transport placardable quantities of hazardous materials, to obtain a CDL prior to operation.

Before the signing of the reciprocity agreements, Kansas statutes only permitted Kansas farmers a CDL exemption radius of a 150 miles from the farmer's farm as long as the transportation remained within the State's borders. The new agreements with Nebraska, Missouri and Oklahoma, now extend the CDL exemption to cover those commercial vehicle operations up to 150 miles from the farmer's farm in both intrastate and interstate commerce. Under the terms of the agreements, any driver entering or exiting Kansas from Nebraska, Missouri or Oklahoma and who possesses a valid non-commercial driver's license, may operate a farm vehicle within the reciprocal state, if:

- The vehicle is a properly operated and registered farm vehicle under the laws of the home state;
- The vehicle is controlled and operated by a farmer – which includes the operation by his or her employees or family members - so long as the operator holds a valid driver's license and is 18 years of age or older;
- The vehicle is used exclusively to transport either agricultural products, farm machinery, farm supplies, or both to or from the farmer's farm;
- The vehicle is not used in the commercial operations of a common or contract carrier;
- The vehicle is not a combination of a truck-tractor and semi-trailer (Nebraska only); and,
- The vehicle is only used within 150 miles of the farmer's farm.

These agreements still require the farm vehicle drivers to comply with the applicable safety and hazardous material regulations. This means that while the agreements open the borders for certain farm operations, drivers are required to comply with the strictest level of safety and hazardous materials requirements existing in either the driver's home state, the reciprocal state or federal law.

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Reaching these agreements has been a time consuming effort requiring the coordination of multiple state agencies. I would like to take this opportunity to thank the Department of Revenue and the Highway Patrol for their time and effort on this project.

Thank you again for the opportunity to appear before you today and I would be pleased to answer any questions.