

February 7, 2017

The Honorable Richard Proehl, Chairperson
House Committee on Transportation
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Proehl:

SUBJECT: Fiscal Note for HB 2194 by House Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2194 is respectfully submitted to your committee.

HB 2194 would exempt certain individuals from paying driver's license fees (\$2 permit fee, \$3 examination fee, and \$12.50 license fee) for a Class M Motorcycle License. Any individual who is currently or formerly employed as a law enforcement officer, fire fighter, emergency medical services personnel, or any person who is currently serving or has formerly served in the Army, Navy, Marine Corps, Air Force, Coast Guard, Air or Army National Guard or any branch of the military reserves of the United States would be eligible for this exemption. The bill would allow approved courses of motorcycle safety to be conducted outside the state if all course requirements are satisfied.

The Department of Revenue indicates HB 2194 would exempt certain individuals from paying motorcycle license fees. The bill is expected to decrease revenues to the State Highway Fund, State Safety Fund, and Motorcycle Safety Fund beginning in FY 2018. No data exists that provides the specific number of individuals who have a motorcycle license who are currently or formerly employed as a law enforcement officer, fire fighter, emergency medical services personnel, or in the military to provide a precise estimate of the reduction of state revenues as a result of this bill.

The Department of Revenue reviewed data on motor vehicle registration and driver's licenses from the Division of Vehicles and data from the U.S. Census Bureau and U.S. Bureau of Labor Statistics (BLS). The Department indicates that there were 217,388 motorcycle license holders in Kansas in 2016. Data from the U.S. Census Bureau indicates that approximately 10.0 percent of the adult population in Kansas served in the military in 2015. Data from the BLS indicate that approximately 1.3 percent of the total population of Kansas in 2015 was currently employed as a law enforcement officer, fire fighter, emergency medical services personnel, or in the military. However, no such data exists for the number of employees that formerly worked in these occupations that would also be exempt from paying certain driver's license fees for a Class M Motorcycle License.

If it is assumed that 10.0 percent of certain motorcycle fees would be exempt under these provisions, the bill has the potential to decrease state revenues by \$63,405 in FY 2018, including \$45,290 from the State Highway Fund, \$9,058 from the State Safety Fund, and \$9,058 from the Motorcycle Safety Fund. If a total of 10.0 percent of individuals who apply for a motorcycle license, or 21,739 individuals, were not required to pay the total fees of \$17.50 (\$2 permit fee + \$3 examination fee + \$12.50 license fee), then the bill would reduce total revenues by \$380,432 (21,739 x \$17.50) over the course of six years. Because Class M Motorcycle Licenses are renewed every six years, the overall fiscal effect would be divided over the six years, or a reduction of state revenues of approximately \$63,405 per year. All revenues from the permit fee and the examination fee are distributed to the State Highway Fund. Revenues from the licensee fee are distributed to the State Highway Fund (60.0 percent), State Safety Fund (20.0 percent), and the Motorcycle Safety Fund (20.0 percent).

The Department of Revenue indicates the bill would have no administrative costs. However, the Division of Vehicles relies upon public and private agents to perform vehicle functions, including accepting original and renewal applications for Class M Motorcycle licenses. In many cases, the Division's agents are compensated for providing such services by assessing a service fee in addition to the statutory fee. The bill has the potential to interfere with the Division's current business model for privatization of vehicle functions.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

The Department of Education indicates that the language allowing approved courses of motorcycle safety to be conducted outside the state would have no fiscal effect. Any fiscal effect associated with HB 2194 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Ben Cleaves, Transportation
Dale Dennis, Education