

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2246

As Amended by Senate Committee of the Whole

Brief*

HB 2246, as amended, would amend requirements for distinctive license plate development and for continuing distinctive license plates and would add several new distinctive license plates to be issued on and after January 1, 2020. The bill would add military branch license plates and three license plates for which royalty fees would be paid: proud educator license plates, Alpha Kappa Alpha license plates, and Knights of Columbus license plates.

***Developing and Continuing Distinctive License Plates
(Section 1)***

For distinctive license plates, the bill would reduce the minimum number that must be guaranteed for initial issuance of the plate from 500 to 250. Under continuing law, the Director of Vehicles (Director) is required to discontinue the issuance of any distinctive license plate authorized on and after July 1, 2004, if certain minimum numbers of the license plates are not used. The bill would reduce the number that must be issued before the second year of sales from 500 to 250 and the number to be issued or renewed during any subsequent two-year period from 250 to 125.

The bill would reduce from \$20,000 to \$5,000 the maximum nonrefundable amount to be submitted by a sponsoring organization of a distinctive license plate to defray costs of the Division of Vehicles to develop the distinctive license plate.

*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>

For educational institution license plates, the bill would reduce the minimum number that must be guaranteed for initial issuance of the plate from 500 to 100. Under continuing law, the Director is required to discontinue the issuance of any educational institution license plate if certain minimum numbers of the license plates are not used. The bill would reduce the number that must be issued before the second year of sales from 500 to 100 and the number to be issued or renewed during any subsequent two-year period from 250 to 50.

The bill also would make technical changes.

Royalty Fee License Plates (Sections 3, 4, and 5)

The bill would authorize proud educator, Alpha Kappa Alpha, and Knights of Columbus license plates.

The Kansas Educators Support Foundation would authorize the use of its proud educator logo to be affixed on the proud educator license plates. Alpha Kappa Alpha would authorize the use of its Alpha Kappa Alpha logo to be affixed on the Alpha Kappa Alpha license plates. The Knights of Columbus Kansas State Council would authorize the use of its Knights of Columbus logo to be affixed on the Knights of Columbus license plates. For each type of license plate, the bill would require a payment of a royalty of not less than \$25 but not more than \$100 per license plate issued to be paid to either the respective organization or the county treasurer. The owner or lessee of the vehicle would annually apply to the respective organization for use of such logo and, upon the payment of the appropriate royalty, receive a logo use authorization statement to be presented at time of registration.

Renewal of Registration

The bill would state a vehicle owner or lessee could apply for the license plate not less than 60 days prior to their

registration renewal date, on a form prescribed and furnished by the Director. The bill would require the applicant to provide either the annual logo use authorization statement provided by the respective organization or make the royalty payment to the county treasurer. The bill would not allow the transference of registration or license plates to any person other than the applicant, but the Director could transfer the distinctive license plate from a leased vehicle to a purchased vehicle.

The bill would specify renewals of registration would be annual, upon payment of the license plate fee, and in accordance with the license plate issuance cycle. The bill would prohibit renewal of registration until the applicant has paid the county treasurer the logo use royalty payment or presents the annual logo use authorization statement. Further, if the logo use authorization statement is not presented at the time of registration or faxed by the respective organization, or the applicant has not paid the county treasurer the annual logo use royalty payment, the applicant would be required to return the license plate to the county treasurer of the person's residence.

Requirements of the Respective Organizations

The bill would require the sponsor of each plate (the Kansas Educators Support Foundation, Alpha Kappa Alpha, and the Knights of Columbus Kansas State Council) to:

- Pay the initial cost of design for the license plates;
- Provide a toll-free telephone number or electronic mail address to all county treasurers for an applicant to call for information concerning the application process or the status of the license plate application; and
- Design the license plate, with the approval of the Director and subject to availability of materials and equipment.

Consent – Release of Motor Vehicle Registration Information

The bill would require an applicant, as a condition of receiving the distinctive license plate and any subsequent registration renewal of such plate, to provide consent to the Division authorizing the Division's release of motor vehicle record information—the applicant's name, address, logo use royalty payment amount, plate number, and vehicle type—to the respective organization and the State Treasurer.

Remittance of Annual Logo Use Royalty Payments

For each of the license plates, the bill would require the annual logo use royalty payments collected by the county treasurers to be remitted daily to the State Treasurer, create a fund within the State Treasury to which the State Treasurer would credit the amounts received, specify all expenditures from each of the funds would be made in accordance with appropriation acts upon warrants of the Director of Accounts and Reports and issued pursuant to vouchers approved by the State Treasurer or the State Treasurer's designee, and require monthly payments from the funds to the entity identified for each license plate:

- For the proud educator license plate, to the Kansas Independent College Association;
- For the Alpha Kappa Alpha license plate, to the appropriate designee of Alpha Kappa Alpha; and
- For the Knights of Columbus license plate, to the appropriate designee of the Knights of Columbus Kansas State Council.

The bill would state, for the proud educator license plate, a change of the Kansas Educators Support Foundation's designee could occur only by mutual agreement of the Kansas Educators Support Foundation and the Kansas Independent College Foundation, a change of the Alpha Kappa Alpha Foundation's designee could occur only by

mutual agreement of the designee and Alpha Kappa Alpha, and a change of the Knights of Columbus Kansas Council's designee could occur only by mutual agreement of the designee and the Council.

Military Service License Plates (Sections 6, 7, 8, 9, 10, and 11)

The bill would authorize a distinctive license plate indicating service in one of the military branches as specified by the bill to be issued to the owner or lessee of a passenger vehicle, truck of a gross weight of 20,000 pounds or less, or a motorcycle on or after January 1, 2020. The bill would allow any resident of Kansas who is a current member or veteran of the U.S. Army, the U.S. Navy, the U.S. Marine Corps, the U.S. Air Force, or the U.S. Coast Guard to apply for a distinctive license plate indicating such military service. To be issued a distinctive license plate, the owner or lessee of such vehicle, truck, or motorcycle would be required to submit satisfactory proof to the Director that such owner or lessee is currently serving or separated and honorably discharged from one of the military branches listed above.

The bill would require the application be made at least 60 days prior to a person's renewal of registration date on a form designated by the Director. The license plate would be issued for the same time period as other license plates and would be subject to regular license fees, but would be exempt from the personalized license plate fee as specified elsewhere in law. No license plate or registration issued pursuant to the bill would be transferable to any other person. In the event of death of any person issued a distinctive military service license plate, the surviving spouse or other family member would be entitled to keep possession of the plate but not display it on any vehicle.

The bill also would require renewals of registrations to be made annually in the manner provided in continuing law, and no renewal would be allowed until an applicant has filed

the required form with the Director. If no form is filed, an applicant would be required to return the distinctive license plate to the county treasurer of such applicant's residence.

The distinctive military service license plates established by the bill also would be exempt from requirements for a minimum number before issuance or for continuance or payment of a fee to develop the license plate.

Background

The bill, as amended, would include provisions of HB 2246, as introduced; HB 2007, as amended by the House Committee on Veterans and Military; and HB 2071, as amended by the House Committee on Transportation.

HB 2246, Developing and Continuing Distinctive License Plates

HB 2246 was introduced by the House Committee on Transportation at the request of a representative of the Department of Revenue (Department).

At the House Committee hearing, a representative of the Department's Division of Vehicles (Division) provided proponent testimony. She stated, because of the change to digital license plate production, the Division believes it will be able to meet its production obligations with the reduced amount to be paid by a sponsoring organization and the bill would make distinctive license plates available to smaller colleges.

The House Committee recommended the bill be placed on the Consent Calendar.

In the Senate Committee on Transportation hearing, a representative of the Division provided proponent testimony. No other testimony was provided.

The Senate Committee amended the bill to add the contents of HB 2007, as amended, and HB 2071, as amended.

The Senate Committee of the Whole amended the eligibility for military service license plates, formerly of HB 2007, to remove anyone who received a general discharge under honorable conditions from eligibility.

According to the fiscal note prepared by the Division of the Budget on HB 2246, as introduced, the Department indicates enactment of the bill would have no fiscal effect on that agency. The Board of Regents indicates enactment could result in more educational institutions receiving royalty payments for distinctive license plates, but it could not estimate how many institutions, if any, would be affected or how much revenue could be generated. Any fiscal effect associated with enactment of HB 2246 is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2007, Military Service License Plates

HB 2007 was introduced by the House Committee on Transportation at the request of Representative Williams. The bill was withdrawn from the House Committee on Transportation and referred to the House Committee on Veterans and Military.

In the House Committee on Veterans and Military hearing, no conferees provided testimony. Representative Williams provided written-only proponent testimony at a later date, stating the need for separate license plate options recognizing military members' career choices and commitments.

The House Committee amended the bill to make its provisions applicable to current members and veterans of the specified military branches who have been honorably

discharged or received a general discharge under honorable conditions, rather than retired members of such branches.

As noted above, the Senate Committee of the Whole amended these provisions to remove anyone who received a general discharge under honorable conditions from eligibility for a military service license plate.

According to the fiscal note prepared by the Division of the Budget on HB 2007, as introduced, the Department estimates the bill would increase its expenditures by a minimum of \$12,600 in FY 2020. The Department also indicates it would incur additional costs of \$7.89 and \$6.52 to print and ship each large and small plate, respectively. Any fiscal effect associated with enactment of HB 2007 is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2071, Royalty Fee License Plates

On February 14, 2019, the House Committee on Transportation amended HB 2071 by inserting the contents of HB 2095 and HB 2117 into HB 2071. The following provides background information on each bill.

HB 2071 (Proud Educator License Plates)

HB 2071 was requested the House Committee on Transportation at the request of Representative Mason on January 22, 2019.

In a hearing before the House Committee on February 12, 2019, Representative Mason, a representative of the Kansas Educators Support Foundation, and a representative of the Kansas Independent College Association testified as proponents. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2071, as introduced, the bill could increase Department expenditures by \$4,992 in FY 2020 for

administrative costs related to designing and manufacturing the proud educator license plates. The Department indicates the bill could increase revenues to the State Highway Fund by \$20,000 and to the Distinctive License Plate Fund by \$20,000 for a non-refundable statutorily required fee from the sponsor of the proud educator license plate. [Note: HB 2246, as amended, would reduce this fee to a maximum of \$5,000.] Any fiscal effect associated with the proud educator license plate provisions is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2095 (Alpha Kappa Alpha License Plates)

HB 2095 was introduced by the House Committee on Transportation at the request of Representative Finney on January 30, 2019.

In a hearing before the House Committee on February 12, 2019, Representative Finney and a member of Alpha Kappa Alpha testified as proponents. Written-only proponent testimony was provided by a member of Alpha Kappa Alpha and a representative of Alpha Kappa Alpha Mid-Western Region. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2095, as introduced, the bill could increase Department expenditures by \$5,532 in FY 2020 for administrative costs related to designing and manufacturing the Alpha Kappa Alpha license plates. The Department indicates the bill could increase revenues to the State Highway Fund by \$20,000 and to the Distinctive License Plate Fund by \$20,000 for a non-refundable statutorily required fee from the sponsor of the Alpha Kappa Alpha license plate. [Note: HB 2246, as amended, would reduce this fee to a maximum of \$5,000.] Any fiscal effect associated with the Alpha Kappa Alpha license plate provisions is not reflected in *The FY 2020 Governor's Budget Report*.

HB 2117 (Knights of Columbus License Plates)

HB 2117 was introduced by the House Committee on Transportation at the request of Representative Sutton on behalf of the Knights of Columbus on January 31, 2019.

In a hearing before the House Committee on February 12, 2019, Representative Sutton testified as a proponent. Written-only proponent testimony was provided by a representative of the Kansas Catholic Conference. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget on HB 2117, as introduced, the bill could increase Department expenditures by \$5,332 in FY 2020 for administrative costs related to designing and manufacturing the Knights of Columbus license plates. The Department indicates the bill could increase revenues to the State Highway Fund by \$20,000 and to the Distinctive License Plate Fund by \$20,000 for a non-refundable statutorily required fee from the sponsor of the Knights of Columbus license plate. [*Note:* HB 2246, as amended, would reduce this fee to a maximum of \$5,000.] Any fiscal effect associated with the Knights of Columbus license plate provisions is not reflected in *The FY 2020 Governor's Budget Report*.