

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

HOUSE BILL 2567

Testimony of Thomas G. Franzen, CTP, CPFO

Johnson County Treasurer

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to provide testimony on behalf of Johnson County and the Kansas County Treasurers Association on House Bill 2567 as amended by the House Committee of the Whole.

Johnson County fully supports HB 2567 as amended for two primary reasons. First, the bill offers much needed fee revenue to support motor vehicle titling and registration services at the local level. Second, the bill simplifies the revenue model at the local level and provides transparency as to what each governmental entity receives and eliminates unnecessary fees.

Revenue Support

As you know, County Treasurers act as agents of the State of Kansas for providing motor vehicle services. The current fee model used to support these services apportions approximately 85% of all fee revenue to the State with 15% remaining with counties. Presently, the fee revenue collected by Kansas County Treasurers is not sufficient to cover the operational costs of providing these State mandated services. This issue is compounded by the fact that motor vehicle fees are set in statute and have remained static for many years, depending on the fee. Kansas County Treasurers must rely on ad-valorem tax support to properly fund motor vehicle operations.

As the most populous county in Kansas, Johnson County faces significant challenges in terms of revenue support for providing motor vehicle services. As part of the shift of work responsibilities from the Kansas Department of Revenue (KDOR) to the counties with the implementation of the MOVRS system, Johnson County has had to add additional staff to handle transaction processing and title approving.

FY2021 expenses for Johnson County Motor Vehicle operations totaled over \$5.9 million, leading to an operating loss of over \$1 million. This deficit was covered by ad valorem tax

support. For the last decade, Johnson County has averaged an annual operating loss of over \$600,000 and expenditure growth has averaged 3.2% annually.

Simplification & Transparency

In addition to revenue support, this bill is also important from the customer perspective. The current fee structure to support these services at the local level is both confusing and frustrating for our customers. There are many fees charged to customers at the point of title and registration that would be eliminated, including the facility fee. By creating one flat county service fee and eliminating numerous other individual fees, customers will have the ability to see the amount of their payment that is retained by the county and the amount distributed to the State and other agencies. Additionally, we are supportive of the amendment to repeal the \$4 Division of Vehicle modernization surcharge, thus eliminating another fee for customers registering and renewing vehicles.

In conclusion, it is important to remember the flat county service fee is NOT a tax, and this change would decrease reliance on ad valorem property tax support.

Thank you again for the opportunity to provide testimony and for your consideration of HB 2567. We respectfully request you pass this bill out of committee for further consideration.