

SESSION OF 2008

Revised

SUPPLEMENTAL NOTE ON SENATE BILL NO. 679

As Amended by Senate Committee of the Whole

Brief*

SB 679, as amended, would increase fees paid at the time of vehicle registration by \$5. The increase would take effect on January 1, 2009. For the first three calendar years (2009 - 2011), the additional revenue would be transferred on a quarterly basis from the State Highway Fund to the Division of Vehicles Modernization Fund which would be created by the bill. The new fund 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.

Background

After receiving approval by the Senate Ways and Means Committee, the bill was referred back to committee. The Senate Ways and Means Committee then amended the bill to increase fees paid at the time of vehicle registration by \$5. The bill, as introduced, would have authorized a temporary surcharge rate of \$4 per vehicle registration, from January 1, 2009, to December 31, 2012, that would have funded the integration and modernization of databases in the Division of Vehicles. Starting in calendar year 2013, the additional revenue would have remained in the State Highway Fund. The provisions of the original bill were deleted.

The Senate Committee of the Whole amended the bill to reduce the number of years from 4 years to 3 years that the

*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>

new revenue would be transferred from the State Highway Fund to the Division of Vehicles Operating Fund.

The Senate Committee of the Whole also made a technical amendment to the bill to change the amount charged for registration of a truck with a gross weight of more than 20,000 pounds and not more than 24,000 pounds from \$203 to \$202 which would make the changed amount consistent with the other \$5 increases.

According to testimony previously provided by the Secretary of Revenue, 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 more than 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, must manually integrate data from these three databases in order to accomplish their respective work. Other proponents to the bill that previously provided testimony included the Highway Patrol, the Kansas Association of Chiefs of Police, and the county treasurers for Smith and Haskell counties.

There were no opponents to the bill.

According to a feasibility study conducted by the agency, the estimated cost for software and hardware upgrades would be \$40.0 million over five fiscal years. In its budget request for FY 2009, the Department of Revenue had initially requested \$4.3 million from the Vehicles Operating Fund for the first year of expenditures. In SB 534, which includes the appropriations for FY 2009, the Legislature appropriated \$1.0 million from the Vehicles Operating Fund to begin the initial phase of the

modernization project. This is the amount that the Governor recommended.

The Department of Revenue reported that there were approximately 2,559,000 registered vehicles in Kansas in calendar year 2007, and the agency expects a similar number of vehicles registered in 2009 and in subsequent years. The agency estimates that the \$5 increase in fees would raise approximately \$13.0 million per calendar year. Since the increase would take effect halfway through FY 2009, SB 679 would increase the Department of Revenue's expenditures by approximately \$6.5 million.