

SESSION OF 2022

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2380**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2380 would increase a service fee paid by any applicant for vehicle registration or renewal and would apply the service fee to each applicant for vehicle title.

The bill also would remove or reduce a number of other fees related to vehicle titling and registration and directed to the county treasurer and would eliminate the Division of Vehicles modernization surcharge on each vehicle registration.

The bill would take effect January 1, 2023.

Increased Fees (Sections 8 and 13)

The bill would increase the fee paid to the county treasurer; the Division of Vehicles (Division), Kansas Department of Revenue (KDOR); or a contractor of the Division at each application for vehicle registration or renewal from \$5.00 to \$10.00. Under continuing law, these fees are deposited into a special fund to be used to pay for the costs of administering motor vehicle registration laws.

The bill would increase from \$1.00 to \$10.00 the fee for a permit to operate a vehicle for which a salvage title has been issued on the highway under certain circumstances.

*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>

Under continuing law, this fee is retained by the county treasurer.

Removed Authority for Certain Fees (Sections 7 and 8)

The bill would remove the authority of a county treasurer to charge an applicant for vehicle registration or renewal a facility fee of up to \$5.00.

The bill would remove a requirement for retention of \$3.00 of each certificate of title fee for a repossessed vehicle by the contractor or county treasurer who processed the application.

Reduced Title Fees (Sections 2, 3, 4, 10, 13, 14, and 15)

The bill would remove a requirement the county treasurer deposit \$2.00 of each application for a vehicle title into a special fund to be used to pay for the costs of administering motor vehicle registration laws.

The bill would reduce fees for various title-related transactions by \$2.00, from \$10.00 to \$8.00, including for each application for an original certificate of title, name change title and registration, salvage title, certificate of title to a manufactured home or mobile home, or reissuance of a certificate of title showing a vehicle to be clear of any lien.

Reduced Registration Fees (Sections 1, 2, 5, 6, 7, 11, and 12)

The bill would remove a requirement the county treasurer deposit \$0.75 of each vehicle registration fee into a special fund to be used to pay for the costs of administering motor vehicle registration laws.

The bill would reduce vehicle registration fees by \$0.75, including for passenger vehicles, motorcycles, farm trucks,

antique vehicles, special interest vehicles, and certain commercial vehicles, trailers, and vehicles used in farm custom harvesting operations. Registration fees for trucks or truck tractors, including for farm custom harvesting operations, and trailers registered as commercial vehicles or with an apportioned registration would not be reduced, and the bill would create separate registration categories for those vehicles. The bill would require the Division or its contractor to deposit \$0.75 of each commercial or apportioned license application into a special fund to be used to pay for the costs of administering motor vehicle registration laws.

Miscellaneous vehicle registration fees to which this fee had been applied would be reduced by \$0.75; those fees include the personalized license plate fee (\$40.00 to \$39.25), the fee to replace a license plate (\$2.00 to \$1.25), the fee to transfer a license plate or register another antique vehicle under the same license plate designation (\$1.50 to \$0.75), and a fee for 60-day temporary registration (\$3.00 to \$2.25).

Removed Miscellaneous Fees (Sections 2, 4, 9, and 16)

The bill would remove fees for the following types of transactions:

- A certificate of title for a repossessed vehicle;
- Processing and mailing a copy of a title application to the lienholder;
- Replacing a registration receipt or decal;
- Registering an antique vehicle (as a separate fee); and
- Collecting sales tax on isolated or occasional sales of motor vehicles or trailers.

***Repeal of Division of Vehicles Modernization Surcharge
(Section 17)***

The bill would repeal a statute requiring each applicant for vehicle registration to pay a \$4.00 Division of Vehicles modernization surcharge. [Note: KSA 2021 Supp. 8-145 directs the surcharge to the State Highway Fund.]

Technical Changes

The bill would update statutes and make technical changes.

Background

The Senate Committee on Ways and Means removed the contents of HB 2380, as amended by the House Committee on Insurance and Pensions, and replaced it with the contents of HB 2567, as amended by the House Committee of the Whole, which would alter certain fees related to the registration, title, and administrative costs on vehicles for services performed by county treasurers and the Division of Vehicles and altered the disposition of such fees. The Senate Committee recommended a substitute bill incorporating these provisions. [Note: The contents of HB 2380, pertaining to amendments to the Health Care Provider Insurance Availability Act, were enacted in 2021 House Sub. for SB 78.]

HB 2567

The bill was introduced by the House Committee on Transportation at the request of a representative of the Kansas County Treasurers Association (KCTA).

House Committee on Transportation

In the House Committee hearing, the county treasurers of Montgomery, Riley, and Shawnee counties provided **proponent** testimony. Proponents stated current fees require many counties to use county funds raised from property taxes to supplement amounts currently available to county treasurers for motor vehicle transactions. They also stated wages these offices can pay from current amounts do not attract or retain staff and many offices are understaffed, and they noted counties are responsible for replacement and repair of equipment used for these transactions. Written-only proponent testimony was received from a representative of the Kansas Association of Counties, the KCTA president (the treasurer of Clay County), and the treasurers of Crawford, Douglas, Johnson, Sedgwick, and Wallace counties.

No other testimony was provided.

House Committee of the Whole

The House Committee of the Whole amended the bill to repeal the statute creating the Division of Vehicles modernization surcharge.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on HB 2567, as introduced, KDOR estimates enactment of the bill would increase annual revenues to the Division by \$156,000 beginning in FY 2023 for additional title fee transactions. Costs for modifications to the automated motor vehicle registration system would be performed by existing staff. Any fiscal effect from enactment of the bill is not reflected in *The FY 2023 Governor's Budget Report*.

The Kansas Association of Counties indicates a precise fiscal effect cannot be estimated because the bill would

decrease some administrative fees and increase others, and transactions vary county to county. The League of Kansas Municipalities indicates enactment of the bill would have no fiscal effect on cities.

The House Committee of the Whole amended elimination of the Division of Vehicles Modernization Surcharge into HB 2567. A fiscal note was not available at the time; however, a fiscal note on identical provisions contained within SB 488 have been submitted. KDOR estimates that enactment of the modernization surcharge provision would reduce annual revenue to the following funds:

- State Highway Fund - \$9.8 million;
- KDOR - Division of Vehicles Modernization Fund - \$1.0 million;
- Department of Administration - Digital Imaging Program Fund - \$500,000; and
- Kansas Bureau of Investigations - Criminal Justice Information System Line Fund - \$1.0 million.

KDOR indicated that the Governor's recommendation for FY 2023 replaces revenue to the Division of Vehicles Modernization Fund and the Criminal Justice Information System Line Fund with SGF transfers in the same amount.

County treasurer; motor vehicle fee; vehicle title; fees; modernization surcharge