

SESSION OF 2010

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 577**

As Amended by Senate Committee on  
Transportation

**Brief\***

SB 577 would enact the Kansas Vessel Titling Act. It would require any vessel that is sold or transferred to be titled with the Division of Vehicles within 30 days. It also would regulate vessel dealers. "Vessel" is defined in the bill as any watercraft designed to be propelled by gasoline, diesel, or electric machinery; oars; paddles; or wind action upon a sail; related terms used in the Act also would be defined.

Of the \$20 fee for an original certificate of title, the county treasurer would retain \$2, and the remainder would be divided and credited to funds created by the Act: \$8 to the Vessel Title and Registration Fee Fund; \$6 to the Vessel Enforcement Fee Fund; and \$4 to the Division of Vehicles Dealer Licensing Fund. In accordance with appropriations, moneys in the Vessel Title and Registration Fee Fund and the Division of Vehicles Dealer Licensing Fund could be used by the Department of Revenue for certain purposes, and moneys in the Vessel Enforcement Fee Fund could be used by the Department of Wildlife and Parks. The bill also includes related fees, such as a fee of \$2.50 for a notice of security interest fees for recording liens; the amounts of fees proposed in the bill are the same as those for similar fees for vehicles.

The bill would require a vessel dealer, manufacturer, or factory representative in business in Kansas to be licensed by the Division of Vehicles. The license fee would be \$75 a year. The Act would include requirements for vessel dealers relating to the applications for licensure, their places of business, 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>

sales reporting. The bill would allow the Director of Vehicles to deny, suspend, revoke or refuse to renew a license for reasons including financial unfitness, failing to comply with any applicable provision of the Act, and knowingly making a fraudulent sale or transaction. Anyone found to have violated applicable provisions of the Act, any rule and regulation adopted pursuant to the act, or any applicable order of the Director would be subject to a civil penalty of not less than \$50 nor more than \$1,000 for each violation, suspension or revocation of the person's license, or both civil penalty and license suspension or revocation. The provisions relating to dealers are like those that apply to vehicle dealers and manufactured housing dealers.

The bill would authorize the Secretary of Revenue to adopt rules and regulations necessary to implement the Act.

The bill would become effective January 1, 2013.

## **Background**

Under current law, vessels are not titled in Kansas. However, mechanically propelled or sailing vessels must receive numbers from the Department of Wildlife and Parks if they are operated on waters of the state open to the general public.

The president and vice president of the Kansas County Treasurers Association presented testimony supporting the bill. Representatives of the Department of Wildlife and Parks and the Division of Vehicles at the Department of Revenue also presented testimony supporting the bill. Proponents stated that Kansas has considered such titling for many years, most states title vessels, requiring titles would make it easier for Kansas banks to perfect liens on vessels, and titling would aid law enforcement when vessels are stolen. The Director of Vehicles stated that enacting such a bill this year would allow requirements to be included in the Division's new computer system most efficiently. A representative of the Kansas

Bankers Association presented neutral testimony on the bill. No opponents presented testimony.

The Senate Committee on Transportation amended the bill to change the implementation date for electronic titles and the effective date of the bill from January 1, 2012, to January 1, 2013, at the request of the Director of Vehicles.

The fiscal note states that the number of vessels in Kansas is estimated at 200,000 and estimated that, in any given fiscal year, 10.0 percent of that number, or 20,000, would be purchased through vessel dealers or through transactions between individuals. At \$20 per title, the state could anticipate \$400,000 in revenues for a full year, and half of that in fiscal year 2013. The revenues would be divided among the Vessel Enforcement Fee Fund (\$120,000 for a full year), Vessel Title and Registration Fee Fund (\$160,000), the Vessel Dealer Licensing Fee Fund (\$80,000), and county treasurers (\$40,000). Also, if 25 percent of newly purchased vehicles have notices of security interest filed by the lienholder, revenue to the State Highway Fund would increase by \$12,500 for a full year. Because the effective date was amended, testimony indicated the bill's requirements could be built into the computer system being developed for the Division of Vehicles and not added to the current system; it is unclear whether programming costs included in the fiscal note on the original bill would apply.