

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2592

As Amended by House Committee on
Transportation

Brief*

HB 2592, as amended, would authorize six new distinctive license plates and would amend issuance requirements for new and certain continuing distinctive license plates.

New License Plates

The bill would authorize issuance of six new distinctive license plates:

- American Legion;
- Knights of Columbus;
- Proud Educator;
- Alpha Kappa Alpha;
- Back the Badge; and
- Blackout.

Logo Use Royalty Payments

Logo use royalty payments would be required for four of the license plates:

- The American Legion would authorize the use of its American Legion logo to be affixed on the American Legion license plates;
- The Knights of Columbus Kansas State Council would authorize the use of its Knights of Columbus

*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>

logo to be affixed on the Knights of Columbus license plates;

- The Kansas Educators Support Foundation would authorize the use of its proud educator logo to be affixed on the Proud Educator license plates; and
- Alpha Kappa Alpha would authorize the use of its Alpha Kappa Alpha logo to be affixed on the Alpha Kappa Alpha license plates.

For each of these types of license plate, the bill would require a payment of a royalty of not less than \$25 but not more than \$100 per license plate issued to be paid to either the respective organization or the county treasurer. The owner or lessee of the vehicle would annually apply to the respective organization for use of such logo and, upon the payment of the appropriate royalty, receive a logo use authorization statement to be presented at the time of registration.

Back the Badge and Blackout plates. No logo use royalty payments would be associated with the Back the Badge or Blackout license plates. The bill would require an applicant for a Back the Badge license plate to pay a \$50 Law Enforcement Memorial Fund fee and an applicant for a Blackout license plate to pay an annual \$35 Local Roads Improvement Fund fee.

Renewal of Registration

The bill would permit a vehicle owner or lessee to apply for the license plate not less than 60 days prior to their registration renewal date, on a form prescribed and furnished by the Director of Vehicles (Director), Department of Revenue. The bill would require the applicant to provide the annual logo use authorization statement, make the royalty payment to the county treasurer, or pay the fee, as applicable. The bill would not allow the transference of registration or license plates to any person other than the

applicant, but the Director could transfer the distinctive license plate from a leased vehicle to a purchased vehicle.

The bill would specify renewals of registration would be annual, upon payment of the license plate fee, and in accordance with the license plate issuance cycle. The bill would prohibit renewal of registration until the applicant has paid the county treasurer the logo use royalty payment, presents the annual logo use authorization statement, or pays the fee, as applicable. Further, if the logo use authorization statement is not presented at the time of registration or faxed by the respective organization, or the applicant has not paid the county treasurer the annual logo use royalty payment or fee, as applicable, the applicant would be required to return the license plate to the county treasurer of the person's residence.

Requirements on the Respective Organizations

The bill would require the sponsor of four of the license plates (the American Legion, the Knights of Columbus Kansas State Council, the Kansas Educators Support Foundation, and Alpha Kappa Alpha) to:

- Pay the initial cost of design for the license plates;
- Provide a toll-free telephone number or electronic mail address to all county treasurers for an applicant to call for information concerning the application process or the status of the license plate application; and
- Design the license plate, with the approval of the Director and subject to availability of material and equipment.

The bill would not require an organization to sponsor the Back the Badge license plate or the Blackout license plate.

Consent—Release of Motor Vehicle Registration Information

The bill would require an applicant, as a condition of receiving the distinctive license plate and any subsequent registration renewal of such plate, to provide consent to the Division of Vehicles (Division) authorizing the Division's release of motor vehicle record information – the applicant's name, address, logo use royalty payment amount, plate number, and vehicle type – to the respective organization (if applicable) and the State Treasurer.

Remittance of Annual Logo Use Royalty Payments

For each of the license plates, the bill would require the annual logo use royalty or fee payments collected by the county treasurers to be remitted daily to the State Treasurer, create a fund within the State Treasury to which the State Treasurer would credit the amounts received, specify all expenditures from the respective funds would be made in accordance with appropriate acts upon warrants of the Director of Accounts and Reports and issued pursuant to vouchers approved by the State Treasurer or the State Treasurer's designee, and require monthly payments from the funds to the entity identified for each license plate:

- American Legion, Knights of Columbus, Proud Educator, and Alpha Kappa Alpha license plates: to the sponsoring organization;
- Back the Badge license plate: to the Law Enforcement Memorial Fee Fund; and
- For the Blackout license plate: to the Local Roads Improvement Fee Fund.

License Plate Issuance Requirements

The bill would exclude the Back the Badge license plate from requirements for a sponsoring organization to submit an

amount to the Division for agency costs to develop such license plate.

The bill would exclude the Blackout license plate from the requirement moneys be submitted to cover development costs and from minimum order and annual renewal requirements.

The bill would amend issuance requirements for new and certain continuing distinctive license plates in these ways:

- Decrease the minimum number ordered that is required to guarantee initial issuance of a distinctive license plate from 500 to 250;
- Decrease the minimum requirement for the initial issuance of the In God We Trust or the Choose Life distinctive license plates from 1,000 to 100 [*Note:* In God We Trust license plates have been issued];
- Upon certification by the Director to the Director of Accounts and Reports that 100 or more paid orders for the In God We Trust or Choose Life license plate have been received, require the Director of Accounts and Reports to transfer \$4,000 (rather than \$40,000 in current law) from the State Highway Fund (SHF) to the Distinctive License Plate Fund;
- Reduce from \$20,000 to \$5,000 the maximum amount any distinctive license plate sponsoring person or organization must submit to the Division for agency costs for developing such distinctive license plate;
- For distinctive license plates authorized prior to July 1, 2004:
 - Decrease from 500 to 125, including annual renewals, the minimum number of distinctive

license plates (except for educational institution license plates) that must be renewed in any two-year period before the Director must discontinue the issuance of such distinctive license plate;

- For distinctive license plates authorized on or after July 1, 2004:
 - Decrease from 500 to 250 the minimum number of distinctive license plates that must be issued by the end of the second year of sales before the Director must discontinue the issuance of such distinctive license plate; and
 - Decrease from 250 to 125, including annual renewals, the minimum number of distinctive license plates that must be issued during any subsequent two-year period before the Director must discontinue the issuance of such distinctive license plate.

- For educational institution license plates:
 - Remove a requirement the logo use royalty payment be established by the alumni association or foundation;
 - Decrease, from 500 to 100, the number of guaranteed plates required before initial issuance;
 - Decrease from 500 to 100 the minimum number of educational institution license plates that must be issued by the end of the second year of sales before the Director must discontinue the issuance of such distinctive license plate; and
 - Decrease from 250 to 50, including annual renewals, the minimum number of distinctive license plates that must be issued during any subsequent two-year period before the

Director must discontinue the issuance of such educational institution license plate.

The bill would make technical changes.

Background

On February 20, 2020, the House Committee on Transportation amended HB 2592 by inserting the contents of HB 2095, HB 2300, and HB 2444 into HB 2592. The following provides background information on each bill.

HB 2592 – American Legion, Knights of Columbus, and Proud Educator License Plates

HB 2592 was introduced by the House Committee on Transportation at the request of Representative Thimesch.

In a House Committee hearing on February 18, 2020, the state commander of the American Legion and a representative of the Kansas Independent College Association testified as proponents. Representative Jacobs, Representative Sutton, and a representative of the Independent College Association provided written-only proponent testimony. No neutral or opponent testimony was provided.

The House Committee amended the bill to:

- Decrease the minimum number of guaranteed license plates to be ordered for the initial issuance of distinctive license plates from 500 to 250;
- Add the contents of HB 2095, HB 2300, and HB 2444; and
- For distinctive license plates issued prior to July 1, 2004:

- Decrease from 500 to 125, including annual renewals, the minimum amount of distinctive license plates (except for educational institution license plates) that must be renewed in any two year period before the Director must discontinue the issuance of such distinctive license plate; and
- For distinctive license plates authorized on or after July 1, 2004:
 - Decrease from 500 to 250 the minimum number of distinctive license plates that must be issued by the end of the second year of sales before the Director must discontinue the issuance of such distinctive license plate; and
 - Decrease from 250 to 125, including annual renewals, the minimum number of distinctive license plates that must be issued during any subsequent two-year period before the Director must discontinue the issuance of such distinctive license plate.

According to the fiscal note prepared by the Division of the Budget on HB 2592 as introduced, the Kansas Department of Revenue (Department) indicates enactment of the bill would increase agency expenditures by \$26,418 in FY 2021 for administrative costs related to designing and manufacturing of the American Legion, Knights of Columbus, and Proud Educator license plates. The Department estimates the bill would increase revenues to the SHF by \$58,875 for the initial issuance of 500 of each distinctive license plate created by the bill at a cost of \$40 per personalized plate fee (\$19,625 per distinctive license plate). Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.

HB 2095 – Alpha Kappa Alpha License Plate

HB 2095 was introduced by Representative Finney.

In the House Committee on Transportation hearing on the bill on February 12, 2019, Representative Finney and a member of the Alpha Kappa Alpha (AKA) Sorority testified as proponents. The proponents stated AKA is the first sorority established by African-American college women and 20 states have established an AKA license plate. Another member of AKA and the Mid-Western Regional Director of AKA provided written-only proponent testimony. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2095, as introduced in 2019, the Department indicates enactment of the bill would increase agency expenditures by \$5,532 in FY 2020 for administrative costs related to designing and manufacturing the new plate. The Department estimates the bill would increase revenues to the SHF by \$20,000 from the \$40 personalized plate fee per plate at an initial issuance of 500 plates. The Department estimates the bill would increase revenue to the Distinctive License Plate Fund from a \$20,000 nonrefundable fee required from the sponsor of the new distinctive license plate to defray costs to develop the new plate. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2300 – Back the Badge License Plate

HB 2300 was introduced by Representative Burroughs.

The bill did not receive a hearing.

According to the fiscal note prepared by the Division of the Budget on HB 2300, as introduced in 2019, the Department indicates enactment of the bill would require additional expenditures of \$2,170 from special revenue funds in FY 2020 (\$750 for system programming changes, \$960 for systems testing, \$240 for updating policies and procedure, and \$220 for design costs). The Department notes the plate would be subject to current law requiring a \$40 personalized license plate fee and a guarantee of a minimum of 500 plates

for initial issuance. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2444 – Blackout License Plate

The bill was introduced by Representative Williams and Representative Francis.

In the House Committee on Transportation hearing on the bill on January 23, 2020, Representative Williams, the Deputy Director of the Kansas Department of Transportation, and a representative of the League of Kansas Municipalities testified as proponents. Proponent testimony focused on the creation of the new license plate as an opportunity to raise funds for local units of government. A representative of the Kansas Contractors Association provided written-only proponent testimony. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2444, as introduced, the Department indicates the new license plate would be exempt from the \$40 special plate application fee, but the bill requires a guarantee of 500 plates to be produced and sold. The Department indicates production of specialty plates cannot begin until the KDOR receives a list of 500 initial customers. The Department indicates enactment of the bill would not have a significant fiscal effect on expenditures and is unable to estimate the revenue from the \$35 fee.

The Division of the Budget indicates it is possible for revenues and expenditures to stretch over a period of fiscal years because of the nature of producing and issuing license plates. The League of Kansas Municipalities and the Kansas Association of Counties indicate it is not possible to predict the number of plates that would be sold and they are therefore unable to estimate any fiscal effect. Any fiscal effect association with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.