

Approved: 3/26/96
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Kenneth King at 12:30 p.m. on March 22, 1996 in Room 526-S of the Capitol.

All members were present except:

Representative Carol Dawson, excused
Representative Vaughn Flora, excused
Representative Dennis McKinney, excused

Committee staff present: Hank Avila, Legislative Research Department
Tom Severn, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Walt Darling, Kansas Highway Patrol
Nancy Hempen, Kansas County Treasurer's Association
Jerry McCoy, Sedgwick County Treasurer
Jo Hillman, Sedgwick County
Representative Darlene Cornfield
Representative Gayle Mollencamp

Others attending: See attached list

SB 662 - certificate of title fees, disposition

Hearings opened. The Chair called on staff to give a briefing of this bill. Under current law, the title fee would be reduced from \$7.00 to \$4.50 on July 1, 1996. **SB 662** would continue the fee at \$7.00 but would reduce the amount credited to the Kansas Highway Patrol Motor Vehicle fund from \$3.50 to \$3.00 on July 1, 1996 and further reduce it to \$2.50 on July 1, 1997. \$.50 per title from July 1, 1996 to June 30, 1997 and \$1.00 per title effective July 1, 1997 to be credited to the Department of Revenue Electronic Databases Fee Fund.

The Chair called on Walt Darling who spoke in support of **SB 662**. He stated the Fleet Acquisition Program as authorized by the 1993 Legislature has provided an increased level of quality in the vehicles driven by the Highway Patrol and provided for high-quality, low-priced vehicles for other units of government. The program has allowed for units to be returned from the road at 45,000 miles instead of the 90,000 to 100,000 miles previously. This has reduced heavy maintenance on fleet vehicles and the KHP budget was adjusted downward subsequent to the passage of the program to reflect these anticipated savings. Due to market factors outside the control of the agency, the Highway Patrol proposed that the revenue stream established to finance this program be modified to reflect the new reality of car prices and would provide \$3.00 on the title fee for one year, then reduce to \$2.50 for each year thereafter. He asked support for this compromise position which would maintain the vehicle program while also financing a portion of the upgrades to the VIPS computer system. (Attachment 1)

Nancy Hempen stated the portion of the title fee (\$3.50) was the financing tool used in 1988 that paid for the \$9 million automated system over a three year period. This system has streamlined the vehicle registration and titling process significantly, however, without the dollars for some kind of continual maintenance and program upgrade they cannot continue to provide the level of service to individuals that is expected by the Department of Revenue. The Treasurer' Association is asking for continuation of the \$7.00 title fee with an equal portion of the fee to both the Highway Patrol and the VIPS/CAMA technology/hardware fund and to allocate the money to a special fund set up by the state and designated the "VIPS/CAMA technology/hardware fund". (Attachment 2)

The Chair deferred testimony to hear the comments from Representatives Cornfield and Mollencamp.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 526-S Statehouse, at 1:30 p.m. on March 22, 1996.

Representative Cornfield stated she did not support this funding originally and would support sending **SB 662** back to Appropriations. She indicated the Governor had expressed to her his support for only one year of funding and yet the passage of the Senate bill indicated funding indefinitely. She had written a letter to the Governor for clarification of his intentions.

Representative Mollencamp stated he felt it was necessary to find funding for the continued maintenance and upgrading of the automated system and would support and recommend amending **HB 3076** which allows for the Secretary of Revenue to charge and collect fees to provide copies of records, into **SB 662** and earmarking this money for the VIPS/CAMA technology/hardware fund.

The next conferee to speak on **SB 662** was Jerry McCoy. He stated Sedgwick County supported the position of the Kansas County Treasurers Association regarding the proposed compromise which would provide minimum funding for a VIPS equipment fund. He stated Sedgwick County has been maxed out for five years and the current system is obsolete. He emphasized that it is absolutely essential that at least a portion of the user fees generated by vehicle registration/title fees be designated to replace the aging System 36. (Attachment 3)

Jo Hillman stated the Sedgwick County Treasurers office was originally provided one System 36 mainframe, 36 terminals and 36 printers to service a staff of 40 in three separate buildings. They have since purchased and paid for an additional System 36 mainframe, 20 terminals and 25 printers to simply keep up with the motor vehicle registration demand in Sedgwick County. 592,000 transactions were processed last year. While 90-95% of their functions can be done on the computer, a program for a very large component of their business, the collection of sales tax, was not available. The counties hired their own programmer to devise such a program that would collect sales taxes. She listed some of the other problems with the current system and asked support for funding to maintain and upgrade the system.

Betty McBride presented a printout showing the expenditures and expenses of the VIPS/CAMA programs. (Attachment 4)

There were no other conferees to testify and the Chair adjourned the meeting at 1:45 p.m.

The date of the next meeting will be announced.

Kansas Highway Patrol

Fleet Acquisition Program

SB 662 As Amended

The Kansas Highway Patrol has been pleased to implement the Fleet Acquisition Program authorized by the 1993 Legislature. The program has provided an increased level of quality in the vehicles driven by the Highway Patrol and provided for high-quality low-priced vehicles for other units of government.

The program was conceived and financed on the basis of a stable new car price and a ready market for the used units returned from the road at 45,000 miles. The new mileage standard was a significant change from the average 90,000 - 100,000 miles used previously. The change has reduced heavy maintenance on fleet vehicles for such costs as transmission and engine repairs and the KHP budget was adjusted downward subsequent to the passage of the program to reflect these anticipated savings.

The program was financed by increasing the title registration fee \$3.50 for a three year period and \$1.00 thereafter. The level of fee increase was set to generate up-front revenues sufficient to purchase enough cars to convert the fleet to a 45,000 mile basis and build up a sufficient reserve to continue vehicle purchases at this level until revenues from the sales of vehicles being removed from the fleet at 45,000 miles would restore total revenues to the level necessary to continue the program indefinitely. The title fee increase was established on the assumption of new car prices at approximately \$14,000 with an annual cost increase of 2.5 percent. Revenues from title fees were based on the issuance of 800,000 titles, increasing at 6.0 percent annually.

Within one year of implementation of the program, the Highway Patrol began receiving signals that the assumptions upon which the fee structure was based were being changed by market factors outside the agency's control. As illustrated in the table below, past history illustrated a very stable vehicle price. However, it was unknown in 1993 that General Motors would stop production of the police package Chevy Caprice. This left Ford Motor Company as the sole producer of a full-size police package vehicle. Ford immediately increased its price per vehicle. In the first year of the program, the price was increased \$2,231 over the previous year, an increase of 16.4 percent. This price increase required the Highway Patrol to expend approximately \$500,000 out of the accumulating fund balance to acquire the number of vehicles scheduled for that year. In FY 1996, the price was increased again. The current price of \$18,333 is an increase of \$2,517, or 15.9 percent over the previous year.

<u>Fiscal Year</u>	<u>Price</u>	<u>% Increase</u>	
FY 1992	\$14,195		Actual
FY 1993	\$14,195	--	Actual
FY 1994	\$13,585	(4.3)	Actual
FY 1995	\$15,816	16.4	Actual
FY 1996	\$18,333	15.9	Actual
FY 1997	\$19,610	7.0	Estimated
FY 1998	\$20,787	6.0	Estimated

The effect of the FY 1996 price would be to expend \$4,748 per vehicle or \$1.2 million over the FY 1994 cost. This proposal provides an annual increase in revenues of \$1.2 million (800,000 titles fees at \$1.50 each). As shown below, the anticipated expenditures in FY 1996 will exceed estimates by \$1.0 million, and, when combined with the unanticipated additional expenditures in FY 1995, fully deplete the fund. Thus,

*House Transportation Committee
March 22, 1996
Attachment 1*

under current law, the Highway Patrol will be limited in future years to purchasing the number of vehicles possible under the reduced fee structure. Our current estimates, using the existing vehicle prices (with cost increases assumed at 6.0 percent annually), would provide for 120 cars in FY 1997, but decreasing to 70-75 cars in years thereafter. This level of new car purchase will not maintain the 45,000 mile program and will provide for fewer new vehicles annually than was purchased using monies from the State General Fund using the 100,000 mileage limit.

	<u>Original Est.</u>	<u>Revised Est.*</u>	<u>Shortfall</u>
FY 1994	\$2,847,051	\$2,847,051	\$ --
FY 1995	\$3,710,000	\$4,191,240	\$481,240
FY 1996	\$3,587,500	\$4,625,000	\$1,037,500
FY 1997	\$3,235,980	\$4,314,200	\$1,078,220
FY 1998	\$3,316,720	\$4,573,140	\$1,256,420
FY 1999	\$3,399,660	\$4,847,480	\$1,447,820
FY 2000	\$3,986,215	\$5,138,320	\$1,653,520

** The Revised Estimate is derived by multiplying the original estimate for number of cars purchased by the new price.*

The program was established for certain benefits by the motoring public. Program assumptions were based on actual historical data and the financing source focused on the motoring public rather than all taxpayers generally. Further, the program has advanced to the point where the first vehicles have reached 45,000 miles and are now becoming available to other units of government, either state or local. These units can purchase a good quality used vehicle for \$12,000 or purchase a new vehicle from private dealers for approximately \$18,500. SB 662, as amended, modifies the scope of the program only slightly while continuing its primary purpose.

The Highway Patrol is proposing that the revenue stream established to finance this program be modified to reflect the new reality of car prices. The proposal would provide \$3.00 on the title fee for one year, then reduce to \$2.50 for each year thereafter. These amounts assume that the cost increases of the past two years will begin to level off with increases in subsequent years being seven percent or less. The additional revenues available to the current manufacturer should encourage additional manufacturers to enter this production area, further dampening future price increases. Under the modified cashflow, the revenues from vehicle sales are estimated using an average of 75% of the original purchase price and an increase in the mileage limit.

The Highway Patrol is focused on providing an increased level of law enforcement service to the citizens of this state. The work schedule for troopers has been modified to increase the number of hours each is on the road to provide those services. The new schedule has each trooper on the road an additional day in each 28 day period or 13 additional days each year. It is anticipated that the additional road time will add at least an additional 600,000 miles to the fleet program annually. Further, the increased speed limit will allow troopers to drive more miles in the same time period, reducing the amount of time necessary for reaching the mileage limit. The effect of the new speed limit is estimated at approximately 700,000 additional miles on our vehicles. These additional miles will create greater demands for vehicles.

The rapidly escalating new car prices have prohibited the car program from getting off the ground. Your help is needed to maintain this program and avoid moving vehicle costs back under the State General Fund. SB 662 is a compromise position which will maintain the vehicle program while also financing a portion of the upgrades to the VIPS computer system. We ask for your support.

Joint Recommendation to the Senate Ways and Means Committee

By
The Department of Revenue

and
The Kansas Highway Patrol

To accommodate the needs of both Departments, it is requested that SB 662 be amended. It is requested that the amendments include the following:

1. Amend the bill to establish the title fee at \$7.
2. Amend the bill to reduce the title fee in FY 1997 for the Highway Patrol by \$.50 per title (approximately \$400,000) and dedicate that revenue to the Electronic Databases Fee Fund (identified in HB 3076) in the Department of Revenue for VIPS.
3. Amend the bill for FY 1998 and thereafter to provide that of the \$7 title fee, \$1 per title fee (approximately \$800,000) would be credited to the Electronic Databases Fee Fund. Maintain the current provision in SB 662 of \$2.50 per title fee (\$2 million) to be credited to the Kansas Highway Patrol Motor Vehicle Fund.

These adjustments will provide the Highway Patrol with additional financing to continue its car program and will provide the Department of Revenue with part of the financing to initiate VIPS and CAMA improvements and to make future hardware and software replacements as they are needed.

The monies generated from the Title Fee cannot provide sufficient financing to solve both agency's problems. However, by sharing the revenues available within the existing \$7.00 fee structure and by establishing the provisions in HB 3076, both agencies will be able to react to the immediate concerns. The budget process and the legislative process will provide for the annual review of these programs to ensure the interests of the state are fulfilled.

To respond to the lower revenues, the Kansas Highway Patrol requests that it be released from the earlier agreement that it sell its cars at 70 percent of the original purchase price and remove its cars from the road at a 45,000 mile maximum. Instead, the KHP requests greater flexibility to sell the used vehicles at the maximum the market will allow within a reasonable time-frame to ensure stable cashflow. Also, instead of a 45,000 mile limit, the KHP will increase the maximum to whatever limit is necessary within the financing available during a fiscal year, understanding that a limit in excess of 50,000 will be strenuously avoided. This change will reduce the resale value in some years. Should the program fail to maintain an adequate balance between revenues and expenditures, the agency will return to the Legislature and request that the program be further adjusted.

**Kansas Highway Patrol Car Program
Revised Five-Year Cashflow Analysis**

Assumptions:

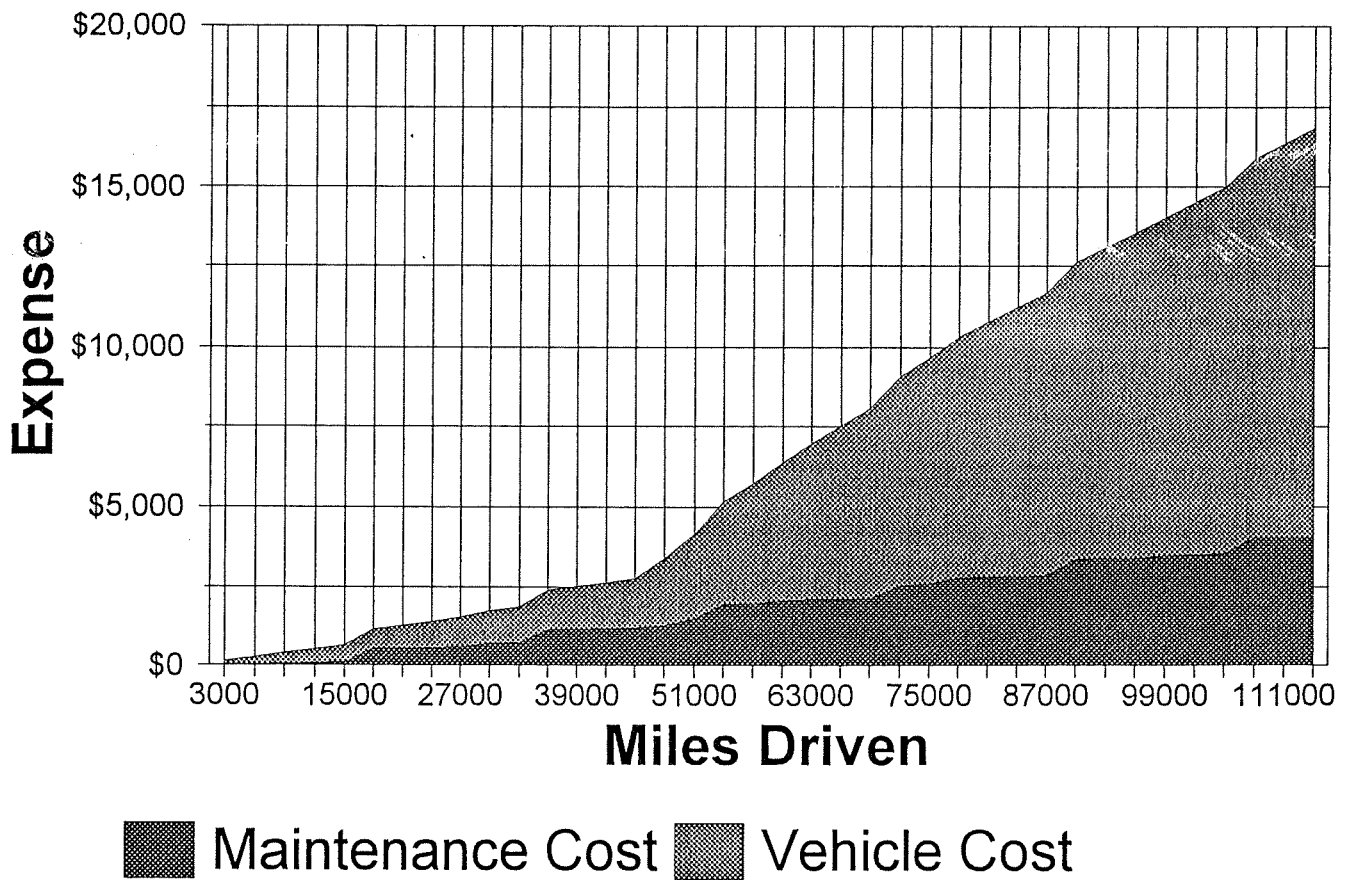
Market Rate for Resale Price Increased to an Avg. of 75% of Original Purchase Price
Title Fee Rate for FY 1997 Reduced to \$3.00
Annual Title Fees Issued = 800,000

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
KHP Title Fee Portion	\$3.50	\$3.50	\$3.50	\$3.00	\$2.50	\$2.50	\$2.50
Beginning Balance	0	545,540	313,802	8,652	20,052	190,367	285,477
Title Receipts	2,991,131	3,074,945	2,800,000	2,400,000	2,000,000	2,000,000	2,000,000
Sale of Vehicles	382,795	665,521	1,111,440	1,925,600	3,574,935	3,823,950	4,053,465
Misc.	18,665	1,377	0	0	0	0	0
Total Receipts	3,392,591	4,287,383	4,225,242	4,334,252	5,594,987	6,014,317	6,338,942
Total Expenditures	2,847,051	3,973,581	4,216,590	4,314,200	5,404,620	5,728,840	6,072,560
Balance Forward	545,540	313,802	8,652	20,052	190,367	285,477	266,382

Price Per Vehicle	13,585	15,816	18,333	19,610	20,787	22,034	23,356
Vehicles Purchased		271	230	220	260	260	260
Miles Driven	10,800,000	11,200,000	12,446,800	12,446,800	12,446,800	12,446,800	12,446,800
Mile-out Point			54,117	56,576	47,872	47,872	47,872
Est. Avg. Resale Amt.		2,456	4,832	8,753	13,750	14,708	15,590

Highway Patrol Car Program

Average Car Mileage/Maintenance Costs





KANSAS COUNTY TREASURERS' ASSOCIATION

OFFICERS:

NANCY WEEKS
HASKELL COUNTY
President

EILEEN KING
RILEY COUNTY
Vice President

GARY WATSON
TREGO COUNTY
Secretary

LARRY TUCKER
RENO COUNTY
Treasurer

March 22, 1996

TO: Members of House Transportation Committee

FROM: Nancy Hempen, Douglas County Treasurer on behalf of
the Kansas County Treasurers Association

SB 662

SB 662 relates to the title fee paid by users of the VIPS (vehicle information processing system) that currently exists in all 105 counties. A portion of the title fee (\$3.50) was the financing tool used in 1988 that paid for the \$9 million automated system over a three year period. This system was the first major overhaul of the vehicle registration processing system in over 30 years. My county was the pilot county when this system was implemented in 1988 and our only regret is that it did not happen sooner.

This processing system has streamlined the vehicle registration and titling process significantly. Although the system was successfully implemented with minimal problems, no funding is available for maintenance, replacement or enhancements of existing equipment. The initial \$9,000,000 collected from a portion of the title fee paid for the computer hardware in all 105 counties. As agents for the Division of Motor Vehicles, we have consistently, since 1988, requested enhancements as well as upgrading of our equipment and programs. Without the dollars for some kind of continual maintenance and program upgrade, we cannot continue to provide the level of service to individuals that is expected by the Department of Revenue.

The state owned IBM system 36 placed in my county for VIPS is at maximum capacity (which means no space for additional program updates or growth in my county for the registration process). During a study committee last summer, which my Motor Vehicle Supervisor served on, it was determined that 16 other counties with state owned computers have reached the maximum capacity. Many others will experience the same problem as we continue to grow.

*House Transportation Committee
March 22, 1996
Attachment 2*

Many counties have upgraded to other systems at their own expense but this has caused additional problems for the Department of Revenue in trying to provide programming updates for the different systems.

We have tried unsuccessfully over the years to secure upgrades and to retain monies through the title fee to preserve this system. With the title fee scheduled to sunset on July 1st this year, the Treasurers proposed allocating an equal portion of the fee to both the Highway Patrol and to the "VIPS/CAMA technology/hardware fund" (a fund that would need to be designated). Through many discussions of the Highway Patrol and representatives of the Department of Revenue (and limited representation of the Treasurers Association), we, in good faith, reluctantly agreed to the amended dollar allocation with stipulations, even knowing the funds are not enough to upgrade the system statewide in a three year period.

Although other sources of revenue have been considered through assessment of fees, none are specifically allocated for VIPS nor is there a guarantee that the revenue will be collected. We do know the title fee will be collected and believe that is the user fee for financing this program.

The stipulation requested of the Treasures Association is to allocate the money to a special fund set up by the state and designated the **VIPS/CAMA technology/hardware fund**.

This system serves a majority of the people of this state and they should continue to receive the benefit from the system they have paid for through the title fee. The County Treasurers Association will support an amendment designating the above mentioned fund.



SEDGWICK COUNTY, KANSAS

TREASURER

Jerry McCoy
SUITE 107

COUNTY COURTHOUSE, WICHITA, KANSAS

MAILING ADDRESS: P.O. BOX 2909, WICHITA, KANSAS 67201-2909

PERSONAL PROPERTY TAXES/VEHICLE REFUNDS
REAL ESTATE TAXES

383-7651
383-7414

FAX
DISTRIBUTION AND BONDS
CASHIER

316-383-7113
383-7561
383-7345

February 28, 1996

COPY

Senator Barbara Lawrence
Member of the Kansas Senate
Ways and Means Committee
State Capitol
Topeka, Kansas 66612

RE: Senate Bill 662

Dear Senator Lawrence:

The Sedgwick County Treasurer supports the position of the Kansas County Treasurers Association regarding the proposed compromise on S. B. 662 which will provide minimum funding for a VIPS equipment fund.

These funds are desperately needed to upgrade the 10-year-old System 36 computers used in each county to process vehicle registrations. Many counties have reached the design limits of the current System 36 and are unable to efficiently handle the constantly increasing demands of the current registration process.

Sedgwick County has been maxed out for five years. We are processing 500,000 transactions annually through a 9600 baud analog phone line to Topeka. This is 1980's Technology and is similar to trying to use an original 1986 IBM PC in today's business environment. IBM does not even support maintenance or upgrades on the System 36 anymore. Support is contracted to third party vendors. The current system is obsolete!

*House Transportation Committee
March 22, 1996
Attachment 3*

It is absolutely essential that at least a portion of the user fees generated by vehicle registration/title fees be designated to replace the aging System 36s. If not, the deterioration of our ability to provide quality service to the public will be an inevitable and unacceptable result.

I urge you to support a VIPS Equipment Fund, from user fees, to enable the Motor Vehicle Department and county treasurers to continue the ability to maintain an acceptable minimum level of service.

Sincerely,

Jerry McCoy
Sedgwick County Treasurer

cc: Senate Ways and Means Committee Members



SEDGWICK COUNTY, KANSAS

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March 14, 1996

COPY

Senator Dave Kerr, Chairman
Senate Ways and Means Committee
300 SW 10th Ave., Room #120-S
Topeka, Kansas 66612-1504

RE: S. B. 662

Dear Senator Kerr,

At your request, County Treasurers representing small, medium, and large counties met Tuesday with representatives of the Highway Patrol and the Department of Revenue. A separate meeting of the treasurers with John La Fevre, Secretary of Revenue, was held prior to this meeting.

In my 21 years in government service, I have never experienced such intransigent and arrogant behavior on the part of a state agency (Highway Patrol) unwilling to resolve differences after being so directed by a committee chairman.

In 1993 the County Treasurers agreed to defer a bill, already drafted, which would have designated \$3.50 of the vehicle title fee to support maintenance and replacement of VIPS equipment, which was rapidly becoming obsolete even then.

The agreement with the Highway Patrol was that their funding requirements for lower mileage replacement of all patrol cars at 45,000 miles could be accomplished in 3 years requested. This legislation was not opposed by county treasurers since the provision of a sunset after 3 years would, although delayed, provide the opportunity to fund VIPS replacement/support after 8 years.

The Highway Patrol has now reneged on their previous agreement and testimony.

Title fees should be utilized for the direct benefit of those using the service. Diverting these fees to agencies/programs which cannot gain budget approval for the continuation of enhanced programs on their own merit does a disservice to fee payers. Worse, it can hide from the public the true cost of Cadillac programs when they may wish to pay only for Chevrolets.

County Treasurers are currently trying to hold together our State mandated Model T System 36 VIPS System with bailing wire and bubble gum and cannot wait any longer for replacement.

The Highway Patrol has many alternate revenue sources available which would be more appropriate for funding their fleet requirements. Title fee revenue should be reserved for the direct benefit of users and not a piñata for the Highway Patrol which due to poor planning, now finds itself unable and unwilling to go "cold turkey" from a 3 year habit.

I urge you to support removing the sunset, leaving the title fee at \$7.00, and allocating \$3.50 to the VIPS technology and hardware fund. Failure to do so will severely impact county treasurer's ability to provide an acceptable level of minimum service for a State-mandated program.

Sincerely,

Jerry McCoy
Sedgwick County Treasurer

JM/jq



SEDGWICK COUNTY, KANSAS

TREASURER

Jerry McCoy
SUITE 107

COUNTY COURTHOUSE, WICHITA, KANSAS

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March 14, 1996

COPY

Senator Dave Kerr, Chairman
Senate Ways and Means Committee
300 SW 10th Ave., Room #120-S
Topeka, Kansas 66612-1504

RE: S. B. 662

Dear Senator Kerr,

I am enclosing copies of original proposal letters and the S.B. 212 Supplemental Note that were offered in 1993 by the Highway Patrol when the original funds were identified for the vehicle replacement fund.

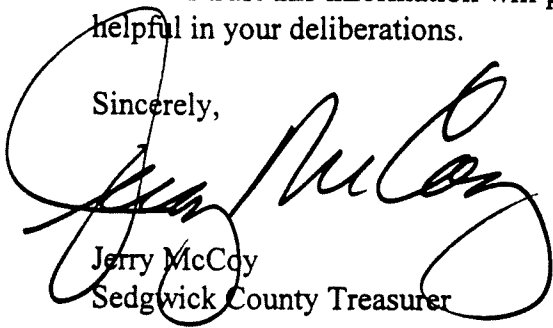
Attached, please find:

Copy of Supplemental Note on 1993 Senate Bill 212.

- ¶ 1 Proposal that \$3.50 fee needed only for Fiscal Year 94, Fiscal Year 95, and Fiscal Year 96.
- ¶ 2 Reduced to \$1.00 thereafter as adequate to maintain program.

I trust this information will provide a documented historical reference which will be helpful in your deliberations.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jerry McCoy". The signature is written over the typed name and title.

Jerry McCoy
Sedgwick County Treasurer

JM/jq

attachments

KANSAS HIGHWAY PATROL
FLEET ACQUISITION PROPOSAL
SENATE BILL #212 - 1993

The KHP is pursuing legislation through Senate Bill #212 to restore our Patrol vehicle fleet to an adequate level, and once restored, to maintain our fleet for years to come. This program will not only insure that the Patrol has a continuous source of funding for our fleet, but will actually eliminate and free up State General Fund monies for other uses. The primary beneficiary of this program is the Kansas Highway Patrol and more specifically, the road trooper.

This legislation will also directly benefit political subdivisions and public agencies, i.e., cities, municipalities, local law enforcement agencies, fire districts and school districts by making quality, low mileage, police packaged vehicles available at cost significantly below used car prices. We believe that this program will produce a benefit to those agencies outside the Patrol that choose to avail themselves of the opportunity.

We purchase our vehicles at a discount through the bidding process so consequently we are able to sell them at a discount to other agencies.

This proposal will be funded from two sources. The first source being the sale of our low mileage, modern, police vehicles. The Missouri Highway Patrol has been using the following proven method for the last 15 years.

This proposal would allow us to retire our Patrol vehicles at 45,000 miles and recover approximately 70% of the actual price paid for the vehicle when it was new.

For every three (3) used vehicles sold at 45,000 miles, we would be able to purchase two (2) new vehicles from our replacement/sales fund.

Since FY 88, the Patrol has received an annual average of \$133,480 from the sales of retired Patrol vehicles. With current new car prices and figuring the 70% recovery rate on the sales of our used vehicles, we would anticipate that beginning in FY 97 the fund would receive approximately \$2,068,450 annually due to sales of our used Patrol vehicles. We should realize approximately a \$1,934,970 annual increase in the sales of our used vehicles.

P 1 The second source of funding would result in legislation to commence on July 1, 1993 which would increase the fee for vehicle title transactions by \$3.50 from the current \$3.50 to \$7.00. This \$3.50 fee would be for FY 94, FY 95 and FY 96. Beginning in FY 97 the title transaction fee would decrease by \$2.50 to \$4.50.

P 2 The added funding of \$3.50 for FY 94, FY 95, FY 96 and the funding of \$1.00 for FY 97 and thereafter would be utilized for the purchase of Kansas Highway Patrol vehicles.

Vehicle owners, the users of our highways, would be funding a portion of this program by fees paid upon title transactions.

The Division of Vehicles estimates that over 750,000 vehicles are titled annually. \$3.50 per vehicle titled in Kansas each year would generate approximately \$2,625,000 for FY 94, FY 95 and FY 96. Beginning in FY 97 the \$1.00 title fee increase would generate approximately \$750,000 annually.

**KANSAS HIGHWAY PATROL
FLEET ACQUISITION PROPOSAL
SENATE BILL #212**

P 1
The Patrol is requesting legislation to commence on July 1, 1993 which would increase the fee for vehicle title transactions by \$3.50 from the current \$3.50 to \$7.00. This \$3.50 fee would be for FY 94, FY 95 and FY 96. Beginning in FY 97 the title transaction fee would decrease by \$2.50 to \$4.50.

P 2
The added funding of \$3.50 for FY 94, FY 95, FY 96 and the funding of \$1.00 for FY 97 and thereafter would be designated for the purchase of Kansas Highway Patrol vehicles.

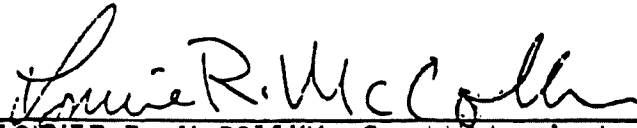
The Division of Vehicles estimates that over 750,000 vehicles are titled annually. \$3.50 per vehicle titled in Kansas each year would generate approximately \$2,625,000 for FY 94, FY 95 and FY 96. Beginning in FY 97 this would generate approximately \$750,000 annually. This proposal would provide a stable funding source not dependent on the State General Fund.

This proposal would allow us to retire our patrol vehicles at 45,000 miles and recover approximately 70% of the actual price paid for the vehicle when it was new. Monies recovered by this 70% recovery rate would be put into a KHP vehicle replacement/sales fund for the sole purpose of purchasing new vehicles.

For every three vehicles that we sell with 45,000 miles, we would be able to purchase two new vehicles from our vehicle replacement/sales fund.

Our low mileage, modern, dependable, police packaged vehicles will be sold through the State Surplus Property Center to political subdivisions, i.e. cities, municipalities, local law enforcement agencies and school districts at cost significantly below used car prices.

The \$3.50 fee increase for FY 94, FY 95 and FY 96 would allow us to restore our fleet to an adequate level and the \$1.00 fee increase in FY 97 and thereafter would allow us to maintain an adequate level of vehicles with no strain on the State General Fund.



LONNIE R. MCCOLLUM, Superintendent
Kansas Highway Patrol

SYNOPSIS PAGE

PROPOSAL

- P1
P2
- \$3.50 vehicle title fee increase for FY 94, FY 95 and FY 96
 - \$1.00 vehicle title fee increase for FY 97 and thereafter
 - Paid upon transaction by the vehicle owner
 - Over 750,000 vehicle title transactions annually
 - Generate \$2,625,000 annually for FY 94, FY 95 and FY 96
 - Generate \$750,000 annually for FY 97 and thereafter
 - Establishes the KHP motor vehicle replacement/sales fund in state treasury
 - For KHP fleet replacement
 - Sales of all used KHP vehicles to be credited to KHP vehicle replacement/sales fund
 - Allow recovery of 70% of actual price paid for the vehicle when it was new
 - Vehicles to be disposed of through the State Surplus Property Center

BENEFITS

- Reduce strain on the State General Fund
- Replace and maintain an adequate level of vehicles for the KHP fleet
- Benefit political subdivisions of Kansas by allowing them to purchase safe, modern, dependable, police packaged, quality used vehicles at a cost significantly below used car market prices which would provide a constant supply of vehicles to political subdivisions
- Would allow the replacement of two new vehicles for each three used vehicles sold
- Reduce mile-out limit and savings on vehicle maintenance from present 90,000 miles to 45,000 miles
- Reduce maintenance cost on our fleet by allowing warranties to cover 80% of maintenance cost
- Reduce exposure to liability and enhance safety for KHP personnel
- Reduce patrol vehicle downtime
- Allow more regular patrol time for agency members
- Enhance employee morale



KANSAS COUNTY TREASURERS' ASSOCIATION

March 11, 1996

OFFICERS:

NANCY WEEKS
HASKELL COUNTY
President

EILEEN KING
RILEY COUNTY
Vice President

GARY WATSON
TREGO COUNTY
Secretary

LARRY TUCKER
RENO COUNTY
Treasurer

TO: Senators
FROM: Nancy Weeks, President
Kansas County Treasurers Association
RE: SB 662

Facts of SB 662 as related to the VIPS (Vehicle Information Processing System).

In 1988, a \$9 million program was implemented in 105 counties as a major overhaul of the manual vehicle registration processing system. First upgrade in over 30 years.

The title fee was increased in 1988 from \$3.50 to \$9.00 for 3 years to implement the system and get on line in all 105 counties.

In 1991, efforts to extend the sunset on the title fee were denied and the title fee reverted back to \$3.50. No money has been allocated in 8 years to maintain the VIPS hardware or technology.

In 1993, the Highway Patrol proposed and was successful in having the title fee raised from \$3.50 to \$7.00 for 3 years to create a Highway Patrol Motor Vehicle fund for purchase of vehicles.

The \$3.50 increase on 800,000 titles generates \$2,800,000 annually. Totaling \$8,400,000 over a 3 year period, at \$18,300 per car (as stated in testimony by Highway Patrol), allows for the purchase of 153 vehicles a year or 459 cars in three years.

This year, SB 662 as proposed by the Highway Patrol will extend the sunset on the title fee for one year (to 7-1-97) which generates another \$2,800,000 to the Highway Patrol Motor Vehicle Fund. Effective 7-1-97 \$2.50 will be allocated each year thereafter which totals another \$2,000,000 to the fund.

The Kansas County Treasurers Association has requested, effective July 1, 1996:

Remove the sunset of the title fee and leave permanently at \$7.00.

Replace language on page 8, (d) on lines 23 through 29 with:

(d) On July 1, 1996 and thereafter, \$1.75 of each certificate of title fee collected and remitted to the secretary of revenue, shall be deposited with the state treasurer and credited to the Kansas Highway patrol motor vehicle fund, \$1.75 shall be deposited in the VIPS (vehicle Information processing system) technology and hardware fund.

If monies are not soon allocated to upgrade counties, VIPS will not be able to continue in the manner it was designed for and the initial \$9,000,000 investment will soon be lost. The \$1.75 per title would generate \$1,400,000 statewide a year if 800,000 titles are sold. This would be just a beginning for upgrading the technology and hardware. Removing the sunset is essential if the state intends to keep the VIPS program as our registration processing system.

The Department of Revenue has provided figures that indicate the minimum needed to upgrade the hardware/technology is \$4,061,860 but additional money is needed for continual maintenance. Annual maintenance cost alone, on the state owned hardware in all counties is approximately \$192,000 annually.

The County Treasurers Association supported the VIPS program from the planning stages to implementation. As users of this eight year old system, we believe preserving the \$9 million investment with this allocation of funding is a must if the state intends to keep the VIPS program as our registration processing system. We have experienced through the years, the shift of any possible funding for the upgrade of VIPS. Other programs, budget cuts, and staff allocation have contributed to the lack of funds for this program.

Although other alternatives are being considered through assessment of fees, they are not specifically allocated for VIPS nor is there a guarantee that the revenue will be collected. We do know the title fee will be collected and believe the title fee was the financing tool for implementation of this program and we strongly support that concept.

This system serves a majority of the people of this state and they should continue to receive the benefit from the system they have paid for through the title fee. The County Treasurers Association is supportive of this proposal with the referenced changes. We hope you will give favorable consideration to this request.

VIPS Expenditures (revised 3/1/96)

<u>1st Year Expenses</u>	Upgrade Counties With VIPS on S36 (35 counties x \$20,180)	\$706,300
	Upgrade Counties With VIPS on Adv. 36 (22 counties x \$10,290)	\$226,380
	RISC processor for State to support counties	<u>\$75,000</u>
	Subtotal	\$1,007,680
 <u>2nd Year Expenses</u>		
	Pay back to Counties With VIPS on AS400 (51 counties x \$20,180)	\$1,029,180
	VIPS Programming Modification	<u>\$750,000</u>
	Subtotal	\$1,779,180
 <u>3rd Year Expenses</u>		
	VIPS Programming Modification	\$750,000
	Peripheral Replacement	<u>\$525,000</u>
	Subtotal	\$1,275,000
 GRAND TOTAL		 \$4,061,860

1st year expenses: County hardware would be upgraded for those counties still running VIPS on a System 36 or Advance 36 processor. Those counties are listed below.

System 36:

Anderson	Doniphan	Hodgeman	Norton	Sumner
Bourbon	Edwards	Johnson*	Pawnee	Trego
Chase	Geary	Kiowa	Rush	Wabaunsee
Clay	Gray	Lane	Sedgwick*	Wyandotte*
Comanche	Greenwood	Linn	Sheridan	
Decatur	Harper	Montgomery	Seward	
Douglas	Harvey	Morris	Shawnee	

* Indicates 2 processors

Advance 36:

Barber	Graham	Marion	Pottawatomie	Stafford
Brown	Jackson	Marshall	Rice	Washington
Cherokee	Jewell	McPherson	Riley	
Cloud	Lincoln	Neosho	Rooks	
Ellsworth	Lyon	Ness	Smith	

2nd year expenses: Pay back to the counties who upgraded to an AS400 on their own. The cost for a vendor to make program modifications to the VIPS system would be split between the second and third year.

*House Transportation Committee
March 22, 1996
Attachment 4*

3rd year expenses: Continue program modification and replace peripheral equipment, primarily printers.

AS-400 Processor

The processor model identified as the replacement for the System 36 is the IBM 9402-400. This machine is approximately 4 times faster than the System 36 and will have more disk storage capacity. It is the latest in technology using a RISC based processor, just released in February 1996. This machine will be adequate for county/state processing for the next 10 years, and is easily expandable to fit any future requirements. It will support a wide variety of county needs such as imaging, client server, data base applications, security, etc.

CAMA Expenditures

<u>1st Year Expenses</u>	Year 2000 Modifications	\$73,800
	Consulting contract to assess KSCAMA hardware/software and develop specs for a new system	300,000
	Import Marshall Valuation Service cost system into KSCAMA cost models	75,000
	KSCAMA maintenance contract with CLT	<u>40,000</u>
	Subtotal	\$488,800
<u>2nd Year Expenses</u>	Provide PC upgrade assistance to counties	\$367,500
	Provide PC hardware/software to facilitate download/upload capabilities from server	\$105,000
	KSCAMA programming modification	50,000
	KSCAMA maintenance contract with CLT	<u>40,000</u>
	Subtotal	\$562,500
<u>3rd Year Expenses</u>	New KSCAMA system	<u>\$1,000,000</u>
	Subtotal	\$1,000,000
GRAND TOTAL		\$2,051,300

1st year expenses: The year 2000 modification costs are for the AS400 and mainframe platforms only.

2nd year expenses: Whether a new KSCAMA system is put in place or the existing KSCAMA system maintained, use of PC's are currently and will become more integral to the assessment and valuation process. In order to take advantage of the most current PC analytical programs, faster and larger storage capacity PC's are necessary. The PC hardware/software costs include emulation boards as well as software interface programs. These costs also include advanced PC analytical programs to help produce more defensible valuation estimates. The programming modifications include continued enhancements to the existing KSCAMA system. If it is determined that the acquisition of a new KSCAMA is appropriate, these programming costs would not be incurred.

3rd year expenses: The \$1,000,000 for a new KSCAMA system is a working number only. The cost will depend on the decision to purchase a new KSCAMA system versus enhance/modify the existing KSCAMA system. A full assessment of future needs by a qualified consultant is necessary. Some issues which will be addressed in a new or enhanced KSCAMA system are: (1) Moving to a relational data base to facilitate better interface with such functions as GIS and imaging, (2) Multi-year assessment files, (3) improved analytical tools and (4) easier transfer of data between various hardware platforms.

Mainframe Counties: The five mainframe counties issued an RFI for a new CAMA mainframe system. Six responses were received in late February. The Department has not had an opportunity to review the responses.