

SESSION OF 2009

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2134**

As Agreed to March 30, 2009

Brief*

HB 2134 would make several changes to law regarding license plates, particularly distinctive license plates.

- The bill would authorize, as of January 1, 2010, the issuance of distinctive "Support Kansas Arts" license plates. The plate could be issued to an owner or lessee of one or more passenger vehicles or trucks registered for a gross weight of not more than 20,000 pounds. The Kansas Arts Commission would design the plate and would authorize the use of its logo on a license plate upon payment of a royalty fee of between \$25 and \$100. The royalty payment for each plate would be credited to the Kansas Arts Commission Special Gifts Fund.
- The bill would amend current law regarding personalized license plates for passenger vehicles and small trucks to allow a specific combination of letters, numbers, or both on a plate to be assigned to only one vehicle in the state. Currently, a specific combination of letters, numbers, or both on a plate may be assigned to one vehicle in each county.
- The bill would amend the definition of "disabled veteran" for eligibility for receiving a distinctive license plate, from one who is being compensated for a 100.0 percent service-connected disability to one who has a 50.0 percent disability, a determination made by the U.S. Department of Veterans Affairs.

*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>

- The bill would exempt “In God We Trust” distinctive license plates from requirements that the person or organization sponsoring a distinctive license plate submit a nonrefundable amount to defray the costs of the Division of Vehicles to develop the plate. The bill would delay the manufacturing and issuing of “In God We Trust” plates until the Division has received orders and payment for 1,000 or more of these license plates. Upon certification that those orders had been received, \$40,000 would be transferred from the State Highway Fund to the Distinctive License Plate Fund.
- The bill would increase from \$10,000 to \$20,000 the limit on the nonrefundable amount a person or organization sponsoring a distinctive license plate is required to submit to the Division of Vehicles to defray the Division’s costs of developing the distinctive license plate. (As noted above, “In God We Trust” license plates would be exempt from this provision.)

The bill would take effect upon publication in the *Kansas Register*.

Conference Committee Action

The Conference Committee agreed to add the contents of HB 2130, dealing with “Support Kansas Arts” license plates, and HB 2131, dealing with eligibility for disabled veteran license plates and availability of certain personalized license plates, into HB 2134. The Conference Committee also amended the provision regarding delay of the manufacturing and issuing of “In God We Trust” license plates, specifically the method for moving moneys between the State Highway Fund and the Distinctive License Plate Fund, upon request from the Department of Revenue.

Background

HB 2134 originally dealt with exempting “In God We Trust” distinctive license plates from provisions requiring that a sponsor submit a nonrefundable amount to defray the costs of the Division of Vehicles to develop the plate.

Conferees who testified in favor of the “Support Kansas Arts” license plates were Representative Lana Gordon and representatives of the Kansas Arts Commission, Kansas Citizens for the Arts, and Arts Connect, Topeka. No one testified against those provisions.

The distinctive disabled veteran license plate is provided at no charge to the veteran for use on a passenger vehicle or small truck (not more than 20,000 pounds). It entitles the veteran to park in spots clearly marked as being reserved for the use of people with disabilities and to park without charge in any metered zone during the hours in which parking is permitted in that city. A representative of ABATE of Kansas, Inc., testified in support of the portion of the bill dealing with license plates for veterans with disabilities before both the House and Senate Transportation Committees. He indicated that many states have taken action that allows for the issuance of a distinctive disabled veterans plate as long as the applicant meets the criteria of medical doctors. There were no other conferees on that portion of the bill.

The Senate Committee on Transportation added to the former HB 2131 an amendment of current law regarding personalized license plates, to allow a combination of letters, numbers, or both on a plate to be assigned to only one vehicle in the state rather than to one in each county as in current law. The Director of Vehicles requested and spoke in favor of the amendment.

“In God We Trust” license plates were authorized with the passage of 2008 HB 2704, codified at KSA 2008 Supp. 1-1,160. They are authorized for passenger vehicles, light trucks, motorcycles, and travel trailers, starting January 1, 2009. KSA 2008 Supp. 8-1,141(e)(1) currently requires any person or organization sponsoring a distinctive plate to pay a nonrefundable amount not to exceed \$10,000 to defray the Division’s expenses to develop the plate. The fee for a customer to receive such a plate is \$40.

Testifying in favor of the provisions to exempt “In God We Trust” license plates from the required sponsor amount before

the House Committee on Transportation were Senator Ralph Ostmeyer, Representative Jim Morrison, and John Bremenkamp. They testified that the requestors do not have the funds individually to initiate the plate printing process. They said that many people are interested in obtaining these distinctive license plates and that the state would recover its costs and bring in additional income when these plates are available. Representative Virgil Peck and Senator Ostmeyer testified as proponents to the Senate Committee on Transportation, and the Committee received written testimony in support of the bill from Representative Morrison and from Francis Landry of Colby.

Testifying in opposition to allowing an exemption for this license plate before both Committees was the Director of the Division of Vehicles, Department of Revenue. She testified that development costs for distinctive license plates can exceed \$13,000, and that the cost to produce and deliver a specialty license plate can be as high as \$6.51. She requested consideration of advance orders made by deposit of the \$40 fee, with the plate not printed until development costs are covered.

A private citizen testified before the Senate Committee in opposition to the original HB 2134, stating that “vanity license plates should not be subsidized when other cuts are being made.”

The Director of Vehicles also spoke in favor of an amendment to the bill which was approved by the Senate Committee. She said that the \$40,000 to be collected would cover the estimated costs to produce and distribute 5,000 automobile and 1,000 motorcycle “In God We Trust” license plates. She further said that if the \$40,000 was not raised, the \$40 fee would be refunded, as it is for other specialized plates that are not issued. The method for moving moneys between the State Highway Fund and the Distinctive License Plate Fund proposed in that amendment was further amended by the Conference Committee.

The Senate Committee on Transportation also amended the bill to increase the limit on the nonrefundable amount a person or organization sponsoring a distinctive license plate is required to submit to the Division of Vehicles to defray the Division's costs of developing a distinctive license plate.

The following fiscal information was available from the Division of the Budget on various portions of this bill:

- The Kansas Arts Commission said that the bill would increase receipts to the Kansas Arts Commission Arts Special Gifts Fee Fund. The Commission anticipates receipts of \$12,500 to \$50,000 in FY 2010, which is based on the \$25 to \$100 "Support the Arts" logo fee from 500 applicants. The deposit required by the Department of Revenue would be paid from current donations to the Kansas Arts Commission Special Gifts Fee Fund and additional private donations and would be deposited in the Department's Distinctive License Plate Fee Fund. Current law requires the guarantee of an initial issuance of at least 500 license plates before production can begin. The Division of Vehicles estimates a manufacturing cost of \$6 for each plate. Since registrants would be exempt from the \$40 personalized license plate fee, the Department states that the Commission would be required to pay an additional \$3,000 for the initial production if the required 500 plate minimum is reached. In addition, the Department estimates expenditures of \$7,920 for programming to modify the Vehicle Information Processing System.
- The Department of Revenue estimates the cost to produce the "In God We Trust" distinctive license plate is approximately \$11,000. (In 2008, the Department estimated \$3,000 to produce 500 plates and \$7,040 for modifications to the Vehicle Information Processing System.) The Department stated it is unable to produce this plate without the \$10,000 fee because of insufficient funds available in the Distinctive License Plate Fee Fund to cover the associated costs.

- The fiscal note says that passage of the provisions changing eligibility requirements for disabled veterans license plates (the original HB 2131) could decrease revenues to the State Highway Fund as much as approximately \$329,000. This is based on a report from the Department of Revenue of approximately 10,000 veterans in Kansas rated at a 50 percent or more service-connected disability and approximately 600 veterans currently using disabled veteran plates. Because the usual registration fee of \$35 would not apply, if each of the 9,400 potentially eligible veterans received the disabled veteran plate, the decrease to revenues could be \$329,000 (9,400 veterans X \$35 registration fee).
- No fiscal note was available at the time of the Conference Committee's action on two portions of the bill:
 - The portion of the bill that would increase the limit on the nonrefundable amount a person or organization sponsoring a distinctive license plate is required to submit to the Division of Vehicles to defray the Division's costs to develop such a plate, or
 - The portion of the bill that would allow a specific combination of numbers and letters to be assigned for use on only one vehicle in the state. The Director of the Division of Vehicles told the Committee that the provision will save money in programming costs on the new vehicle information system being designed for Division use.

Any fiscal effect resulting from enactment of HB 2134 is not accounted for in *The FY 2010 Governor's Budget Report*.

distinctive license plates