

March 7, 2022

The Honorable Rick Billinger, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 548-S  
Topeka, Kansas 66612

Dear Senator Billinger:

**SUBJECT:** Fiscal Note for SB 512 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 512 is respectfully submitted to your committee.

SB 512 would eliminate the Division of Vehicles Modernization Surcharge which is a \$4 fee collected at the time of vehicle registration. The bill would take effect and be in force from and after January 1, 2023, and its publication in the statute book.

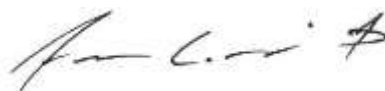
The 2008 Legislature created the Division of Vehicles Modernization Fund in the Department of Revenue and the Division of Vehicles Modernization Surcharge of \$4. The surcharge was authorized from January 1, 2009, through December 31, 2012, to finance the Division of Vehicles Modernization Project for integration and modernization of the Vehicle Information Processing System, the Kansas Drivers' License System, and the Kansas Vehicle Inventory System. The 2010 Legislature reauthorized the \$4 surcharge to be credited to the State Highway Fund beginning January 1, 2013, to finance Transportation Works for Kansas (T-WORKS), the state's ten-year transportation program.

Through the appropriation process, the 2015 Legislature directed \$1 of the surcharge up to a maximum of \$1.0 million to each the Department of Revenue's Division of Vehicles Modernization Fund, the Department of Administration's Digital Imaging Program Fund, and the Kansas Bureau of Investigation's Criminal Justice Information System Line Fund with the remaining revenue credited to the State Highway Fund. The maximum amount credited to the Department of Administration's Digital Imaging Program Fund was subsequently reduced to \$500,000.

The Department of Revenue estimates SB 512 would reduce revenue collected from the \$4 surcharge by approximately \$6.2 million in FY 2023. Of the total, the bill would reduce annual funding diverted to the State Highway Fund by approximately \$4.9 million, the Department of Revenue's Division of Vehicles Modernization Fund by \$500,000, the Department of Administration's Digital Imaging Program Fund by \$250,000, and the Kansas Bureau of Investigation's Criminal Justice Information System Line Fund by \$500,000. The Department estimates SB 512 would reduce annual revenue collected from the \$4 surcharge on average by approximately \$12.3 million beginning in FY 2024. Of the total, the bill would reduce annual funding diverted to the State Highway Fund by approximately \$9.8 million, the Department of Revenue's Division of Vehicles Modernization Fund by \$1.0 million, the Department of Administration's Digital Imaging Program Fund by \$500,000, and the Kansas Bureau of Investigation's Criminal Justice Information System Line Fund by \$1.0 million.

The Division of the Budget notes that *The FY 2023 Governor's Budget Report* includes the elimination of all extraordinary transfers from the State Highway Fund in FY 2023. Extraordinary transfers from the State Highway Fund are approved at \$97.3 million in FY 2022, including \$66.9 million to the State General Fund. *The FY 2023 Governor's Budget Report* also includes backfilling FY 2023 expenditures historically supported by the \$4 Division of Vehicles Modernization Surcharge by providing a \$1.0 million State General Fund appropriation to the Criminal Justice Information System Line Fund and transferring \$1.0 million from the State General Fund to the Department of Revenue's Division of Vehicles Modernization Fund. The sufficient balance in the Department of Administration's Digital Imaging Program Fund did not require backfilling from the State General Fund in FY 2023.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Brendan Yorkey, Department of Transportation