

SESSION OF 2017

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 89**

As Amended by House Committee on  
Transportation

**Brief\***

SB 89 would amend law relating to the collection of certain vehicle title and registration fees and the remittance of such fees.

***Service Fee for Title Application to Lienholder***

The bill would authorize the Division of Vehicles (Division) or a contractor to collect a \$1.50 service fee for processing and mailing a copy of a title application to a lienholder when the vehicle is subject to a lien. Current law permits only the county treasurer to collect such service fee.

***Payment for Fees for Registration and Certificates of Title***

The bill would authorize the Division or a contractor of the Division, as well as a county treasurer, to be paid fees for registration and certificates of title. Current law authorizes only the county treasurer of the county in which the applicant for registration resides or has an office or principal place of business within Kansas to collect these fees. The bill would remove the specific requirements of the county treasurer to issue and deliver copies of receipts and instead specify the Division, contractor, or county treasurer would be required to issue a receipt for such fees paid.

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\*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>

### ***Deposits to Special Fund***

The bill would require the Division or contractor, in addition to the county treasurer already specified in law, to deposit \$0.75 out of each license application, \$0.75 out of each application for transfer of a license plate, and \$2.00 out of each application for a certificate of title, collected under the bill, in a special fund. The special fund would be appropriated for use of the Division or contractor, in addition to the county treasurer as in current law, in paying for necessary help and expenses incidental to the administration of duties pursuant to the bill. The bill would also specify that the county treasurer would receive extra compensation for services performed in administering certain registration-related duties in current law. (The bill would not amend the amounts of that compensation.)

### ***Remittance of Fees to the Secretary of Revenue***

The bill would require the Division or contractor, in addition to the county treasurer as in current law, to remit the remainder of all registration and certificates of title fees collected, together with the original copy of all applications, to the Secretary of Revenue.

### ***Certificate of Title Fee for a Repossessed Vehicle***

The bill would direct \$3 charged for each certificate of title for a repossessed vehicle to the contractor or county treasurer who processed the application. Under current law, the fee is remitted to the Secretary of Revenue and deposited into the Repossessed Certificates of Title Fee Fund. The bill also would repeal the statute establishing that fund. (The bill would not amend the amount of the fee.)

### ***Commercial Motor Vehicles***

Fees collected by the Division for commercial motor vehicles or vehicles that are part of a commercial fleet would be remitted to the State Treasurer, who would be required to credit such amounts to the Commercial Vehicle Administrative Fund.

### ***Additional Service Fee***

In addition to the annual vehicle registration fees specified in the bill, any applicant for vehicle registration or renewal would be required to pay a service fee in the amount of \$5 to the Division or contractor of the Division, as well as to the county treasurer as in current law. The Division or contractor, as well as the county treasurer as in current law, would be required to deposit all amounts received in a special fund to be used for all purposes for which the fund has been appropriated by law.

### **Background**

#### ***SB 89***

The bill was introduced by the Senate Committee on Transportation at the request of the Kansas Department of Revenue (KDOR). In the Senate Committee and House Committee on Transportation hearings, the Manager of the Commercial Motor Vehicle (CMV) Office for the Division testified in favor of the bill. The representative stated current law permits only county treasurers to be the recipients of fees associated with commercial vehicle registration, even though CMV office staff are completing the registration work. The representative noted the bill would allow the entity completing the work to retain the associated administrative fees. She stated allowing the Division to retain the fees associated with registrations by the CMV Office will provide funding needed to maintain and enhance registration systems.

No other testimony was provided.

The House Committee amended the bill to incorporate provisions of SB 88, regarding the fee for each certificate of title for a repossessed vehicle and repealing the statute establishing the Repossessed Certificates of Title Fee Fund. Both bills would amend KSA 2016 Supp. 8-145.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KDOR estimates enactment of the bill would increase revenue to the Commercial Vehicle Administrative Fund by approximately \$410,000 per year. KDOR indicates enactment of the bill could affect the amount of collected transaction fees KDOR sends to counties. KDOR notes that \$499,257 was sent to counties in calendar year (CY) 2014 and \$411,695 was sent to counties in CY 2015. Additional information provided to the House Committee indicated the amount for CY 2016 was \$297,709. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2018 Governor's Budget Report*.

### **SB 88**

The bill was requested by the Division, and a Division official testified in support of the bill at the Senate Committee on Transportation and House Committee on Transportation hearings. She stated, as of 2016, the Division no longer processes repossessed title applications; those applications are processed for automobile dealers through a third-party vendor and for others by county treasurers. The president of both the Kansas Automobile Dealers Association and the Kansas Vehicle Title Services Company, LLC, submitted written testimony in support of the bill.

No other testimony was submitted.

The \$3 fee to obtain a certificate of title for a repossessed vehicle is established in KSA 2016 Supp. 8-135, which would not be amended by the bill.

According to the fiscal note prepared by the Division of the Budget, KDOR indicates enactment of the bill would decrease revenue to the Repossessed Certificates of Title Fee Fund by approximately \$52,000 annually. Counties or contractors would retain those revenues and would experience a similar amount of increased revenues. [Note: The bill would abolish this fund.] KDOR also states it would incur costs of \$4,712 for programming changes to the motor vehicle system. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2018 Governor's Budget Report*.