

January 28, 2025

The Honorable Brenda Dietrich, Chairperson  
Senate Committee on Financial Institutions and Insurance  
300 SW 10th Avenue, Room 546-S  
Topeka, Kansas 66612

Dear Senator Dietrich:

**SUBJECT:** Fiscal Note for SB 42 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 42 is respectfully submitted to your committee.

SB 42 would create the Kansas Real Time Motor Vehicle Insurance Verification Act. The bill would require the Insurance Commissioner to establish a web-based system for online and real time verification of motor vehicle insurance and would require motor vehicle insurers to establish functionality for the system. The Commissioner would be required to adopt rules and regulations to operate the provisions of the Act. The new verification system would supersede any existing motor vehicle liability insurance verification system requirements and would become the sole electronic system for verifying motor vehicle liability insurance. The bill would outline the security, use, interface, information, and functionality of the system. The system would be required to be fully operational no later than July 1, 2026, following an appropriate testing period of not less than nine months.

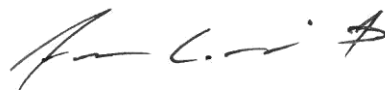
The Commissioner could conduct a competitive bid and contract with a private service provider that has successfully implemented similar systems in other states to assist in establishing, implementing, and maintaining the system. The Insurance Department would provide funding for the implementation, ongoing maintenance, and enhancement of the system. The bill would provide that insurers would be required to cooperate with the Commissioner and the Kansas Department of Revenue to establish and maintain the system. The bill also would outline other items that insurers would be authorized or required to perform. Insurers would also be immune to civil and administrative liability for good faith efforts to comply with the Act. The Act would not apply to vehicles insured under commercial motor vehicle coverage.

The Commissioner could establish, through rules and regulations, an alternative method for verifying motor vehicle liability insurance for insurers that insure 1,000 or fewer vehicles in Kansas. All information and data provided by insurance companies to the system, and all reports, responses or other information generated would be confidential and privileged, and would not be subject to the Open Records Act, nor would it be subject to discovery or admissible as evidence in a private civil action.

The Kansas Department of Insurance estimates that enactment of the bill would cost \$1.0 million in FY 2026 and \$500,000 in FY 2027 from its Insurance Department Service Regulation Fee Fund. The Department indicates that the cost of real time verification can vary depending on specific features. The agency's estimates include the startup costs and the verification testing in FY 2026. The cost for FY 2027 includes ongoing maintenance and other services required for the new system.

The Department of Revenue estimates that it would require \$45,100 from the State General Fund in FY 2026 to modify and test agency databases and update publications. The estimate includes development and testing of its internal system as well as creating a new interface between the Kansas Department of Insurance and the Department of Revenue. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation would exceed the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 42 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt  
Director of the Budget

cc: Kyle Strathman, Insurance Department  
Lynn Robinson, Department of Revenue