



WALLACE COUNTY

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To: Chairman Rick Billinger and members of the Kansas Senate Ways and Means Committee

From: Christine Smith, Wallace County Treasurer & Vice President, Kansas County Treasurer's Association

Date: Wednesday, March 16, 2022

Re: HB 2567 – Proponent Testimony

Chairman Billinger and Ways and Means Committee members:

Thank you for the opportunity to provide testimony on behalf of Wallace County and the Kansas County Treasurer's Association. I know firsthand how very limited time is during legislative session and appreciate the chance to share with you some key considerations that fully support the passage of HB 2567, which recently passed the Kansas House 114-6.

Through a working group of Kansas county treasurers, legislators, and employees from Kansas Department of Revenue, specific issues were previously identified within the current motor vehicle fee structure. Through this collaborative effort and several years of work, enhancements have been identified to update and improve the motor vehicle fee structure. **HB 2567 is the culmination of these efforts.**

This bill was drafted with two key goals in mind.

First, there is a drastic need to simplify the current motor vehicle fee statement. With the variety of fees and descriptions listed on the current fee statement, the existing structure is **difficult for customers to understand**. The current structure does not differentiate the allocation of the dollars paid, which leads customers to assume that all of their dollars remain at the county level. When in actuality, most of these fees are sent to the State of Kansas.

The new fee model outlined by HB 2567 provides for the breakdown of fees, allowing customers to distinguish exactly where their dollars are being sent. **The new motor vehicle statements will be more streamlined, transparent, and user friendly for the public.**

Second, financial sustainability was identified as a point of concern. As you may be aware, county offices retain only a small portion of the transaction fees they are paid for processing motor vehicle transactions. These dollars are held in our motor vehicle operating funds, to be used specifically for expenses relating to the operation of our motor vehicle offices, including but not limited to salaries, benefits, rent, utilities, meeting/training travel expenses, equipment, and other miscellaneous expenses that aid in the processing of transactions. In 2020, Wallace County's motor vehicle revenues were just over \$19,500. That may sound substantial for a small county. However, our motor vehicle expenses were slightly above \$137,000. In 2021, our revenues were \$20,078 with these same expenses exceeding \$146,000. These figures include 90% of two employees' salaries and benefits, utilities, other related supplies and expenses. With deficits of over \$115,000 each year, it has been necessary for Wallace County to budget all motor vehicle expenses within the office's general fund. **Equipment necessary to complete motor vehicle transactions, such as computers, printers, and scanners were previously provided by the state, but not anymore.** These have now become the county's responsibility with no increase in funding from the state.

HB 2567 permits an increase in county fee revenue, **allowing for responsible financial sustainability for our county offices.** With the rising costs of staff, equipment, trainings and other related expenses, offices will be more adequately equipped to fulfill their responsibilities to the public, without requesting an increase in levied tax dollars through their county's general fund. With the elimination of the DMV Modernization Fee through an amendment on the House floor, this can occur without an increase for the customer, providing a unique opportunity to help local government without negatively affecting taxpayers.

Thank you for your appreciated consideration of HB 2567. Our county motor vehicle offices work hard to provide outstanding customer service and customer education, even with financial constraints. The passage of HB 2567 would greatly assist in providing our motor vehicle customers the transparency they desire and the financial sustainability our offices significantly need.