

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:30 a.m. on March 3, 2010, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Jill Shelley, Kansas Legislative Research Department  
Cindy Shepard, Committee Assistant

Conferees appearing before the Committee:

Bob Bethell, Representative, State of Kansas  
Marvin Spees, President, Capital City Oil  
Don L. McNeely, President, Kansas Automobile Dealers Association

Others attending:

See attached list.

Chairman Umbarger called attention to the draft letter, requested at the February 16, 2010 meeting, letting the Gold Star Family Committee know the action taken on **SB 361**, and the Senate Transportation Committee's recommendations (**Attachment 1**).

The Chairman opened the hearing on **HB 2510 - Temporary vehicle registration, use of permit**. Bruce Kinzie, staff revisor, explained that the bill would change the time during which a newly purchased truck, truck tractor, or any combination could be operated with temporary registration, from the 48-hour limit to 30 days.

Bob Bethell, Representative, State of Kansas, appeared in support of **HB 2510**. He gave an example of a business that purchased a used tractor and also purchased a thirty-day tag expecting to be able to use the vehicle while the title was being transferred to his business. The current law only allows the tractor to be used for the first 48 hours, so during the time waiting for the title, the company is unable to use the tractor and loses potential revenue (**Attachment 2**).

Marvin Spees, President, Capital City Oil, presented testimony in favor of **HB 2510**. He stated that the two-day period is not a workable situation for which a truck may be operated in a laden condition. According to Mr. Spees, often new and used trucks are delivered without complete paperwork. The truck dealer often can't produce the Manufactures Statement of Origin or Certificate of Title. He concluded that if they had the opportunity to run on a 30-day, temporary tag, this would allow the paperwork to arrive while the truck is in service (**Attachment 3**).

Discussion followed in regard to drafting an amendment increasing 30 day tags to 45 days. Chairman Umbarger indicated he would wait to take action on the bill, allowing time to work on an amendment.

There being no further conferees, the hearing on **HB 2510** was closed.

The Chairman opened the hearing on **HB 2547 - Vehicle dealers and manufacturers licensing act, franchise agreements**. Bruce Kinzie, staff revisor, reviewed the bill.

Don L. McNeely, President, Kansas Automobile Dealers Association (KADA), appeared in support of the bill. According to Mr. McNeely, **HB 2547** proposes amendments to the Kansas Dealers and Manufacturers Licensing Act, which provides some degree of protection to new motor vehicle dealers against overreaching by the manufacturers. He spoke of the recent bankruptcies of two of our domestic automobile manufacturers, the termination 45 Kansas dealerships and the devastation to the employees and communities in which they were located. He noted what is even more frustrating is the fact that these dealerships, despite the bad business decisions by their manufacturers, were viable and profitable Kansas automobile dealerships. The forced closure of these Kansas dealerships did absolutely nothing to insure the viability of the two

## CONTINUATION SHEET

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manufacturers involved, as the dealers essentially cost them nothing. He reviewed the proposed changes stating that KADA is willing to work as much as possible with all parties affected by industry legislation. After negotiations with the parties involved, **HB 2547** was amended twice before it was advanced by the House Transportation Committee.

In closing, Mr. McNeely noted that this legislation is similar to amendments being incorporated into franchise acts in a large number of states. Following the bankruptcies of General Motors and Chrysler, a large majority of states reviewed their existing franchise laws and subsequently incorporated changes to address inequities between the dealer body and the manufacturers (Attachment 4).

Questions and discussion followed Mr. McNeely's testimony. The Chairman announced that the hearing on **HB 2547** would be continued tomorrow.

The meeting was adjourned at 9:30 a.m. The next meeting is scheduled for March 4, 2010.