



KANSAS AUTOMOBILE DEALERS ASSOCIATION

February 12, 2015

To: The Honorable Richard Proehl, Chairman
and Members of the House Transportation Committee

From: Don L. McNeely, KADA President

Re: HB 2181 – An Act Concerning Motor Vehicle; Relating to Certificate of Title, Fees,
Disposition of Moneys

Good afternoon, Chairman Proehl and Members of the House Transportation Committee. My name is Don McNeely, and I am the President of the Kansas Automobile Dealers Association, which represents the retail new franchised motor vehicle industry in Kansas. I am also joined this afternoon by KADA's Legislative Counsel Whitney Damron.

On behalf of KADA, I thank you for the opportunity to appear today in opposition to HB 2181, which would increase the title fee associated with motor vehicles from \$10 to \$20.

This past year, the Legislative Division of Post Audit issued a Performance Audit Report regarding the issues related to the DMV Modernization Project. If you have not had a chance to read the report, I would encourage you to do so, as one of the scope questions asked was "How much has the implementation of the DMV Modernization Project cost local government?"

While the audit report estimates the costs of the implementation of Phase One of the Project and title approving duties to the counties between \$3.0 to \$3.5 million, the ongoing annualized cost is estimated between \$1.2 to \$1.5 million for new full-time staff. The report goes on to state that while the title duties have changed per the request of the counties, the state law dictating how the \$10 title fee is split between the state and counties has not.

\$2.00 – County Treasurer

\$3.00 – KDOR/DMV

\$3.50 – Highway Patrol Motor Vehicle Fund

\$1.50 – State Highway Fund

House Transportation
Date: 2-12-15
Attachment # 12

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Rather than pursue changes for splitting the \$10 fee, KDOR suggested during the implementation of the project that the counties could generate additional funds to off-set their increased costs by collecting a \$2.50 to \$5.00 facility service fee from each in-person registration renewal, as the service fee does not apply to mail-in or internet transactions. This fee was amended accordingly during the 2013 Legislative Session, and each county is allowed to choose whether or not to collect this fee. However, according to the audit report only 19 counties are currently collecting this additional service fee.

According to KDOR, 2.6 million registration renewals are processed annually and on average 1.14 million titles are issued per year. Thus, increasing the title fee from \$10 to \$20, with the additional \$10 going to the county treasurers would result in a fee increase of \$11.4 million. It appears the impact of the Modernization Project varies by county with the more densely populated counties incurring more expense than the smaller rural counties. In fact, the Audit Report pointed out 12 counties did not incur any costs during the implementation of Phase One.

A title fee increase across the board of 100% would generate additional revenue far in excess of the additional costs being incurred. One possible solution may be to provide the counties some flexibility in the amount of the facility service fee that may be charged to off-set the costs and make it subject to the approval of the county's commissioners. This would allow each county the ability to address their individual needs and costs with some justification and oversight.

As a side note, the Audit Report does not touch on future maintenance and enhancements to the new motor vehicle title and registration system. With the \$4.00 Modernization Project Fee, which is imposed on registration/renewals now going to the State Highway Fund, we are anticipating a fee increase proposal from KDOR sometime in the not too distant future to cover those associated costs.

On behalf of the Kansas Automobile Dealers Association, I thank the Members of the Committee for allowing me appear this afternoon and provide some comments in opposition to HB 2181.