

February 17, 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 2592 by House Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2592 is respectfully submitted to your committee.

HB 2592 would create American Legion, Knights of Columbus, and Proud Educator license plates. The bill would provide that, on and after January 1, 2021, any owner or lessee of one or more passenger vehicles or trucks registered for a gross weight of 20,000 pounds or less, who is a resident of the State of Kansas, may be issued one American Legion, Knights of Columbus, or Proud Educator license plate for each vehicle upon proper registration and payment of the regular license fee. The bill would authorize the American Legion, Knights of Columbus, and the Kansas Educators Support Foundation to allow the use of its logo to be affixed on license plates. Royalty payments must be at least \$25 and no more than \$100 for each license plate and must be issued to the county treasurer. The funds would be remitted to the State Treasurer and deposited to the credit of the American Legion Royalty Fund, Knights of Columbus Royalty Fund, or Proud Educator Royalty Fund. Payments from each fund would be issued monthly to the appropriate designee of the American Legion, Knights of Columbus, or Proud Educator.

Under current law, the Division of Vehicles must delay manufacturing and issuance of a distinctive license plate until it has received at least 1,000 orders or 500 orders for certain educational institution license plates. HB 2592 would reduce these minimum plate requirements to 100 license plates. Current law requires the discontinuance of any educational institution distinctive license plate if there are less than 500 plates issued by the end of the second year of sales or less than 250 license plates during any subsequent two-year period. HB 2592 would reduce the discontinuance minimum plate requirements to 100 educational institution license plates and 50 educational institution license plates, respectively.

Current law requires Director of Account and Reports to transfer \$40,000 from the State Highway Fund to the Distinctive License Plate Fund once minimum license plate requirements are met if there is no sponsor. Any person or organization sponsoring a distinctive license plate is required to submit \$20,000 to the Division of Vehicles to defray the cost of developing the distinctive license plate. HB 2592 would reduce these fees to \$4,000 and \$5,000, respectively. The bill would also include technical amendments.

The Department of Revenue estimates enactment of HB 2592 would increase its expenditures by \$26,418 in FY 2021 for administrative costs related to designing and manufacturing the new plates. The Department estimates the bill would increase revenues to the State Highway Fund by \$58,875, or \$19,625 per plate from a \$40 personalized plate fee, which assumes an initial issuance of 500 license plates, with \$39.25 to the State Highway Fund and \$0.75 to the county treasurer of registration. In addition, the Department estimates the bill would increase revenues to the Distinctive License Plate Fund by \$15,000 from a nonrefundable \$5,000 per plate fee required from the sponsor of a new distinctive license plate, which is used to defray the cost to develop the new plate. Any fiscal effect associated with HB 2592 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 fluid and cursive, with the first and last names being clearly legible.

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue