

January 22, 2021

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

Dear Senator Petersen:

SUBJECT: Fiscal Note for SB 36 by Senate Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 36 is respectfully submitted to your committee.

SB 36 would allow the Superintendent of the Highway Patrol to establish rules and regulations to administer the certification process for employees of new vehicle dealers who conduct vehicle identification number (VIN) inspections. The bill would also allow employees of a salvage vehicle pool who have received training and certification from the Patrol to conduct VIN inspections. The Superintendent of the Highway Patrol would also be allowed to revoke, suspend, decline to renew, or decline to issue certification for failure to comply with the Patrol's training and certification requirements. The bill would allow the Patrol to create rules and regulations to administer the certification process for employees of salvage pools. Such salvage pools would be required to maintain a \$50,000 corporate surety bond and only salvage pools with at least 2,000 vehicles combined per year would be eligible to have employees perform VIN inspections.

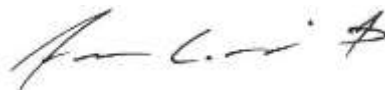
The bill would also allow a salvage vehicle pool or salvage vehicle dealer to apply for an ownership document with the Kansas Department of Revenue Division of Vehicles without forwarding the statement of origin or certificate of title to the Division for a vehicle that is the subject of an insurance claim when (1) the insurance company requests that the salvage vehicle pool or dealer obtain possession of the vehicle, (2) the insurance claim has been closed without payment or has been denied, (3) the vehicle has remained unclaimed at the salvage vehicle pool's or dealer's facility for more than 30 days. The bill would create an application process requiring at least two written notices to be delivered by certified mail or through another carrier that provides proof of delivery. If the salvage vehicle pool or salvage vehicle dealer does not receive proof of delivery for the notices, the pool or dealer would be required to publish a notice of application of ownership in a newspaper of general circulation in the county where the vehicle is located. The

application would be required to specify whether a certificate of title, a salvage title or a nonrepairable vehicle certificate should be issued for the vehicle. Upon receipt of the application and all information required, the Division would issue to the salvage vehicle pool or salvage vehicle dealer a certificate of title, a salvage title or a nonrepairable vehicle certificate free and clear of all liens, security interests and encumbrances.

The Department of Revenue indicates that it would require a total \$11,890 from the State General Fund in FY 2022 to implement the bill and to modify the vehicle registration system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Highway Patrol states that it currently uses designees to perform duties similar to those described in the bill. The agency indicates that enactment of the bill would require additional expenditures of between \$5,000 and \$10,000 from the VIN Fee Fund in FY 2022 to develop new forms, training, curriculum, and manuals, and to fund salaries and wages expenditures for oversight and audit purposes. Any fiscal effect associated with SB 36 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Sherry Macke, Highway Patrol