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To: Rep. Gary Hayzlett, Chairman, Committee on Transportation
From: Donna Shelite, Director of Vehicles, Kansas Department of Revenue
Date: February 7, 2012
Subject: HB 2599

Chairman Hayzlett, and members of the Committee. My name is Donna Shelite and I am the Director of Vehicles for the State of Kansas. This being my first appearance before you I would like to give you a brief background of myself. I was appointed to the position of Director of Vehicles in April 2011. However, my first contact with the Division of Vehicles began in 1989 when I was elected Pratt County Treasurer. I proudly served as Pratt County Treasurer for fifteen and a half (15 1/2) years. From 2004 till 2011, I worked in the private sector as a project administrator for a computer software company.

Today I stand before you to speak on HB 2599. This bill will require the Division of Vehicles to recreate identical year expiration decals for years 1976 and thereafter for use on antique tags. The Division has several concerns with HB 2599 which include the inventory, cost and the ability to produce the decals identical to those of years past over the long term.

The minimum order for decal sheeting in one color is 250,000 decals. The stock for 250K decals has a cost of \$13,400. From 1976 to 1991, 13 different year decals were issued using 5 different colors. Just the material costs for the first 14 years will be \$67,000. If we supplied an average of 100 decals for each county, which is more decals than most counties would ever need, we would only use 10,500 of the 250,000 decals. This is an extremely small quantity and the labor costs will be higher than the contract amount for larger quantities. 250,000 decals will make over 23 years' worth of decals; however the decals only have an estimated shelf life of 10 years. Only 105,000 decals would be manufactured over a 10 year period, the remaining 145,000 plus those left in the counties would be too old to use and may need to be scrapped and new stock reordered.

HB 2599 will require the division and the counties to maintain inventory of multiple years of decals. Keeping track of small quantities of decals for an endless period of time will require special handling to keep the decals in conditions so the gum backing will not dry out and/or the decals themselves do not crack. Currently the Division is moving toward an on-demand system of printing decals to eliminate the inventory issues that this will result in. To handle these decals in an on-demand

fashion would require extensive programming as well as additional hardware costs which would not justify the small quantity of decals needed

The decals which we would be able to produce at this time would not be identical in appearance to those used in the previous years. With the current process our vendor uses in producing decals they would be similar but not exact. To create an identical decal would require the vendor to change the process back to screen printing which could increase the production costs.

The division has no idea how long decals will stay affixed to a tag. The original time a decal was needed was a maximum of 5 years. An antique registration is valid for as long as the owner has the vehicle. This could be several decades.

The oldest decal the division has on hand is for 1990. These decals are not able to be used because when you try to remove the decal from the backing, the decal falls apart. With what we have experienced with older decals we have in stock, the division estimates replacement model year decals will need to be reprinted every 10 to 12 years, if not more often.

The division anticipates in the next 20 to 25 years it may be impossible to comply with the law. This may happen as technology and processes change and the vendor which supplies this type of material and/or prints these types of decals no longer can or will supply decals produced with old technology. We anticipate this may be a statute which will be complied with for a short period of time and then may need to be amended to put an ending date due to the lack of availability of the decals.

One last concern the Division has is the implementation date of this bill. Having the decals available by July 1, 2012 will be very difficult. The time required for ordering sheeting and getting these decals produced would require several months lead time. The division is requesting a January 1, 2013 effective date to be considered if this bill is approved.

With the above concerns in mind the Division would not be able to fully support this bill. Thank you for your time and I will stand for questions.