

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Tim Huelskamp at 1:30 P.M. on March 16, 2006 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department
Mike Heim, Kansas Legislative Research Department
Ken Wilke, Revisor of Statutes
Zoie Kern, Committee Secretary

Conferees appearing before the committee:

Mike Billinger - Elis County Treasurer
Mark Schemm - Smith County Treasurer
Dena McDaniel - Anderson County Treasurer
Chuck Henry - Unified Government of Wyandotte County, Kansas City, Kansas

Written:

Diane Gentry

Neutral:

Carmen Alldritt - Director of Vehicle - Department of Revenue
Jim Conant - Budget Director - Department of Revenue
Toni Roberts - Department of Revenue

Others attending:

See attached list.

Ken Wilke of Revisor of Statues Office gave summary of **SB 545** - Compensation and fees for County Treasurers.

Mike Billinger gave testimony in favor of **SB 545** (Attachment 1).

Mark Schemm gave testimony in favor of **SB 545** (Attachment 2).

Dena McDaniel gave testimony in favor of **SB 545** (Attachment 3).

Chuck Henry gave testimony in favor of **SB 545** (Attachment 4).

Carmen Alldritt gave testimony being neutral on **SB 545** (Attachment 5).

Toni Roberts gave testimony being neutral on **SB 545** (Attachment 6).

Written testimony was submitted for Diane Gentry in favor of **SB 545** (Attachment 7).

Senator Wilson testified in favor of **SB 545**. Senator Wilson has designated funds to help Treasurer department.

Senator Donovan mirrored Senator Wilsons testimony in favor of **SB 545**, confirming that Treasurers are not overpaid.

Discussion.

Hearing closed.

Meeting adjourned.

Respectfully submitted,

Zoie C. Kern, Committee Secretary

SB545

Senate Elections and Local Government Committee

Daily, 1:30 - 2:30 p.m. Room 423S

Senator Tim Huelskamp, Chair

Guest List for March 16, 2006
Please print in **BLACK** ink.

Name	Representing
MARK E. SCHEMM	KCTA & SMITH CO
MIKE BILLINGER	KCTA & ELLIS CO
Eileen King	KCTA & Riley Co
Michael White	KCTA & KCOA
NANCY WEEKS	KCTA, KCOA, HASKELL CO
Diane Bentley	KCTA, Greeley CO.
Missie Genitzen	Kearny County Register of Deeds
Luma McDaniel	Anderson Co. Treasurer + KCTA
Chuck Henry	Wyandotte Co Trees
Jim Conant	KDOR
Joe Grisolano	KCTA + Crawford Co.
Tom Sighef	Crawford Co.



President – Diane Gentry, Greeley County
Vice-President – Eileen King, Riley County
Secretary – Sharon Utley, Allen County
Treasurer – Mary Underwood, Jefferson County

TESTIMONY PRESENTED BY MICKEY BILLINGER,
ELLIS COUNTY TREASURER,
SUPPORTING SENATE BILL 545
IN THE SENATE ELECTIONS & LOCAL GOVERNMENT COMMITTEE
MARCH 2006

Chairman Huelskamp and members of this committee, my name is Mike Billinger, Ellis County Treasurer and member of the Kansas County Treasurers' Association Legislative Committee. I sincerely appreciate the opportunity you've given me to testify on behalf of Kansas County Treasurers in support of Senate Bill 545.

In the early 90's I provided testimony to legislators requesting increased fees to finance the Motor Vehicle Operating Funds of Kansas County Treasurers. Today, more than a decade later, I am here requesting similar legislation. Kansas County Treasurers, from large to small counties, are now experiencing deficits in operating revenues to finance their Motor Vehicle departments. These funds are needed to pay for salaries and expenses that are incurred when providing titling services, registration renewal services and the collection of sales tax on behalf of the State of Kansas Department of Revenue. My intent is to provide this Committee with information that illustrates that in order to maintain the existing level of service that the citizens of the State of Kansas deserve; Kansas County Treasurer's Motor Vehicle Funds will need increased financial support. The following are the proposals Kansas County Treasurers have defined in Senate Bill 545.

1) Raising fees for registration renewals by \$2.00-

Revenues to support the Motor Vehicle Operations of the State of Kansas have not kept up with inflation or the demands of increased Motor Vehicle business. Very few, if any, retailers are still operating at the same revenue levels as they were in the 90's. Treasurers face the same increases in costs as do these businesses, yet Treasurers revenue sources have not increased in over a decade. Consequently their Motor Vehicle Offices are now experiencing deficits ranging from \$.10 to \$5.00 per renewal. The larger deficits are in counties servicing under 5,000 renewals, usually the smaller counties. Minimal losses are realized in counties servicing the larger numbers of renewals. I feel if a true cost analysis were performed in every Kansas County, deficits for all counties would be greater than our study shows. (See Appendix A)

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Attachment 1

2) Removal of CAMA from the VIPS/CAMA Technology Hardware Fund-

The VEHICLE INFORMATION PROCESSING SYSTEM, better known as VIPs, has not realized a substantial enhancement or replacement of software since its implementation in 1988. The rewrite of CAMA software has taken years of funding from VIPS enhancements which ultimately has had a negative impact on services provided to the end user of the system. Others will address this issue in greater detail.

3) Elimination of the required \$.50 mailing fee, both for mail-in renewals and electronic applications-

By eliminating the \$.50 mailing fee, many Kansas County Treasurers feel mail-in and electronic applications will increase. They also feel the efficiency of processing mail will offset the loss of the mailing fee. According to the Kansas County Treasurer’s survey, this benefit should have a greater impact on larger counties.

4) Increasing the Kansas County Treasurers personal compensation for administering their respective Motor Vehicle Departments-

This request deals with increasing the personal compensation paid to Treasurers for administering their respective Motor Vehicle Offices. The increase in compensation to Treasurers is weighted to provide a more meaningful percentage of increase to the less populated counties. Many of these County Treasurers, realizing the need to keep services local and easily accessible to their constituents, have assumed driver license services in their respective counties without any personal monetary increase. Also by providing this service at the county level, through the County Treasurer, the State Of Kansas has benefited greatly by better utilizing its financial resources and personnel in other areas.

Allow me to briefly illustrate the following facts concerning collections by Kansas County Treasures since the last registration fee and compensation increase.

REGISTRATION FEES	\$	1,258,698,249.00
DRIVER LICENSE FEES	\$	13,671,192.00
(11% of State Total)		
SALES TAX LAST 7 YEARS	\$	364,129,072.00
GRAND TOTAL	\$	<u>1,636,498,513.00</u>

In conclusion, Kansas County Treasurers have had a partnership with the State Of Kansas when dealing with Motor Vehicle Services that has endured for many years. This partnership in the last decade has expanded to include driver license services by 80 County Treasurers, which will increase in the future. What has made this arrangement work so well in the past has been the support, trust and fairness the legislature has provided to Kansas County Treasurers. Today, Kansas County Treasurers are here to request that this support, trust and fairness be renewed in the form of your approval of Senate Bill 545.

Once again thank you for your time and considerations on this very important subject. If you have any questions regarding my presentation I would be more than happy to address them at this time.

1-2
D.H.

This Chart Illustrates the **Loss Per Registration** As Experienced by the
Motor Vehicle Departments of Kansas County Treasurers

Prepared February 2006

Instructions: Refer to the back to find the listing of all Kansas Counties and total registrations for each. Return to the front to determine the loss per registration for each Kansas County.

Tiers 1 & 2: The estimated loss is based on an analysis of two model counties, one with 7,500 annual renewals and the other with 30,000. Variance of loss is a 15% (+/-) estimate.

Tiers 3 & 4: These deal with additional high/low factors addressing the differences between smaller counties and expenses directly effecting operations. (Salaries of Motor Vehicle Clerks may vary as much as 30% in comparable counties). Additionally, variance of loss is a 15% (+/-) estimate.

Tier 1	Total Registrations		Loss per Registration	
			Estimated	
	80000		\$0.50	
	71670		\$0.59	
	63335		\$0.67	
	55000		\$0.75	
	46670		\$0.84	
	38335		\$0.92	
	30001		\$1.00	

Tier 2	Total Registrations		Loss per Registration	
			Estimated	
	30000		\$1.01	
	26668		\$1.09	
	23335		\$1.17	
	20002		\$1.25	
	16669		\$1.33	
	13336		\$1.41	
	10001		\$1.50	

Tier 3	Total Registrations		Loss per Registration		
			Low	Estimated	High
	10000		\$0.75	\$1.51	\$2.27
	9167		\$0.88	\$1.76	\$2.64
	8334		\$1.00	\$2.01	\$3.02
	7500		\$1.12	\$2.25	\$3.38
	6667		\$1.25	\$2.50	\$3.75
	5834		\$1.37	\$2.75	\$4.13
	5001		\$1.50	\$3.00	\$4.50

Tier 4	Total Registrations		Loss per Registration		
			Low	Estimated	High
	5000		\$1.50	\$3.01	\$4.52
	4600		\$1.67	\$3.34	\$5.01
	4200		\$1.83	\$3.67	\$5.51
	3800		\$2.00	\$4.00	\$6.00
	3400		\$2.16	\$4.33	\$6.50
	3000		\$2.33	\$4.66	\$6.99
	2600		\$2.50	\$5.00	\$7.50

This chart will not calculate losses for the following counties: Douglas, Johnson, Sedgwick, Shawnee & Wyandotte.

1-3

The following chart lists Kansas Counties and the total number of registrations processed by the Motor Vehicle Departments of each in 2004. Find your county, its total registrations and then turn back to the front to determine the **loss** per registration for your county.

COUNTY	Total Registrations
Allen	20781
Anderson	11552
Atchison	24168
Barber	7416
Barton	32056
Bourbon	17349
Brown	14036
Butler	69633
Chase	4443
Chautauqua	8127
Cherokee	26231
Cheyenne	5085
Clark	3302
Clay	9727
Cloud	12710
Coffey	16583
Comanche	2814
Cowley	40169
Crawford	40017
Decatur	5713
Dickinson	25321
Doniphan	10667
Douglas	113197
Edwards	6117
Elk	5468
Ellis	32358
Ellsworth	10201
Finney	37534
Ford	32980
Franklin	39269
Geary	44936
Gove	5456
Graham	5371 (estimated)
Grant	12263
Gray	10176
Greeley	2607
Greenwood	10715
Hamilton	3771
Harper	9003
Harvey	39200
Haskell	4700
Hodgeman	4236
Jackson	16188 (estimated)
Jefferson	25235
Jewell	6599
Johnson	515820
Kearny	5924
Kingman	12292
Kiowa	4862
Labette	24822
Lane	3526
Leavenworth	74493

COUNTY	Total Registrations
Lincoln	5200
Linn	15300
Logan	5371
Lyon	36246
Marion	16727
Marshall	15650
McPherson	46705
Meade	7950 (estimated)
Miami	39785
Mitchell	11000
Montgomery	37990
Morris	8665
Morton	5444
Nemaha	17037
Neosho	20427
Ness	7771
Norton	10246
Osage	28312
Osborne	6905
Ottawa	9172
Pawnee	8646
Phillips	11589
Pottawatomie	33880
Pratt	11036
Rawlins	4828
Reno	71439
Republic	8464
Rice	13020
Riley	55845
Rooks	8394
Rush	5700
Russell	10277
Saline	62355
Scott	7548
Sedgwick	560190
Seward	33500
Shawnee	179394
Sheridan	6366
Sherman	8904
Smith	7210
Stafford	7409
Stanton	4623
Stevens	8072
Sumner	30658
Thomas	11474
Trego	5732
Wabaunsee	10172
Wallace	2920
Washington	9528
Wichita	4823
Wilson	13801
Woodson	5584
Wyandotte	N/A

This chart will not calculate losses for the following counties: Douglas, Johnson, Sedgwick, Shawnee & Wyandotte.

TESTIMONY PRESENTED BY MARK E. SCHEMM,
SMITH COUNTY TREASURER,
SUPPORTING SENATE BILL 545
IN THE SENATE ELECTIONS & LOCAL GOVERNMENT
COMMITTEE
MARCH, 2006

Chairman Huelskamp and members of this committee, my name is Mark Schemm, Smith County Treasurer and member of the Kansas County Treasurers' Association Legislative Committee. I sincerely appreciate the opportunity you've given me to testify on behalf of Kansas County Treasurers in support of Senate Bill 545.

I am here to reinforce fellow Treasurer Mike Billinger's request for increased fees to finance the Motor Vehicle Operating Funds of Kansas County Treasurers. The ever-increasing costs to provide motor vehicle titling and renewal services as well as salaries has produced a deficit in the motor vehicle fund for counties across the state. Treasurers have had to add the cost of operating motor vehicle services to their respective levied budgets causing concern among county commissioners.

When I was appointed treasurer in 1999, the Kansas Department of Revenue was in the process of installing laser printers and computers in treasurer's offices across the State. Now those printers and computers have become old by technological standards and need to be replaced. The KDOR have not been able to replace this equipment, causing levied budgeted funds from the county budget to be used. Inflation costs for motor vehicle supplies such as toner and paper have far exceeded revenue amounts that were set in the early 1990's. Adding \$2.00 would greatly improve the motor vehicle bottom line for counties across the state.

Eliminating the \$0.50 mailing fee will be a good public relations move. It should increase the usage of mail-in renewals and increase the efficiency of Motor Vehicle departments in the State.

Increasing the personal compensation paid to Treasurers for administering their respective motor vehicle office is an effort to maintain a high level of efficiency, having assumed driver license renewal responsibilities without any personal compensation. By providing this service at the county level through the County Treasurer's office, the State of Kansas has benefited greatly by better utilizing its financial resources and personnel in other areas. Also by managing driver license renewals in the Treasurer's office has provided a wide use of State services at little cost to the State.

In conclusion, Kansas County Treasurers and the State Of Kansas are a great team for providing motor vehicle and driver license services to the motoring public of Kansas. What has made this team work is the trust, support and fairness of the Kansas Legislature. Today, I stand before you hoping that the Kansas Legislature support this team for the good of the motoring public, the Kansas department of revenue, Kansas Treasurers and the Kansas Legislature.

Thank you for your time and attention to this important matter. If there are any questions I will be happy to address them at this time.

SENATE BILL No. 545
Motor Vehicle Registration Funding

Presented to:
Senate Elections & Local Government Committee
Senator Huelskamp, Chairman

Good afternoon Senator Huelskamp and Members of the Senate Elections and Local Government Committee:

Thank you for the opportunity to speak to you today. I am Dena McDaniel, the Treasurer of Anderson County. Currently I'm serving my fifth term and have been employed by the citizens of Anderson County since 1981.

This testimony represents the support of Senate Bill 545 and the history of Kansas County Treasurers with the State of Kansas in providing service to our citizens, and the impact the service has on counties. I am speaking on behalf of counties that process 2,500 to 80,000 renewals annually.

With the enactment of the Motor Vehicle Registration Tax Act in 1913 the State of Kansas first issued license plates, and Kansas County Treasurers began registering motor vehicles. After collecting the registration fee of \$5.00 for motor vehicles or \$2.00 for motorcycles from the customers, 75 cents and 50 cents respectively were remitted to the State Treasurer which was appropriated to the Secretary of State's office for the issuance of license plates. The county retained \$4.25 and \$1.75 for their services. In 1927 the Governor of the State of Kansas, Ben S. Paulen, delivered a "Message" to the Members of the Legislature pointing out that "plates ... could be shipped ... to ... counties and delivered to the owner of the vehicle by the county treasurer when application is made for the license." ... "It appears to me that this would be the sensible and economical method of delivering tags to owners of motor vehicles... We owe it to the people of Kansas to materially cut down this waste of money and adopt an up-to-date system which will conserve these funds." In 1929 the governor's recommendation was passed and in 1930 county index numbers were pressed on plates to indicate the county of issuance.

In 1937 section 8-145 of the General Statutes of 1935 was amended to provide a fund appropriated for the use of the county treasurer for the administration of the motor vehicle department while collecting vehicle registration and sales tax fees.

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Attachment 3

Fast forward to 1987 at which time the treasurers are now issuing plates, registering vehicles, collecting personal property taxes and sales tax for customers with typewriters, NCR papers, and 4-part renewal notices mailed to customers from the Department of Revenue. During 1988 the VIPS (Vehicle Information Processing System) was installed in treasurer's offices across the state in conjunction with the issuance of the SAM123 plates bringing counties into automated processing.

As with all new systems there were many glitches and needs for enhancements discovered. System 36 code was used while programming for these. The VIPS system is very integrated and each of these programming changes affects other programs indirectly also requiring additional programming. With each passing year's "fixes," enhancements, legislative updates and the obligatory programming the system became more "patched" making it crucial for additional testing from within the department and pilot counties prior to downloading the upgrades across the state. As with all computer systems the System 36 operating systems issued to counties in 1988 became obsolete.

In 1993 many counties began processing drivers' license renewals in a new innovative partnership with the State of Kansas. This partnership has been embraced by members of our communities, especially the elderly who are no longer forced to go out of town on unfamiliar roads to renew their licenses.

The system 36s were replaced with Operating System 400s in 1997 and 1998 and the data was converted to O/S 400 code during this time-frame. This particular code was easier for programmers to use; however, as with any hardware and software the systems for a second time are becoming more entangled and programming is creating application errors. It has been estimated that this situation forces the programmers to do maintenance to the systems which consumes thousands of programming hours that would be better spent on enhancements to the system to benefit our constituents. The system is now once again to the stage that additional testing is essential to ensure no other programs are inadvertently impacted. This process is consuming the labor of many key personnel.

Key issues that you are most likely familiar with that have occurred in recent years and have required major re-writes of the VIPS system would include: the recreational vehicle tax legislation, the branding of salvage titles, stream-line sales tax, and most recently sales tax on occasional and isolated sales later referred to as the "clunker bill." Each of these and many others in turn have compounded the



difficulty of programming, and for a time, compromised the efficiency of the operations of the VIPS system across the state.

There was no funding for scanners to read the bar coding made available on renewals in 1995 for efficiency. Counties either had to divert funds from County General for this equipment or manage without. In 2000, 423 laser printers were provided to the counties. In 2001, 438 PCs were provided; three counties chose not to receive PCs due to the technology being older than what they were currently utilizing. According to Glen Yancey, Technical Architecture Manager for the Information Services Bureau of the Department of Revenue, the Department expects 5 years usage from their PCs due to new technology rendering them obsolete. It is now 2006. The state dispatched 250 service calls on 419 printers in 2005. Often times, once the problem is identified it is not even covered under the maintenance agreement with the state contracted service provider, *Decision One* and the county will be responsible for the bill. Many counties have had to replace their PCs and printers from county funds to remain functional. At this time there is no funding available for equipment that is not repairable. Funding is necessary to rewrite VIPS programs and provide the substantial hardware upgrades that will be needed by County Treasurers across the state in the very near future.

In February 2006, as you are aware, a "Performance Audit Report" for VIPS and CAMA funding was provided to the Legislative Post Audit Committee, of which Senator Donovan is the chair. As treasurers it was disheartening to see how the funds have been hijacked for expenditures far removed from the intention of the 1996 Legislature. The reality of the audit report is that through Legislative direction \$8.5 million in spending and transfers has been directed away from the VIPS and CAMA Hardware Fund. VIPS alone is responsible for processing well in excess of 2 million registrations annually. These approved budget transfers have compromised the integrity of the funding system established in 1996. This funding system has been eroded to a point that very likely endangers the future of these systems and their capabilities to function efficiently.

There are many visionary Treasurers and employees within the Division of Vehicle who are anxiously awaiting the ability to embrace available technology that will enhance the vehicle system. Given the opportunity, their visions will create a system that will be the integral factor of effective and proficient government to deliver services. The most wanted enhancements would not only assist our citizens, they would benefit the treasurers, law

enforcement and Department of Revenue. Perhaps one of the most desired abilities would be to have "real time" data available to all parties, as opposed to data not being updated for 5 to 7 days, and failed "polls" on an average of three per day from county records affecting the integrity of the State's data.

Although, since 1913 there have been many legislative, technological, procedural, and leadership changes; one component of this process has remained constant: the working partnership and the great spirit of cooperation kept alive by open communication between the State and the counties in serving our shared constituents. With each passing generation there is a deterioration of understanding, participation and appreciation for government, as the Secretary of State often testifies. County Treasurers come in contact with almost every citizen and we have a unique opportunity to promote government services as efficient and even friendly, and in doing so advocate government. Quite often we are the first impression many individuals will have of government. To my frustration, it will not be possible to appear competent if the systems we use to provide services are not adequately maintained and enhanced to meet the needs of our customers.

Please ensure adequate funding is retained and directed to VIPS to guarantee functionality now and in the future. Please do not allow this service to become an additional unfunded mandate and inadvertently harm the quality of service our mutual constituents expect and deserve to receive.

The Director of Budget for the Department of Revenue, Jim Conant to answer any questions regarding VIPS/CAMA funding and their expenditures. Carmen Alldritt, the Director of Vehicle, Toni Roberts, the Vehicle Project Manager for the Department of Revenue, and various county treasurers are present should you have any questions regarding the Motor Vehicle operations.

I also stand for any questions you may have.

**UNIFIED GOVERNMENT OF
WYANDOTTE COUNTY/KANSAS CITY, KANSAS**

**Charles A Henry
Director of Revenue/Treasury**

710 North 7th Street
Kansas City, Kansas 66101

Phone: (913) 573-2823
Facsimile: (913) 573-2890

**TESTIMONY
ELECTIONS AND LOCAL GOVERNMENT COMMITTEE
SENATE BILL 545**

March 7, 2006

Senator Huelskamp, Chairman, and Members of the Committee

I am submitting testimony to this Committee to indicate support by the Unified Government, the counties of Johnson, Sedgwick, Shawnee, and Douglas and the Kansas County Treasurers Association for Senate Bill 545.

In this testimony, I would like to focus on the two changes which are crucial to our operations. The first, and foremost, is the increase in the per transaction fee of \$2. The second is the elimination of the mail fee. Each will be discussed separately as they relate to the large counties.

In the large counties, the Motor Vehicle operation is a completely separate function from the Treasury operation. Each of the counties have staff dedicated to the processing of Motor Vehicle transactions. These staff members are not used in the Treasury part of the County operations. Thus the full cost of the Motor Vehicle operation is much more clear. Of the five large counties, only Shawnee and Sedgwick did not receive a subsidy from the County General Fund. Also, only those two counties have an annex transaction fee they are charging. If not for the add-on fee charged to some customers of some counties and not to other customers, all five of the large counties would be unable to fulfill the state mandated functions of the office on the fees authorized by current statutes. See the attached summary of significant statistics for the five counties.

The Commissioners of all Kansas Counties are frustrated that this service is mandated by the state and inadequately funded by user fees. Thus, this service continues to adversely impact the counties financially. In the years since the last increase in this fee, the cost of health insurance in Wyandotte County has increased over 60 percent and the cost of utilities for the courthouse has more than doubled. Further, the state previously paid for all forms used in the office, as well as all computer hardware. That funding has now been reduced to only a token amount while we pay for increasingly expensive toner, paper, and replacement computer and printing hardware. Add in the increase in the cost of wages and one can easily see why this operation is a steady drain on the County's General Fund. Also, recent legislative action has removed revenue sources from counties including transfer payments and, this year, personal property on business, railroad, and telecom machinery and equipment.

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Attachment 4

Elections and Local Government Committee
Senator Huelskamp, Chairman
Testimony of Charles Henry on SB 545
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Page 2

The large counties must continually seek methods of serving the public more efficiently. This is necessary to reduce the wait time for those that are required to be served personally. One of those tools is the use of the mail. It is markedly more efficient to renew a transaction through the mail or over the internet than it is in person. While we do incur costs for mailing, including periodically the mailing of a plate, the gain in efficiency is the factor that makes the elimination of the mail fee practical. While very few taxpayers would admit they make the personal trip to avoid the 50 cent fee, many express significant irritation at the request to enclose the extra money. To save the irritation of the customer and to enhance the efficiency of the office, we request the mail fee be eliminated. This loss can be accommodated if the overall fee is increased.

In summary, counties are finding themselves in a difficult pinch with costs increasing, registration fees steady, and other revenues declining. After 14 years, it is time for an increase in the per transaction fee to allow counties to continue to provide quality service in this vital state responsibility.

Mr. Chairman and members of the Committee, I respectfully urge you to advance this legislation favorably to the Senate floor for further action.

A handwritten signature in black ink, appearing to read "CHENRY", with a long horizontal flourish underneath.

	DOUGLAS	JOHNSON	SEDGWICK	SHAWNEE	WYANDOTTE
RENEWALS PROCESSED	71,338	389,793	449,102	138,618	100,455
TITLE WORK PROCESSED	25,028	138,849	153,114	46,165	92,435
TOTAL REVENUE	\$ 450,882	\$ 2,560,691	\$ 2,490,561	\$ 780,387	\$ 779,663
MAIL REVENUE INCLUDED ABOVE	\$ 8,334	\$ 154,880	\$ 63,284	\$ 18,017	\$ 11,496
ANNEX FEES (NOT INCLUDED ABOVE)			\$ 584,525	\$ 91,119	
ROUTINE EXPENSES	\$ 468,407	\$ 2,870,788	\$ 2,757,684	\$ 845,190	\$ 898,680
CAPITAL EXPENSES	\$ 10,650	\$ 74,933	\$ -	\$ -	\$ 24,703
EXPENSE AS A % OF BASE REVENUE	106.25%	115.04%	110.73%	108.30%	118.43%



K A N S A S

JOAN WAGNON, SECRETARY OF

DEPARTMENT OF REVENUE
DIVISION OF VEHICLES

KATHLEEN SEBELIUS, GOVERNOR

TO: Chairman Tim Huelskamp
Members of the Senate Elections and Local Government Committee

FROM: Carmen Alldritt, Director, Kansas Division of Vehicles
Jim Conant, Director, KDOR Resource Management

DATE: March 16, 2006

SUBJECT: Senate Bill 545 – County Treasurer Fees and Compensation

For 15 years I was honored to serve as the Harper County Treasurer. All counties have pay structures, but not all counties follow the same path. As Treasurer, I received a base salary and additional compensation was added from the Vehicle Operating Fund. In total, the actual salary equaled that of the County Clerk and Register of Deeds.

County Treasurers serve as the Vehicle Registrars for the state. The state provides equipment, support and education for processing vehicle titles and registrations. The only monetary support the state sends them, is a token amount to be used as reimbursement for paper and printer toner. From 2001 through 2006, the amount distributed to County Treasurers has ranged from \$163,000 to \$135,000. Please keep in mind, this is an ad hoc distribution. The yearly amount is distributed between 105 counties and is done toward the end of the states' fiscal year. Secretary Wagon has been faithful to the Treasurers with this yearly distribution.

I would like to introduce Mr. Jim Conant, Director of KDOR Resource Management. Jim provides the attached spreadsheet regarding appropriations/provisions and expenditures for the VIPS/CAMA Technology Hardware Fund.

We both thank you for the opportunity to provide information.

**Figure II-1
Allowed Uses in Statutes and Appropriations Provisos**

VIPs/CAMA Technology Hardware Fund										
Approved uses	original legislation, 1996	appropriations proviso provisions								
		1997	1998	1999	2000	2001	2002	2003	2004	2005
VIPs hardware for the State or for the counties	X	X	X	X	X	X	X	X	X	X
CAMA hardware for the State or for the counties	X	X	X	X	X	X	X	X	X	X
CAMA software					X	X	X	X	X	X
VIPs software						X	X	X	X	X
administration and operation of the Department of Revenue								X	X	X
indirect costs of operations in support of Department administration and operation								X	X	

**Figure II-2
VIPs/CAMA Technology Hardware Fund Expenditures and Transfers**

Category	2001	2002	2003	2004	2005	2006 ^(a)	Total	% of Total ^(c)
Salaries				\$1,494,570	\$1,813,297	\$2,094,803 ^(b)	\$5,402,670	63.3%
Consulting	\$328,882		\$1,016,757				\$1,345,639	15.8%
Hardware - Counties	\$289,582	\$177,005		\$55,255	\$4,584	\$746	\$507,181	6.0%
Hardware - State	\$84,314	\$94,570			\$10,401	\$18,811	\$186,097	2.2%
Software - State		\$37,316			\$22,048	\$390	\$59,691	0.7%
Repair & Service		\$1,937				\$9,000	\$10,937	0.1%
Communication		\$5,790			\$72	\$179	\$6,041	0.1%
Software - Counties				\$3,400			\$3,400	0.0%
Other		\$192					\$192	0.0%
Transfer to Vehicle Operating Fund	\$500,000						\$500,000	5.9%
Transfer to State General Fund		\$500,000					\$500,000	5.9%
TOTAL	\$1,162,587	\$816,810	\$1,016,757	\$1,553,225	\$1,850,400	\$2,123,869	\$8,523,649	100%

(a) 2006 Expenditures are to-date.
 (b) This is an estimate for salaries for FY06.
 (c) Percentage of total expenditures and transfers out of fund.

Sources: LPA analysis of Department of Revenue data

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KANSAS

DEPARTMENT OF TRANSPORTATION
DEB MILLER, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

TESTIMONY SUBMITTED TO SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

REGARDING SENATE BILL 545 COMPANSATION AND FEES OF COUNTY TREASURERS

March 16, 2006

Mr. Chairman and Committee Members:

The Kansas Department of Transportation (KDOT) is providing written testimony regarding Senate Bill 545, concerning compensation and fees of county treasurers.


Under current law, county treasures are allowed to retain a portion of motor vehicle registration receipts as additional compensation for services performed in administering the motor vehicle title and registration laws. The amount to be retained is determined by a tiered structure but is capped at \$9,800.

Beginning January 1, 2007, SB 545 would increase the amounts to be retained under the tiered structure and increase the overall cap to \$15,000. Based on Calendar Year 2005 motor vehicle registration information, it is estimated that the SHF would realize a decrease of \$175,000 for the last six months of FY 2007. This equates to a loss of \$350,000 annually or approximately a \$1.0 million loss by the end of the Comprehensive Transportation Program.

If passed this bill would have an ongoing fiscal impact to the SHF, a fact that the Committee needs to be aware of while considering this bill.

For further information, please contact Ethan Erickson, Budget Manager at 296-6044.

KANSAS COUNTY
**Treasurer's
Association**



President – Diane Gentry, Greeley County
Vice-President – Eileen King, Riley County
Secretary – Sharon Utley, Allen County
Treasurer – Mary Underwood, Jefferson County

March 10, 2006

Dear Senator Huelskamp,

My name is Diane Gentry, Treasurer of Greeley County and President of the Kansas County Treasurers' Association. I am writing requesting your support of Senate Bill 545. Its passage would help me and my fellow Treasurers to operate a self supporting motor vehicle operation.

Senate Bill 545 was introduced to assist County Treasurers in the retention of additional funds to be used to finance their respective Motor Vehicle departments. A recent survey completed by the KCTA of all County Treasurers, indicated most rely on their County General budgets to subsidize their motor vehicle services.

The last fee increase, granted in the 90's, has long since been absorbed by escalating costs. Health insurance; utilities; rent, in larger counties and many other direct costs associated with motor vehicle services have increased due to inflationary pressures. Some counties have realized a greater demand for Motor Vehicle services, resulting in additional costs and 80 counties have absorbed the cost of drivers license services in an effort to keep these services local and convenient for their constituents. Add to the mix the need to replace outdated equipment and software that has deteriorated since the implementation of the VIP's system in 1988 and you have a financial deficit.

It seems like a contradiction of terms to request additional funding and then request that the mailing fee be dropped. However it has been proven that processing mail and electronic applications can be done more efficiently and timely as opposed to dealing with long lines and having to "chit chat" with every registrant. Consequently, the hope is that by dropping the \$0.50 fee, more registrants will use the mail and electronic services as opposed to coming to the office of their County Treasurer. This will be realized more in larger counties rather than smaller counties.

In conclusion, Kansas County Treasurers have had a partnership with the State of Kansas when dealing with Motor Vehicle services that has endured for many years. Since the last fee increase Treasurer's have collected \$1,258,698,249.00 in registration fees, \$13,671,192.00 in drivers license fees (11%of the State total) and \$364,129,072.00 in sales tax (last seven years). This partnership in the last decade has expanded to include drives license services by 80 County Treasurers, which will increase in the future. What has made this arrangement work so well in the past has been the support, trust and fairness the legislature has provided to Kansas County Treasurers. Therefore I am requesting that this support, trust and fairness be renewed in the form of your approval of Senate Bill 545. Once again, thank you for your time, concerns and attention to this matter.

Gratefully yours,

Diane Gentry
Greeley County Treasurer, President KCTA

Elections and Local Government
March 16, 2006
Attachment 7