

SESSION OF 2008

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2890**

As Further Amended by House Committee on  
Appropriations

**Brief\***

HB 2890, 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 on the registration of vehicles. 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.

**Background**

According to proponent testimony 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 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

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\*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>

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 the bill. 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.

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 2890, 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 of revenue and expenditures of approximately \$5.1 million in FY 2009. The fiscal note prepared by the Division of the Budget on the introduced version of the bill indicates that passage of the bill would collect revenue of approximately \$12.8 million in calendar year 2009. 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 the three following years.