

January 23, 2014

REVISED

The Honorable Jeff King, Chairperson
Senate Committee on Judiciary
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator King:

SUBJECT: Revised Fiscal Note for SB 260 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following revised fiscal note concerning SB 260 is respectfully submitted to your committee.

SB 260 would require notices of mechanics' liens for titled vehicles to be filed with the Division of Vehicles of the Department of Revenue. The Department would be allowed to assess a title fee of no more than \$10; and would be required to create a new electronic title reflecting the lien and cancel the existing title number. The bill would also require notices of mechanics' liens for repairs or improvements made on personal property of a vehicular nature, including horses, locomotives, barges, aircraft, construction equipment, and vehicles not subject to the provisions for titled vehicles, to be filed with the Office of the Secretary of State. Current law stipulates that these liens be filed with the counties' register of deeds. The Secretary of State would be allowed to assess a filing fee of no more than \$20 to be credited to the Information and Services Fee Fund. The bill includes provisions which outline the requirements of mechanics, lien claimants, and the Department of Revenue or the Secretary of State.

The Office of the Secretary of State indicates that training its employees and altering its existing database and data storage system in order to comply with the provisions of SB 260 would increase costs for the agency; however until it has had an opportunity to operate with the provisions in place, an accurate estimate of the fiscal effect on expenditures cannot be given. The agency also estimates that the \$20 filing fee would increase revenues to the Information and Services Fee Fund by \$1,500 in FY 2015, but does not know how many notices of liens would be filed. The Department of Revenue estimates that passage of SB 260 would increase expenditures from the State General Fund by approximately \$480,985 in FY 2015. The estimate includes \$446,160 for 2,704 hours of programming at \$165 per hour to modify the Motor Vehicle

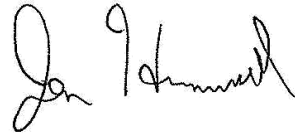
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Registration System; and \$34,825 for 995 hours of user testing at \$35 per hour. The Department indicates that the title fee it would be authorized to assess for the mechanics' lien process would increase revenue to the State Highway Fund, but it is unable to provide a precise fiscal effect on revenues since it unknown how many transactions would be completed. Any fiscal effect associated with SB 260 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Department of Revenue
Desiree Taliaferro, Secretary of State's Office