

STATE OF KANSAS

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COMMITTEE ASSIGNMENTS:
CHAIRMAN: TRANSPORTATION AND
PUBLIC SAFETY BUDGET
MEMBER: APPROPRIATIONS
GENERAL GOVERNMENT
BUDGET
LEGISLATIVE POST AUDIT

HOUSE OF REPRESENTATIVES

Support for HB 2137

Committee I appreciate the opportunity to provide testimony in support of HB 2137.

HB 2137 is a simple bill that keeps a promise made by the 2008 Legislature to sunset an additional charge (surcharge) on vehicle registrations. In 2008 the legislature passed HB 2542 which established a temporary (4 year) \$4 surcharge to pay for a vehicle modernization system. I remember stating on the day we debated the bill that the surcharge was unnecessary because the state had the ability to write a check and pay for it in full. I further stated that there was no need to take an extra \$40 million from Kansas vehicle owners.

Attached to my testimony are several things related to the registration surcharge. First is a copy of the registration form for one of my vehicles. You can see the \$4 Mod. (modernization) Fee highlighted. Also attached is an editorial/opinion written by The Hutchinson News, that was published in The Independence Reporter.

Next you will see the Conference Committee Report from 2008 HB 2542. In the first paragraph you can read how the \$4 surcharge was promised to only be in effect from January 1, 2009 until January 1, 2013.

Finally, you have two pages of 2010 HB 2650; the bill that created T-Works. (I didn't print the entire bill because it is 40 pages.) You can see on the second page, which is Section 12, Subsection (d)(4), where the Legislature made the "temporary" \$4 modernization surcharge permanent.

I think it is time to keep our promise to Kansas vehicle owners and let the surcharge sunset.

HOUSE TRANSPORTATION
AND PUBLIC SAFETY BUDGET
DATE: MARCH 6, 2013
ATTACHMENT# 1

REGISTRATION RECEIPT

Peck, Virgil Edward JR
 PO Box 277
 Tyro, KS 673640277

Renew by last day of September
 Enforcement Date 1st Day of October

Montgomery County

PLATE TYPE: In God We Trust

PLATE#: AC062

DATE: 12/14/2012

VEHICLE TYPE: Truck

REGISTRATION EXPIRES: 9/30/2013

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W
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Peck, Virgil Edward JR
 Or
 Peck, Tamara L
 673640277
 673640277

VIN: 1FTYR44U94PA23321

Year: 2004

MAKE: FORD

EMPTY WT: 3200

MODEL: Ranger

DECLARED WT: 12000

STYLE: 4C

Purchase/Rec'd Date: 11/19/2012

MILEAGE: 150995

Usage: Regular

Mileage Status: Actual

FEE SUMMARY

TYPE	
Reg. /Srvc.	\$13.33
Property Tax	\$41.87
Mod. Fee	\$4.00
Special Plate Fee(s)	\$1.50

I hereby affirm and certify that I am a resident/ have a bona fide place of business in this county, am an owner of and have in effect financial security for the above vehicle as required by law, have disclosed/verified any/all liens for, am entitled to the license plate issued, and that the information listed on this application is true and correct. **FALSE CERTIFICATION CAN RESULT IN CRIMINAL PROSECUTION UNDER PENALTY OF LAW.**

OWNER'S SIGNATURE(S) _____

INSURANCE:

Policy #: _____
Expiration: 02/03/2013

Situs: Montgomery	Property Tax Statement	Prior Year(s) Tax	Current Year
Tax Unit 004	Prev Tax Value \$0.00	Tax \$0.00	Tax \$87.59
Class Code: 018	New Tax Value \$3,937.49	Penalty \$0.00	Penalty \$0.00
		Credit \$0.00	Credit \$45.72
		Total \$0.00	Total \$41.87

Tax Refund: Prior Yr.(s): \$0.00 Current Yr.: \$0.00 Total Refund: \$0.00

"Don't quarrel with anyone. Be at peace with everyone, just as much as possible. Rom. 12:18"

Kansas editors are saying:

Show merger savings

Wichita Eagle on turpike merger plan:

It may make sense to merge the Kansas Turnpike Authority with the Kansas Department of Transportation, particularly if it really can save the state \$15 million a year without degrading the quality of the turnpike. But lawmakers are understandably skeptical about those savings and about whether the real motive of the merger is to divert toll revenue to help cover state budget shortfalls.

Gov. Sam Brownback proposed the merger during his State of the State address, saying the two highway departments were one of the clearest examples of duplication in state government.

"It is time we realize the efficiencies to be gained by placing these two operations under the same umbrella," he said.

His budget projects those savings to be \$30 million over the next two fiscal years, with that money transferred to the state general fund to be spent elsewhere. But it's unclear where the savings are coming from.

Brownback has noted how the KTA and KDOT both have salt storage facilities in Emporia. There also might be some efficiencies by combining work on snow removal or road design, though the same work still has to be done.

But does that really add up to \$15 million a year in savings?

KTA officials note that there is already a lot of cooperation between the two agencies, and a merger isn't required to increase that. In fact, state law already requires cooperation. ...

The Kansas trucking industry, which accounts for 39 percent of turnpike revenues, also is concerned. Tom Whitaker, executive director of the Kansas Motor Carriers Association, wrote in a message to his

serve the purpose of making it clear there is a faction in Congress unwilling to allow pork-style amendments -- no matter the level of emergency.

If such a transformation is taking place across both the House and Senate, we merely hope it is completed before the next disaster in Kansas strikes.

Hutchinson News on hidden fees:

Sometimes, a tax isn't called a tax. It's called the "DMV modernization fee," and it's attached to the registration fee Kansans pay on their autos.

Sometimes that fee is set to expire at the end of the year, but the Kansas Legislature decides to keep the fee on the books but change its name to the "state highway fund."

And sometimes they decide not to tell people about the extension in the hope taxpayers won't notice they're still paying for something that was supposed to go away.

The DMV modernization fee was added to registration bills in 2009 to cover the cost of a software upgrade and set to expire at the end of 2012. In 2010, however, the Legislature decided to extend the \$4 fee but use the money to help finance the state's comprehensive transportation plan, known as T-Works.

Now here's the pickle for Kansas legislators: The conversion of the DMV fee didn't stand on its own but was wrapped into the overall T-Works legislation. Highway construction is widely popular across the state because it creates jobs, improves highway access and adds value to communities. Voting "no" for T-works likely would prove politically unpopular for lawmakers, as would voting "yes" for an effective tax increase.

SESSION OF 2008

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2542**

As Agreed to May 7, 2008

Brief*

Senate Sub. for HB 2542, as amended, would finance the integration and modernization of the Vehicle Information Processing System (VIPS), the Kansas Drivers' License System (KDLS), and the Kansas Vehicle Inventory System (KVIS) of the Division of Vehicles in the Department of Revenue. The bill would create the Division of Vehicles Modernization Fund that would be used solely for the creation and maintenance of the new system. Expenditures from the Fund are subject to appropriations acts. The bill would authorize a \$4 surcharge paid at the time of vehicle registration. Revenue from the surcharge would be deposited in the Modernization Fund. The registration of fleet vehicles would be exempt from the surcharge. The surcharge would become effective on January 1, 2009, and last for four calendar years, expiring on January 1, 2013.

Conference Committee Action

The contents of Senate Sub. for HB 2542, which contained the Senate's version of the Omnibus Appropriation Act for the 2007 Session, were deleted, and the provisions of HB 2890 were amended into the bill.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kIRD>

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Background

Previously, the Senate passed SB 679 which financed the integration and modernization of databases in the Division of Vehicles with a \$5 increase in fees paid at the time of vehicle registration. In the Senate version of the bill, the additional revenue would be retained by the State Highway Fund at the end of three calendar years, 2009 - 2011.

According to proponent testimony provided by the Secretary of Revenue on HB 2890 and SB 679, the Vehicle Information Processing System, which has been in operation for twenty years, is utilized by the Division of Vehicles and county treasurers to process and maintain vehicle title and registration transactions. The Kansas Drivers' License System, which is over seventeen years old, holds licenses and identification documents for 1.8 million drivers and maintains changes to driving privileges on individual driver records. The Kansas Vehicle Inventory System, which is over fourteen years old, is used by the Department of Revenue to supply counties with plates, decals, 30-day permits, and placards. According to the agency, these systems do not provide consistent, real-time updates. Users, such as law enforcement and county treasurer offices, have to manually integrate data from these three databases in order to accomplish their respective work. According to a feasibility study conducted by the agency, the estimated cost for software and hardware upgrades would be \$40.0 million. Other proponents to the bill included the Highway Patrol and the Kansas Association of Chiefs of Police.

Karl Peterjon, representing the Kansas Taxpayers Network, spoke in opposition to HB 2890. He expressed concern that the temporary surcharge had the appearance of a tax. It was suggested that an existing revenue source, such as the State Highway Fund, be utilized instead. There was no opponent testimony given on SB 679.

Prior to the deadline for bills to pass the house of origin, HB 2890 was referred to the House Committee on Appropriations. The Appropriations Committee amended the bill

to clarify that the \$4 surcharge would be credited to the newly created Division of Vehicles Modernization Fund. The House Budget Committee on General Government initially heard the bill and amended it to reduce the proposed surcharge rate from \$5 to \$4 per vehicle registration.

The Department of Revenue estimates that HB 2542, as amended, would raise approximately \$10.2 million in calendar year 2009. Since the surcharge would take effect on January 1, 2009, there would be an increase in revenue and expenditures of approximately \$5.1 million in FY 2009 for the Division of Vehicle in the Department of Revenue.

vehicle information processing system

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3-2542

SENATE Substitute for SENATE Substitute for HOUSE BILL No. 2650

AN ACT relating to transportation; providing for a transportation works for Kansas program; relating to the financing thereof; amending K.S.A. 8-143b, 8-143c, 8-143g, 8-143h, 8-143i, 8-143k, 8-234b, 12-1775, 68-416, 68-20,120, 68-2316, 68-2320, 68-2321 and 68-2328 and K.S.A. 2009 Supp. 8-142, 8-143, 8-143j, 8-145, 12-6a35, 12-6a36, 12-1774, 12-1774a, 12-17,148, 12-17,149, 68-2315, 68-2331, 75-5035, 75-5048, 75-5061, 75-5063, 75-5064, 75-5160, 79-3492b, 79-34,141 and 79-34,142 and repealing the existing sections; also repealing K.S.A. 68-2314a.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) In order to plan, develop and operate or coordinate the development and operation of the various modes and systems of transportation within the state, the secretary of transportation is hereby authorized and directed to initiate a transportation works for Kansas program.

(b) The transportation works for Kansas program shall provide for the construction, improvement, reconstruction and maintenance of the state highway system. The program shall provide for the selection of projects which will allow for the flexibility to meet emerging and economic needs. Program expenditures may include, but not be limited to, the following:

(1) Preservation projects to efficiently maintain a safe state highway system in its original or improved condition. It is the intent of the legislature that bridges and pavement condition of the state highway system be maintained or improved as determined by the Kansas department of transportation's performance measures;

(2) expansion and economic opportunity projects, which include additions to the transportation system or which improve access, relieve congestion and enhance economic development opportunities. The Kansas department of transportation shall develop and utilize criteria for the selection of expansion and economic opportunity projects, except for projects funded by build America bonds, no expansion and economic opportunity projects shall be selected prior to February 1, 2011. The selection criteria shall include, but not be limited to, engineering and traffic data, local consultation, geographic distribution and an economic impact analysis evaluation;

(3) modernization projects, which include improvements to the transportation system by widening lanes or shoulders, making geometric improvements, upgrading interchanges or building rail grade separations to improve the safety, condition or service of the highway system. The Kansas department of transportation shall develop and utilize criteria for the selection of modernization projects. The selection criteria shall include, but not be limited to, engineering data, local consultation and geographic distribution; and

(4) not more than one highway demonstration project for the purpose of evaluating the design-build concept which may include financing, design, construction and performance guarantee. Such demonstration project shall be conducted in Johnson or Wyandotte county. The secretary is authorized to procure such demonstration project in the same manner as engineering services are procured under K.S.A. 75-5801 et seq., and amendments thereto, and such demonstration project need not comply with the provisions of K.S.A. 68-410 or 75-430a, and amendments thereto, or any other applicable statute to the procurement of state highway construction contracts. The secretary of transportation shall provide a cost/benefit analysis of such demonstration project to the standing committees on transportation of the house of representatives and the senate on completion of such demonstration project.

The department of transportation shall develop criteria for the incorporation of practical improvements into designs of the projects specified in this subsection.

(c) The transportation works for Kansas program shall provide for assistance, including credit and credit enhancements, to cities and counties in meeting their responsibilities for the construction, improvement, reconstruction and maintenance of the roads and bridges not on the state highway system. These expenditures may include, but not be limited to, the following:

(1) Apportionment of the special city and county highway fund to assist cities and counties with their responsibilities for roads and bridges not on the state highway system;

(2) programs to share federal aid with cities and counties to assist

istration of the duties of the county treasurer in accordance with the provisions of this act, shall not exceed the amount deposited in such special fund. Any balance remaining in such fund at the close of any calendar year shall be withdrawn and credited to the general fund of the county prior to June 1 of the following calendar year.

(c) The county treasurer shall remit the remainder of all such fees collected, together with the original copy of all applications, to the secretary of revenue. The secretary of revenue shall remit all such fees remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state highway fund, except as provided in subsection (d).

(d) (1) Three dollars and fifty cents of each certificate of title fee collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$3.50 to the Kansas highway patrol motor vehicle fund. Three dollars of each certificate of title fee collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$3 to the VIPS/CAMA technology hardware fund.

(2) For repossessed vehicles, \$3 of each certificate of title fee collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$3 to the repossessed certificates of title fee fund.

(3) Three dollars and fifty cents of each reassignment form fee collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$3.50 to the Kansas highway patrol motor vehicle fund. Three dollars of each reassignment form fee collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$3 to the VIPS/CAMA technology hardware fund.

(4) ~~Four dollars~~ *Until January 1, 2013, \$4* of each division of vehicles modernization surcharge collected and remitted to the secretary of revenue, shall be remitted to the state treasurer who shall credit such \$4 to the division of vehicles modernization fund, *on and after January 1, 2013, the state treasurer shall credit such \$4 to the state highway fund.*

Sec. 13. K.S.A. 8-234b is hereby amended to read as follows: 8-234b.

(a) Every original driver's license issued by the division shall indicate the class or classes of motor vehicles which the licensee is entitled to drive. For this purpose the following classes are established:

(1) Commercial class A motor vehicles include any combination of vehicles with a gross combination weight rating of 26,001 pounds or more, providing the gross vehicle weight rating of the vehicle or vehicles being towed is in excess of 10,000 pounds;

(2) commercial class B motor vehicles include any single vehicle with a gross vehicle weight rating of 26,001 pounds or more, or any such vehicle towing a vehicle not in excess of 10,000 pounds gross vehicle weight rating;

(3) commercial class C motor vehicles include any single vehicle less than 26,001 pounds gross vehicle weight rating, or any such vehicle towing a vehicle not in excess of 10,000 pounds, or any vehicle less than 26,001 pounds gross vehicle weight rating towing a vehicle in excess of 10,000 pounds gross vehicle weight rating, provided the gross combination weight rating of the combination is less than 26,001 pounds comprising:

(A) Vehicles designed to transport 16 or more passengers, including the driver; or

(B) vehicles used in the transportation of hazardous materials which requires the vehicle to be placarded;

(4) class A motor vehicles include any combination of vehicles with a gross combination weight rating of 26,001 pounds or more, provided the gross combination weight rating of the vehicle or vehicles being towed is in excess of 10,000 pounds, and all other lawful combinations of vehicles

The 2013 legislative session is just three weeks old and already there's been lots of news coming out of the Statehouse regarding KDOT. So, as promised in my letter to you last month, I want to update you on what's been happening.

Deputy Secretary Jerry Younger and I have met with many returning and new legislators over the past few weeks and we are strengthening and developing good relationships. What we're hearing from them is that they have a high regard for KDOT, and I think that's due to the great people who work at KDOT and the broad support of Kansans.

I'm sure you've been hearing about several proposals being floated in the Statehouse that would divert revenue away from the State Highway Fund. One of the proposals is included in the Governor's budget for fiscal years 2014-15 and calls for transfers totaling more than \$300 million from the State Highway Fund to the State General Fund. Yes, that's a lot of money. But it's an amount KDOT can handle thanks to big savings from low bids, little or no inflation, great bond refinancing rates and the restructuring here at the agency.

Last week you may also have heard of a proposal that would shift away from the State Highway Fund the four-tenths-of-a-cent sales tax revenue scheduled to begin July 1. I want to assure you that the Governor continues to be a strong supporter of the program. He advocated for it when he campaigned for office, he included it in his Road Map for Kansas and he's reiterated his support numerous times over the past two years. Like most Kansans, he believes strong transportation infrastructure provides the basis for job growth here in the state.

A third item that's been getting a lot of attention early in the session is the Governor's proposal to bring the Kansas Turnpike Authority under the same umbrella as KDOT. I'm very excited about the potential for this partnership and I'll discuss it in my next letter.

Thank you and I'll be back in touch with you again soon.

Mike King
Secretary of Transportation