

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairperson Mike Petersen at 8:30 am on Thursday, March 03, 2016, 546-S of the Capitol.

All members were present

Committee staff present:

Scott Wells, Office of Revisor of Statutes
Jill Shelley, Legislative Research Department
Whitney Howard, Legislative Research Department
Adam Siebers, Office of Revisor of Statutes
Carolyn Long, Kansas Legislative Committee Assistant

Conferees appearing before the Committee:

Deb Wiley, Division of Vehicles, Department of Revenue
Gerarda M. Tobin, Government Services Manager, 3M Traffic Safety and Security Division

Others in attendance:

[See Attached List](#)

Presentation on:

The Chairman opened the meeting and welcomed Deb Wiley, Division of Vehicles. Ms. Wiley said she was pleased to be able to inform the Committee about the current license plate production process and the challenges managing the process presents to the Division and the county treasurers. She drew the Committee's attention to a handout entitled "Kansas License Plate, Reference Guide" which showed all Kansas license plates currently on the road in the state ([Attachment 1](#)). Currently counties place bulk order for license plate in the Motor Vehicle System (MVS). The Division of Vehicles (DOV) Inventory Manager reviews quantity and either approves or disapproves each request. Once approved, orders are sent to Center Industries Manufacturing via automated interface that runs every Tuesday and Thursday. Once received, sheeting is applied to aluminum, blank plates are stamped, blanks are sent to embossing where raised letters/numbers are stamped, plates are roller coated with ink and sent through a drying oven, decals are applied, and plates are boxed for shipping, where they are stored by the counties. Specialty plates, of which there are over 40, must be ordered and approved one at a time. When the plates are received by the County, the order will be marked as received and assigned in the system to each clerk, who then will issue the plates to customers over the counter. Personalized plates are picked up when the consumer has been informed they have been received. Counties may move inventory from one county to another by removing the sequence of plates from their virtual storeroom, placing it in an "in transit" location and shipping the inventory to the requesting county.

Overproduction is common. Overage in FY 2014 was 215,601, resulting in \$644,318 of excess inventory. In FY 2015, 78,926 overage occurred resulting in \$320,496 in excess inventory. Normally

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specialty plates result in overproduction to get a minimum number to each county.

At this point, Ms. Wiley relinquished the podium to Gerarda M. Tobin, Government Services Manager, 3M Traffic Safety and Security Division. Ms. Tobin told the Committee that the primary function of the license plate is for law enforcement. It also is used for vehicle registration and tax collection; road safety; identification; and in some states promotion of the state itself through specialty graphics. The challenges for law enforcement regarding license plates are:

- Visibility from a longer distance;
- Legibility from a shorter distance;
- Authentication of a valid plate through the use of symbols which are embedded in the plate;
- Contrast of colors; and
- Camera readability for tolling purposes.

Plates are warranted for five years and after that period of time the plates reflectivity degenerates at a rate of 50% per year.

The first sheeting was developed in 1939, improved in 1950, and was in use until the recent development of the prismatic sheeting. This new generation of sheeting provides for safer roads through more visibility, more secure credentials that are difficult to counterfeit and more legible plates leading to easier vehicle identification and crime identification. The International Association of Chiefs of Police estimates 70% of crimes involve a motor vehicle.

The Digital License Plate System was introduced in 1999 and since that time 3M has installed 28 systems which resulted in basically a print-to-order system which in turn resulted in faster turnaround and used fewer volatile organic solvents. Digital plates are thinner resulting in cheaper mailing and less storage. It allows for reduction in inventory of specialty plates since the system is one of print on demand.

The Chair thanked Ms. Tobin and welcomed Ms. Wiley back to the podium. Ms. Wiley reminded the Committee that some of the benefits of digital license plate production include:

- A plate is not manufactured until sold so overproduction and waste are reduced;
- Reduces the need for inventory storage;
- Reduces the need for resources to inventory management;
- Reduces duplicate plate numbers in the system;
- Allows opportunities to address issues such as duplicate combinations on different plate types;
- Provides options for font styles and sizes;
- Eliminates the need for silk screening on certain plates;

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- Eliminates the need for roller coating ink;
- Reduces waste; and
- Costs to sponsoring organizations are reduced.

Plate replacement is a huge challenge to the Division. 2010 was the last time plates were replaced and that was stopped in the middle due to a \$2.5 million deficit. To replace all plates in a single year would require an additional appropriation of \$7.5 million which would be most difficult to obtain. The Division would like to replace one-eighth of the plates each year under the rolling plate replacement plan at a constant rate of \$3.95 million per year.

Options for funding would be to increase appropriations to fully fund the digital production at a cost of \$1.25 million per year with additional monies being required for a system modification; increase the annual registration fees, eliminating the current \$0.50 per plate for reflectivity and increasing the cost to \$1.50 per plate per year; or adding a surcharge of \$8 that a customer would pay only when a new plate is produced ([Attachment 2](#)).

Senator Schmidt wondered why, since the State has had multiple issues with 3M in previous dealings regarding the modernization system, the state is once again dealing with them and asked whether there are other options. Ms. Wiley stated they currently have no contract with 3M but 3M has been their sheeting supplier for the past 25 plus years. Center Industries will determine who its sheeting supplier will be. Digital plates have been a part of the discussion for many years and Senator Schmidt asked why they were not a part of the planning discussions taking place during the modernization process. Ms. Wiley stated that she was not a part of the Division during that period. Senator Schmidt also asked if digital plates are such a revenue generator, why the need for additional funding and told that the Division receives an appropriation from the State Highway Fund and does not retain those license plate fees. Senator Schmidt also inquired about the excess inventory and was told that plates were eventually used but the manufacture rate was to ensure all counties had some inventory.

Ms. Wiley, responding to Senator Donovan, said that Center Industries would continue to be the plate vendor. She noted that current general issue plates cost \$2.94 but a digital plate would cost \$6.86. Currently a specialty plate is \$5.10 and under the new plan would be \$6.96. Efficiencies would be a result of plates not being overproduced, eliminating storage issues, and transporting plates from one location to another.

The Chair thanked Ms. Wiley and Ms. Tobin for their presentation. The meeting was adjourned at 9:35 a.m.

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The next meeting is scheduled for Tuesday, March 8, 2016.

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