

SESSION OF 2008

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2542**

As Agreed to May 7, 2008

Brief*

Senate Sub. for HB 2542, as amended, would finance the integration and modernization of the Vehicle Information Processing System (VIPS), the Kansas Drivers' License System (KDLS), and the Kansas Vehicle Inventory System (KVIS) of the Division of Vehicles in the Department of Revenue. The bill would create the Division of Vehicles Modernization Fund that would be used solely for the creation and maintenance of the new system. Expenditures from the Fund are subject to appropriations acts. The bill would authorize a \$4 surcharge paid at the time of vehicle registration. Revenue from the surcharge would be deposited in the Modernization Fund. The registration of fleet vehicles would be exempt from the surcharge. The surcharge would become effective on January 1, 2009, and last for four calendar years, expiring on January 1, 2013.

Conference Committee Action

The contents of Senate Sub. for HB 2542, which contained the Senate's version of the Omnibus Appropriation Act for the 2007 Session, were deleted, and the provisions of HB 2890 were amended into the bill.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

Background

Previously, the Senate passed SB 679 which financed the integration and modernization of databases in the Division of Vehicles with a \$5 increase in fees paid at the time of vehicle registration. In the Senate version of the bill, the additional revenue would be retained by the State Highway Fund at the end of three calendar years, 2009 - 2011.

According to proponent testimony provided by the Secretary of Revenue on HB 2890 and SB 679, the Vehicle Information Processing System, which has been in operation for twenty years, is utilized by the Division of Vehicles and county treasurers to process and maintain vehicle title and registration transactions. The Kansas Drivers' License System, which is over seventeen years old, holds licenses and identification documents for 1.8 million drivers and maintains changes to driving privileges on individual driver records. The Kansas Vehicle Inventory System, which is over fourteen years old, is used by the Department of Revenue to supply counties with plates, decals, 30-day permits, and placards. According to the agency, these systems do not provide consistent, real-time updates. Users, such as law enforcement and county treasurer offices, have to manually integrate data from these three databases in order to accomplish their respective work. According to a feasibility study conducted by the agency, the estimated cost for software and hardware upgrades would be \$40.0 million. Other proponents to the bill included the Highway Patrol and the Kansas Association of Chiefs of Police.

Karl Peterjon, representing the Kansas Taxpayers Network, spoke in opposition to HB 2890. He expressed concern that the temporary surcharge had the appearance of a tax. It was suggested that an existing revenue source, such as the State Highway Fund, be utilized instead. There was no opponent testimony given on SB 679.

Prior to the deadline for bills to pass the house of origin, HB 2890 was referred to the House Committee on Appropriations. The Appropriations Committee amended the bill

to clarify that the \$4 surcharge would be credited to the newly created Division of Vehicles Modernization Fund. The House Budget Committee on General Government initially heard the bill and amended it to reduce the proposed surcharge rate from \$5 to \$4 per vehicle registration.

The Department of Revenue estimates that HB 2542, as amended, would raise approximately \$10.2 million in calendar year 2009. Since the surcharge would take effect on January 1, 2009, there would be an increase in revenue and expenditures of approximately \$5.1 million in FY 2009 for the Division of Vehicle in the Department of Revenue.

vehicle information processing system