

SESSION OF 2012

SUPPLEMENTAL NOTE ON SENATE BILL NO. 120

As Amended by House Committee on
Transportation

Brief*

SB 120, as amended, would enact the Kansas Vessel Titling Act, which would be effective on January 1, 2013, and would mandate any vessel required to be numbered by the Secretary of Wildlife, Parks and Tourism that is sold or transferred be titled with the Kansas Department of Revenue's Division of Vehicles within 30 days.

Vessel dealers, manufacturers, and factory representatives of manufacturers would be required to be licensed and would be regulated.

Of the \$20 fee for an original certificate of title, the county treasurer would retain \$2, and the remainder would be divided and credited to funds created by the Act: \$8 to the Vessel Title and Registration Fee Fund; \$6 to the Vessel Enforcement Fee Fund; and \$4 to the Department of Revenue Vehicles Vessel Dealer Licensing Fee Fund. In accordance with appropriations, moneys in the Vessel Title and Registration Fee Fund and the Vessel Dealer Licensing Fee Fund could be used by the Department of Revenue for certain purposes, and moneys in the Vessel Enforcement Fee Fund could be used by the Department of Wildlife, Parks and Tourism for title enforcement. The bill also includes related fees, such as a fee of \$2.50 for a notice of security interest fees for recording liens; the amounts of those fees proposed in the bill are the same as those for similar fees for vehicles.

The bill would require a vessel dealer, manufacturer, or

*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>

factory representative in business in Kansas to be licensed by the Division of Vehicles. The license fee would be \$75 a year. The Act would include requirements for vessel dealers relating to the applications for licensure, their places of business, and sales reporting. The bill would allow the Director of Vehicles to deny, suspend, revoke or refuse to renew a license for reasons including financial unfitness, failing to comply with any applicable provision of the Act, and knowingly making a fraudulent sale or transaction. Anyone found to have violated applicable provisions of the Act, any rule and regulation adopted pursuant to the Act, or any applicable order of the Director would be subject to a civil penalty of not less than \$50 nor more than \$1,000 for each violation, suspension or revocation of the person's license, or both civil penalty and license suspension or revocation. The provisions relating to dealers are like those that apply to vehicle dealers and manufactured housing dealers.

The bill would authorize the Secretary of Revenue to adopt rules and regulations necessary to implement the Act and require it to gather information, such as buyer name, vessel identification number, and manufacturer, consistent with federal regulations.

Background

The bill was requested for introduction and supported in hearings in both the House and Senate Transportation committees by the Kansas County Treasurers' Association, whose representatives stated lien holders prefer a title be provided on Kansas watercraft and as many as 38 other states title watercraft. In 2011, the Director of Vehicles and a representative of the Kansas Bankers Association offered neutral testimony to the Senate Transportation Committee. There was no opposition testimony. In 2012, during discussion in the House Transportation Committee, a representative of the Kansas Department of Wildlife, Parks and Tourism answered questions and offered ideas for amendments to the bill, noting the National Conference of

Commissioners on Uniform State Laws had adopted a Uniform Certificate of Title Act for Vessels in July 2011. That representative also noted, unless a vessel is sold, its registration is valid for three years.

The Senate Transportation Committee amended the bill to clarify the definition of vessel to assure the titling provisions would not apply to toy boats generally not designed to carry human passengers; to remove a proposed \$10 "junk title fee" for certain vessels destroyed, dismantled, or sold as junk; and to make a minor technical change.

The House Transportation Committee amended the bill to incorporate suggestions from the Kansas Department of Wildlife, Parks and Tourism: to require a statement of fact regarding liens and encumbrances to be delivered to the purchaser when no manufacturer's statement of origin exists or can be located, to change the effective date to 2013, to require the Division of Vehicles to gather information specified in federal regulations in 33 CFR Part 187 (Coast Guard regulations regarding the Vessel Identification System), to require manufacturers to pay license fees, and to update the name of the Department of Wildlife, Parks and Tourism.

The fiscal note on the original bill indicates the bill's provisions would have been expected to increase receipts by \$200,000 in FY 2012, of which \$20,000 would have been retained by county treasurers; \$80,000 would be credited to the Vessel Title and Registration Fee Fund; \$60,000 would be credited to the Vessel Enforcement Fee Fund; and \$40,000 would be credited to the Vessel Dealer Licensing Fee Fund. The bill also would have necessitated increased expenditures of \$166,610 in FY 2012, including \$2,400 to program the dealer licensing system; \$97,654 for two customer service FTE positions; \$50,908 for one field investigator FTE position; \$13,209 in onetime operating expenses; and \$2,439 in annual operating expenses. No revised fiscal note was available when the House Transportation Committee took action.