

January 23, 2020

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

Dear Representative Proehl:

SUBJECT: Fiscal Note for HB 2444 by Representatives Williams and Francis

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2444 is respectfully submitted to your committee.

HB 2444 would create the blackout license plate and would allow Kansas residents to be issued a plate beginning January 1, 2021. The plate would be for a vehicle with a gross weight of 20,000 pounds or less. Issuance would be subject to a \$35.00 annual payment which would be deposited into the Local Roads Improvement Fund (LRIF). Expenditures from the LRIF, administered by the Secretary of Transportation, would be made for the purposes of providing state money for a cost-share program between the Department of Transportation and participating cities and counties for modernization and expansion projects. Participating cities and counties would provide local funds to match state funds from the LRIF at a minimum of \$1.00 of local funds to a maximum of \$3.00 state funds.

The Department of Revenue indicates the new license plates would be exempt from the \$40 special plate application fee. All plates would be produced and mailed directly to customers after purchase. The cost for a large size digital plate is \$7.34 to print and ship, while a small size digital plate costs \$5.96 to print and ship. The bill still requires the guarantee of 500 plates to be produced and sold. According to statute, every sponsoring organization, in order to create and issue a specialty license plate, is responsible to pay up to \$20,000 in initial production costs and production of specialty plates cannot begin until the Department of Revenue has a list of at least 500 initial customers, however there is no sponsor identified for this new plate. The Department of Revenue further indicates that the bill would cost the agency \$17,965 in administrative costs associated with system changes, testing and other administrative expenses.

The Department of Transportation indicates that the bill would not have a significant fiscal effect on expenditures and is unable to estimate the revenue from the \$35.00 fee. The Division of the Budget notes that it is also possible for revenues and expenditures to stretch over a period of fiscal years because of the nature of producing and issuing license plates.

The League of Kansas Municipalities and Kansas Association of Counties states that is not possible to predict the amount of plates that would be sold. Therefore, they are unable to estimate what the fiscal effect would be. Any fiscal effect associated with HB 2444 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Ben Cleeves, Transportation
Lynn Robinson, Department of Revenue