

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2557

As Amended by Senate Committee on
Transportation

Brief*

HB 2557, as amended, would replace vehicle taxes on specified commercial vehicles with fees.

The bill would require an annual commercial vehicle fee starting January 1, 2014, on any truck or truck tractor registered at a gross weight of more than 10,000 pounds and operating as a commercial vehicle.

The bill defines "commercial vehicle" as a self-propelled or towed motor vehicle in commerce used to transport property or passengers when the vehicle has a gross weight or gross combination weight of at least 10,001 pounds, is designed or used to transport 15 or more passengers (including the driver), or is used to transport hazardous materials in a quantity requiring placarding. "Commercial vehicle" would not include a vehicle registered as a farm truck or truck tractor or a vehicle taxed as personal property.

Fees

The annual commercial vehicle fee would range from \$150 for a vehicle up to 12,000 pounds and seven years old or older, to \$400 for a truck registered at a gross weight of 60,000 pounds or more regardless of age. The fee would be in addition to registration fees. Trucks registered with this fee would be eligible for apportioned registration.

*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>

Fee Collection and Distribution

Amounts collected by the county treasurers would be remitted or distributed as in current law for motor vehicle taxes for Kansas-based motor carriers; for non-Kansas-based motor carriers, amounts collected would be remitted to the State Treasurer and credited to the Special City and County Highway Fund.

The bill would add a fee of \$4 for each vehicle so registered. Of that amount, \$2 would be remitted to a Commercial Vehicle Administrative System Fund, created by the bill and to be used solely for Division of Vehicles functions related to commercial motor vehicles. The remaining \$2 would be retained by the registering county for use by the county treasurer, in the same fund used to receive other registration fees retained by the counties.

Taxation

The bill would remove these commercial vehicles from vehicles which must be valued by the county appraiser and placed on the tax roll and from vehicles assessed and taxed as personal property.

The bill would add a sunset date of January 1, 2014, to requirements for the Director of Property Valuation to annually value and assess the over-the-road motor vehicles and rolling equipment of motor carriers. Sworn statements from motor carriers regarding licenses, the vehicles operated in Kansas, and the miles those vehicles were operated in Kansas would be required on or before May 15 in 2012 and 2013. The bill also would place a sunset date of January 1, 2014, on requirements the Director of Property Valuation determine values and assessments on over-the-road motor vehicles based on the proportion of miles driven in Kansas and levy them for taxation.

The bill would add a sunset date of January 1, 2014, to requirements for the valuation of over-the-road motor vehicles at 30 percent of value.

The bill would remove outdated language regarding taxation of certain vehicles owned by manufacturers and vehicle dealers.

Registration

The bill would amend the definition of "fleet motor vehicle" for registration purposes.

License plates issued for these commercial vehicles would be permanent and not dated. They would be required to be distinctive and include the word "commercial."

License plates would not be transferable, but unused registration and commercial vehicle fees could be transferred to another commercial motor vehicle registered at the same or greater weight.

Technical Amendments

The bill would make various technical amendments, including to update a federal reference.

Background

A representative of the Kansas Motor Carriers Association and the bureau chief for Motor Carrier Services, Kansas Department of Revenue, testified in support of the bill to both the House and Senate Transportation Committees. A representative of the Kansas County Treasurers Association submitted written testimony supporting the bill to the House Transportation Committee. There was no other testimony.

According to testimony, the bill would consolidate

trucking-related functions performed by three divisions at the Department of Revenue and allow more convenient registration of commercial vehicles. Proponents said it also would increase payments from interstate motor carriers, which would pay the fee along with their apportioned registration, and would be revenue-neutral.

The House Committee on Transportation amended the bill to make a technical correction. The Senate Committee on Transportation amended the bill to allow an unused commercial vehicle fee to be transferred to another commercial motor vehicle registered at the same or greater weight.

Registration fees for commercial vehicles vary by the vehicle's gross weight and the use of the vehicle, *e.g.*, general commercial use, in-state use only.

The Special City and County Highway Fund is distributed according to a formula in KSA 79-3425c. Each county receives a minimum amount and an additional amount based on vehicle registration amounts, road miles, and average daily vehicle miles traveled. Amounts to cities are based on population.

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue estimated, for FY 2014, reductions of costs from the Division of Vehicles Operating Fund of \$368,900 and increases of expenditures of approximately \$1.05 million. The increased expenditures would include \$392,000 to manufacture new permanent commercial vehicle license plates and \$501,650 to program the commercial vehicle system. The fiscal note states the Department of Revenue has discussed with the Kansas Department of Transportation the possibility of asking the Federal Motor Carrier Safety Administration to redirect some funding to cover programming costs. Approximately \$350,000 would be credited annually to the Commercial Vehicle Administrative System Fund beginning in FY 2014.

Testimony to the Senate Transportation Committee from the Department of Revenue states enacting the bill would save approximately \$561,000 a year.

The fiscal note further states the fee schedule was the result of consultations with the Property Valuation Division; representatives of large, medium, and small counties; and the Kansas Motor Carriers Association. The note states the Department of Revenue asserts every effort was made to construct the fee schedule to make it revenue neutral with regard to the motor carrier property tax the new fee would replace at the county level.