

February 25, 2015

REVISED

The Honorable Mike Petersen, Chairperson
Senate Committee on Transportation
Statehouse, Room 345-S
Topeka, Kansas 66612

Dear Senator Petersen:

SUBJECT: Revised Fiscal Note for SB 174 by Senate Committee on Transportation

In accordance with KSA 75-3715a, the following revised fiscal note concerning SB 174 is respectfully submitted to your committee.

SB 174 would allow the Department of Revenue to assess a fee of up to \$8 for the manufacturing of license plates. Revenues would be remitted to the newly created License Plate Manufacturing Fee Fund to be used by the Department only for the purpose of funding the administration and operation, training, marketing, software maintenance and enhancement, equipment maintenance and purchase, shipping and postage associated with the issuance of vehicle registration license plates. License plates would be shipped directly to the registered owner or lessee. A fee of \$0.50 for reflectorized license plates would be removed, and requirements of the Department associated with computing the quantity of license plates and registration decals to be furnished each county would be eliminated.

The Department of Revenue is moving to a “just in time” inventory plate system which will free physical space currently used for plate inventory in county treasurers’ offices and result in less waste as plates will only be manufactured when issued. The Department estimates the \$8,480 needed to develop and implement the new license plate issuance system could be absorbed within existing resources, but the Department could not itemize the cost of operations. The Department estimates the fee created in SB 174 to fund the system would increase revenues by approximately \$4.9 million annually to the License Plate Manufacturing Fee Fund. Since the system is not expected to be operational until January 1, 2017, the Department estimates revenues of \$2.5 million in FY 2017 and the full \$4.9 million beginning in FY 2018.

The Kansas Corporation Commission estimates passage of SB 174 would increase expenditures by \$1,600 in FY 2016 by increasing the license fee it currently pays from \$3.60 to

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February 25, 2015

Page 2—SB 174

\$8 per tag. The fiscal note originally released for SB 174 did not include this estimate. Any fiscal effect associated with SB 174 is not reflected in *The FY 2016 Governor's Budget Report*.

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: Jack Smith, Department of Revenue
Amy Gilbert, KCC