

March 10, 2016

CORRECTED

The Honorable Richard Proehl, Chairperson
House Committee on Transportation
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Proehl:

SUBJECT: Corrected Fiscal Note for HB 2503 by House Committee on Transportation

In accordance with KSA 75-3715a, the following corrected fiscal note concerning HB 2503 is respectfully submitted to your committee.

Under current law, the \$4.00 Division of Vehicles modernization surcharge is credited to the State Highway Fund of the Kansas Department of Transportation (KDOT). HB 2503, as amended by the House Committee of the Whole, would direct \$2.00 of each Division of Vehicles modernization surcharge be credited to the Kansas Highway Patrol Staffing and Training Fund, which the bill would establish. Monies credited to the fund could only be used by the Kansas Highway Patrol for increasing staff and retaining personnel.

As introduced, the bill would have established a \$2.00 non-refundable surcharge on each vehicle registration.

The Kansas Department of Revenue (KDOR) states the \$4.00 modernization surcharge generated \$12.3 million in FY 2015, which was credited to the State Highway Fund. KDOR indicates directing \$2.00 of the modernization surcharge to the Kansas Highway Patrol Staffing and Training Fund would result in a decrease of \$6.13 million to the State Highway Fund in FY 2017. KDOT indicates enactment of HB 2503, as amended by the House Committee of the Whole, would decrease State Highway Fund revenues by \$9.3 million in FY 2017. In the previous fiscal note, the agency did not account for \$3.0 million being directed to other state agencies under the provisions of 2015 SB 112.

KDOR estimates additional expenditures of \$7,496 from agency fee funds would be needed in FY 2017 resulting from the enactment of HB 2503. Of that amount, \$4,960 would be for administrative costs and the remaining \$2,536 would be for setting up the surcharge in the Motor Vehicle Registration System.

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The Kansas Highway Patrol indicates it would use the surcharge to hire additional troopers and to pay for future recruiting classes. Any fiscal effect associated with HB 2503 is not reflected in *The FY 2017 Governor's Budget Report*.

As introduced, the bill would have generated an estimated \$5,394,972 for the Kansas Highway Patrol Staffing and Training Fund resulting from a \$2.00 surcharge on vehicle registrations (2,697,486 vehicle registrations x \$2.00). The Department of Revenue estimated additional expenditures of \$7,360 from agency fee funds if the bill had been enacted. There was no fiscal effect on the State Highway Fund.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Kim Torrey, Highway Patrol
Jack Smith, Department of Revenue