

SESSION OF 2021

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 99**

As Recommended by House Committee on
Transportation

Brief*

House Sub. for SB 99 would amend law regarding vehicle dealer license requirements and vehicle display shows. The bill would be in effect upon publication in the *Kansas Register*.

Dealer License Requirements

The bill would increase the bond required for licensure as a dealer of used or new vehicles from \$30,000 to \$50,000, on and after January 1, 2022.

Vehicle Display Show

The bill would authorize the Director of Vehicles (Director), Kansas Department of Revenue (KDOR), to issue a temporary display show license to a sponsor of a motor vehicle display show. A display show sponsor, which the bill would not require to be a licensed new vehicle dealer, would be responsible for organizing and operating the display show under such terms and conditions as the Director may reasonably require. A fee of \$100 would be paid by the sponsor upon application, and each show participant displaying vehicles would pay \$35 to the sponsor. All fees would be remitted to the Director.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would authorize new vehicle dealers, first stage manufacturers, second stage manufacturers, first stage converters, second stage converters, and distributors (manufacturers and distributors) to attend and participate in the display of new motor vehicles at a temporary display show without regard to geographical territorial assignment or relevant market area. The bill would require participating new vehicle dealers to be licensed motor vehicle dealers, but manufacturers and distributors would not be required to be licensed to participate. The bill would authorize participation by new motor vehicle dealers without the approval of any manufacturer or distributor, and it would prohibit a manufacturer or distributor from barring or treating a new vehicle dealer adversely for participating in a display show.

The bill would prohibit sales or lease transactions at a display show but would authorize test drives for purposes other than sale or lease, to demonstrate the vehicle and its features.

The bill also would add leases and test drives to sales transactions as activities that could not occur at the temporary location of a new vehicle dealer that is not a display show.

The bill would define a display show as a display of new motor vehicles that does not fall under the description of a temporary trade show in continuing law.

Background

The bill was introduced by the Senate Committee on Transportation at the request of the Director of Vehicles, KDOR.

[*Note:* The provisions of SB 99 were the same as those of 2020 SB 305 as recommended by the House Committee on Transportation, before the House Committee amendment to add the contents of SB 33.]

Senate Committee on Transportation

In the Senate Committee hearing on February 11, 2021, the Vehicle Services Manager, Division of Vehicles, KDOR, and the president of the Kansas Automobile Dealers Association (KADA) provided **proponent** testimony. They stated the bond is used to protect consumers who are left without proper ownership documents if a dealership closes. They noted the bond amount has not been increased since the 1980s while the average price of a vehicle has increased significantly and stated the change is supported by the Dealer Review Board. [Note: The Dealer Review Board is described in KSA 8-2412.]

No other testimony was provided.

The Senate Committee recommended the bill be placed on the Consent Calendar.

House Committee on Transportation

In the House Committee hearing on March 11, 2021, the Vehicle Services Manager, Division of Vehicles, KDOR, and the president of the KADA provided **proponent** testimony. The KADA requested consideration of an amendment to the bill to make the provisions of SB 33, signed into law by the Governor on March 11, 2021, effective on publication in the *Kansas Register*, as it is hoped the display show will be held June 11-13, 2021. No other testimony was provided.

The House Committee amended the bill to add provisions of SB 33 as enacted and to make the bill effective on publication in the *Kansas Register*.

SB 33 (Vehicle Display Show)

The bill was introduced by the Senate Committee on Transportation at the request of a representative of the KADA.

Senate Committee on Transportation

In the Senate Committee hearing on February 11, 2021, the president of the KADA provided **proponent** testimony. He stated the bill would allow the display and demonstration of new vehicles during an auto show and would allow the Kansas City International Auto Show to be moved from downtown Kansas City, Missouri, to the Kansas Speedway. Written-only proponent testimony was provided by the chief operating officer of the Automobile Dealers Association of Greater Kansas City, who also is the producer of the Kansas City International Auto Show.

No **opponent** or neutral testimony was provided.

The Senate Committee recommended the bill be placed on the Consent Calendar.

House Committee on Transportation

In the House Committee hearing on February 23, 2021, the president of the KADA provided **proponent** testimony, and the chief operating officer of the Automobile Dealers Association of Greater Kansas City provided written-only proponent testimony.

The mayor of Kansas City, Missouri, provided written-only **opponent** testimony, noting the states in 2019 had agreed to end the economic “border war” of enticing economic opportunities across state lines and this auto show has been held in Kansas City, Missouri, since 1907.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 99 as introduced, KDOR indicates it would require \$662 from the State General Fund for FY 2022 to implement the bill and to modify the internal dealer application.

According to the fiscal note prepared by the Division of the Budget on SB 33, KDOR estimates enactment of the bill would increase its expenditures for FY 2022 by \$5,090, primarily for programming and system testing, and would increase revenues to the State Highway Fund by approximately \$1,000 annually.

Any fiscal effect of enactment of the substitute bill is not reflected in *The FY 2022 Governor's Budget Report*.

Vehicle dealer; bonding; motor vehicle; display show permit; auto show