

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 521

As Amended by House Committee of the Whole

Brief*

SB 521 would amend existing law governing the procedures for when a check for the payment of the annual license fee for the registration of motor vehicles and motorcycles is returned due to insufficient funds. The bill would replace the term “check” with “payment instrument” issued not only by banks (as stated in current law) but other financial institutions, as well. The bill also would add the rejection or reversal of a credit card transaction to the provisions applying to the return of payment for insufficient funds.

The term “payment instrument” is defined in KSA 9-508 as “any electronic or written check, draft, money order, travelers check or other electronic written instrument or order for the transmission or payment money, sold or issued to one or more persons, whether or not such instrument is negotiable.” The term does not apply to a credit card voucher or letter of credit or instrument which is redeemable by the issuer of goods or services.

The bill also would provide that, for any motor vehicle subject to a lien, the county treasurer would be required to collect from the applicant a \$1.50 processing fee and mail a copy of the title application to the lienholder.

Background

The bill, as introduced, was requested by the Johnson County Government. Johnson County Treasurer Charles M. Letcher appeared before the Senate Committee on Financial

*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>

Institutions and Insurance and testified that the bill would add clarity to the existing statute thus standardizing and expanding the authority of the sheriff while recovering revenue through the enforcement of motor vehicle laws. With the amended law, the sheriff would be allowed to pursue collection of insufficient or no-fund payments made by motor vehicle customers regardless of whether the transaction was done as an electronic or written instrument since the payment types would be clearly defined in the statute.

The House Committee of the Whole added the provision that would provide that, for every motor vehicle subject to a lien, the county treasurer would be required to collect a \$1.50 processing fee and mail a copy of the title application to the lienholder. This provision was found in Sub. for HB 2358 and had been proposed by the Kansas County Treasurers' Legislative Committee.

The fiscal note on the original bill prepared by the Division of the Budget states that the passage of the bill would have no fiscal effect on state agency budgets.

The fiscal note on Sub. for HB 2358 indicates that the bill would increase costs to each applicant registering a motor vehicle with a lien, who would be required to pay the \$1.50 service fee. The Kansas Association of Counties indicated that counties would no longer need to bill lienholders for processing and mailing them a copy of the title application, which would save counties money. However, the Kansas Association of Counties is unable to estimate the savings associated with the bill. The Department of Revenue indicates the bill would have no fiscal effect on its operations.