

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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To: Senate Committee on Ways and Means

From: Karen Kapusta-Pofahl, Fiscal Analyst

Re: SB 276 (2018) Transfer from the Motor Carrier License Fees Fund to the State Highway Fund

SB 276 (2018) would modify the transfer from the Kansas Corporation Commission (KCC) Motor Carrier License Fees Fund (MCLFF) to the Kansas Department of Transportation (KDOT) State Highway Fund (SHF). KSA 2017 Supp. 66-1,142 requires any funds in excess of \$700,000 to be transferred from the MCLFF to the SHF on July 30 and January 30 of each year. The bill would potentially reduce transfers to the SHF by increasing the floor from \$700,000 to \$2.8 million.

In addition to the transfer from the MCLFF to the SHF, funds are transferred from the MCLFF to the Kansas Highway Patrol. According to proviso language in 2017 HB 2002, Section 144(C), up to \$650,000 is transferred from the MCLFF to the Kansas Highway Patrol Motor Carrier Safety Assistance Program on July 1 and January 1 of each year. The amount of this transfer is not fixed but subject to certification by the Director of the Budget. Considering the timing of the transfer to the SHF, there is unlikely to be more than \$700,000 in the MCLFF at the time the transfer to the Kansas Highway Patrol is certified.

The MCLFF receives the majority of its revenue from the federal Unified Carrier Registration (UCR) Plan (USC section 14504a). The UCR Plan governs the registration and licensing of motor carriers. In FY 2017, the amount generated from this revenue source was \$4.7 million. The federal cap on the amount of revenue from this program is \$4.3 million. However, according to the KCC, Kansas had been underpaid in the past six years and has been receiving payments above the \$4.3 million to restore the underpaid amount, which has resulted in higher than normal payments to the SHF. Kansas has now collected the funds it had been underpaid and will not be receiving funds over the federal cap in the future.

The MCLFF funds the KCC Transportation Division, which regulates motor carriers in the state. In FY 2017, the MCLFF received \$4.8 million in total revenue, expended \$2.2 million, and transferred out \$4.5 million (\$3.2 million to the SHF and \$1.3 million to the Kansas Highway Patrol).

The 2008 Legislature raised the amount over which is to be transferred into the SHF from \$400,000 to \$700,000.

According to the fiscal note prepared by the Division of the Budget, the KCC indicates that continuing to disburse funds above the \$700,000 cash balance to the SHF as currently

required would result in insufficient funding to operate the Transportation Division. As a result, according to the KCC, Kansas would no longer qualify as a participating state by the UCR Plan and therefore no longer receive the \$4.3 million in annual UCR funding. The KCC also states that enactment of the bill would result in no transfer to the SHF being made in January 2018.

Further, according to the fiscal note, KDOT indicates that because the effective date of the bill would be on publication in the statute book, the January 30, 2018, transfer would occur as usual and the first transfer that would be affected is the July 30, 2018, transfer. Accordingly, KDOT reports that it did not budget receipts from this revenue source in either FY 2018 or FY 2019. Any fiscal effect associated with the enactment of the bill is not reflected in *The FY 2019 Governor's Budget Report*.

KKP/kal