

SESSION OF 2021

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2166**

As Amended by Senate Committee on
Transportation

Brief*

Sub. for HB 2166, as amended, would add several types of license plates, would add reporting requirements for organizations sponsoring distinctive license plates, and would amend requirements for distinctive license plate development and continuing distinctive license plates. The new distinctive license plates to be issued on and after January 1, 2022, would be military branch license plates and three license plates for which royalty fees would be paid: Braden's Hope for Childhood Cancer license plates, proud educator license plates, and Alpha Kappa Alpha (AKA) license plates. The bill also would authorize Gadsden flag license plates, for which a fee would be paid.

The bill would also make technical changes.

Royalty Fee License Plates (Sections 1-3 and 10)

The bill would authorize Braden's Hope for Childhood Cancer, proud educator, AKA, and Gadsden flag license plates. The Braden's Hope for Childhood Cancer, proud educator, and AKA license plates would be authorized for passenger vehicles or trucks registered for a gross weight of 20,000 pounds or less; Gadsden flag license plates would be authorized for passenger vehicles, trucks with a gross weight of 20,000 pounds or less, motorcycles, and travel trailers.

*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>

Braden's Hope for Childhood Cancer would authorize the use of its logo to be affixed on the Braden's Hope for Childhood Cancer 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. AKA would authorize the use of its logo to be affixed on the AKA license plates. For each of these types of license plate, the bill would require a payment of a royalty fee 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 the time of registration.

An applicant for a Gadsden flag license plate would make an annual payment of \$25 to the county treasurer. Any fee received would be used to support the Kansas State Rifle Association. The bill would require the Gadsden flag license plate to have a background design, emblem, or colors that designate the license plate as a Gadsden flag license plate.

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 of Vehicles (Director), Department of Revenue. The bill would require the applicant to provide the annual logo use authorization statement provided by the respective organization or make the royalty or fee payment to the county treasurer. The bill would not allow registration or license plates to be transferred to any person other than the applicant, but the Director could transfer the Braden's Hope for Childhood Cancer, proud educator, and AKA licenses 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 Gadsden flag license plate fee or presents the annual logo use authorization statement. Without proof of paying the fee, the applicant would be required to return the license plate to the treasurer of the county of the person's residence.

Requirements of the Respective Organizations

The bill would require the sponsors of the Braden's Hope for Childhood Cancer, proud educator, and AKA license plates to:

- Provide an electronic mail address to all county treasurers for an applicant to contact 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.

Consent – Release of Motor Vehicle Registration Information

The bill would require an applicant, as a condition of receiving one of the new distinctive license plates for which a logo use royalty would be paid and any subsequent registration renewal of such plate, to consent to the Division of Vehicles (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 or Fees

For each of the license plates, the bill would require the annual logo use royalty payments collected by the county treasurers to be remitted and paid to the benefiting entity as provided in continuing law:

- For the Braden's Hope for Childhood Cancer license plate, to the appropriate designee of Braden's Hope for Childhood Cancer;
- For the proud educator license plate, to the Kansas Independent College Association or other designee of the Kansas Educators Support Foundation; For the AKA license plate, to the appropriate designee of AKA; and
- For the Gadsden flag license plate, to the Kansas State Rifle Association.

Military Service License Plates (Sections 4-9 and 12)

The bill would authorize a distinctive license plate indicating service in the U.S. Army, the U.S. Navy, the U.S. Marine Corps, the U.S. Air Force, the U.S. Coast Guard, or the U.S. Space Force 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, 2022. The bill would allow any resident of Kansas who is a current member or an honorably discharged veteran of one of the military branches as specified by the bill 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 in continuing 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 would not be permitted to 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 treasurer of the county 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 to be ordered before issuance or for continuance, or payment of a fee to develop the license plate (Section 10).

Upon satisfactory proof submitted to the Director, in accordance with rules and regulations adopted by the Secretary of Revenue, any person issued a distinctive military service license plate under the provisions of the bill would be able to request that the license plate be printed to indicate that such person is a retired member of the applicable military service branch.

***Reporting by License Plate Sponsoring Organizations
(Section 11)***

The bill would require any organization that receives payment from any fee imposed on the issuance or renewal of a distinctive license plate to submit, not later than May 1 each year, a report on its prior year's finances to the House Committee on Transportation, the Senate Committee on Transportation, Kansas Legislative Research Department (KLRD), and the State Treasurer. The bill would require the report to include the total amount of moneys the organization received from the distinctive license plate fee from the prior year and the list of expenditures that those moneys were spent on by the organization.

***Developing and Continuing Distinctive License Plates
(Sections 12 and 13)***

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 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 guaranteed before initial issuance and issued before the end of 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.

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.

For the In God We Trust and Choose Life license plates, the bill would reduce the minimum order requirement for issuance from 1,000 to 100 and reduce the corresponding transfer from the State Highway Fund to the Distinctive License Plate Fund from \$40,000 to \$4,000. [Note: In God We Trust license plates are being issued.]

Background

The bill includes provisions of HB 2166, as introduced; HB 2015, as amended by the House Committee on Transportation; HB 2169, as introduced; HB 2194, as introduced; and SB 278, as introduced.

HB 2166 (Braden's Hope for Childhood Cancer License Plates)

HB 2166 was introduced by the House Committee on Transportation at the request of Representative Hoheisel.

In the House Committee hearing, a representative of Braden's Hope provided **proponent** testimony. The conferee provided history of the nonprofit organization Braden's Hope and stated funds raised from license plate royalty fees would be used to fund childhood cancer research.

No other testimony was provided.

House Committee on Transportation

The House Committee amended the bill to add the contents of HB 2015, as amended; HB 2169, as introduced; and HB 2194, as introduced.

House Committee of the Whole

The House Committee of the Whole amended the bill to authorize any person issued a distinctive military service license under the provisions of the bill to request, upon satisfactory proof submitted to the Director, the license plate be printed to indicate that such person is a retired member of the applicable military service branch.

Senate Committee on Transportation

In the Senate Committee hearing, Representative Finney provided **proponent** testimony specific to the AKA provisions of the bill. Written-only **proponent** testimony was provided by a representative of Braden's Hope for Childhood Cancer and a private citizen.

No other testimony was provided.

The Senate Committee amended the bill to add provisions regarding Gadsden flag license plates and the contents of SB 278, as introduced (reporting by license plate sponsoring organizations).

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on HB 2166 as introduced, the bill would increase Department of Revenue (Department) expenditures by \$6,946 in FY 2022 for administrative costs related to designing and manufacturing the new plate. The Department estimates the bill would increase revenues to the State

Highway Fund by \$14,813. The Department also estimates the bill would increase revenues to the Distinctive License Plate Fund from a \$5,000 nonrefundable fee required from the new distinctive license plate sponsor. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

HB 2169 (Proud Educator License Plates)

HB 2169 was introduced by the House Committee on Transportation at the request of Representative Mason.

In the House Committee hearing, a representative of the Kansas Educators Support Foundation provided **proponent** testimony, stating the bill would allow educators to show their pride in their profession, and funds raised from license plate royalty fees would be used to award grants to first-year teachers. Representative Mason, a representative of the Kansas Independent College Association, and a private citizen provided written-only **proponent** testimony.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on HB 2169, enactment of the bill would increase Department expenditures by \$6,946 to create, test, print, and ship the plates. The Department estimates the bill would increase revenues in the State Highway Fund by \$9,812.50. In addition, the Department estimates the bill would increase revenues to the Distinctive License Plate Fund by up to \$20,000 for a nonrefundable fee required from the new distinctive license plate sponsor. [Note: Sub. for HB 2166 would reduce this fee to a maximum of \$5,000.]

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

HB 2194 (AKA License Plates)

HB 2194 was introduced by Representatives Finney and Ohaebosim.

In the House Committee hearing, Representative Finney, Representative Ohaebosim, a representative of the Kansas City (Kansas) AKA Chapter, a representative of the Topeka AKA Chapter, and a representative of the Wichita AKA Chapter provided **proponent** testimony. Proponents provided background information on AKA, highlighted AKA achievements and service contributions, and indicated more than 20 other states have authorized the issuance of AKA distinctive plates.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on HB 2194, enactment of the bill would increase Department expenditures by \$8,991 for FY 2022 for administrative costs related to designing, manufacturing, printing, and shipping the new plate. The Department estimates the bill would increase revenues in the State Highway Fund by \$19,625 and \$375 to county treasurers. In addition, the Department estimates the bill would increase revenues to the Distinctive License Plate Fund by up to \$20,000 for a nonrefundable fee required from the new distinctive license plate sponsor. [Note: Sub. for HB 2166 would reduce this fee to a maximum of \$5,000.]

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

HB 2015 (Military Service License Plates)

HB 2015 was introduced by Representative Williams.

In the House Committee hearing, Representative Coleman provided **proponent** testimony, stating the bill would provide an opportunity to show respect and recognition for veterans. Representative Coleman further requested the bill be amended to include the issuance of a U.S. Space Force distinctive license plate. Representative Williams provided written-only **proponent** testimony, stating the bill as introduced does not reflect the original intent due to a miscommunication in the drafting process. Representative Williams further stated the bill was intended to recognize retired military service members, and an amendment was being drafted to correct the discrepancy.

No other testimony was provided.

The House Committee amended the bill to also authorize the issuance of distinctive license plates for members of the U.S. Space Force.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on HB 2015 as introduced, Department expenditures would increase by a minimum of \$17,980 for FY 2022. The Department also indicates it would incur additional costs of \$8.18 and \$6.94 to print and ship each large and small plate, respectively.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

SB 278 (Reporting by License Plate Sponsoring Organizations)

In the Senate Committee hearing on SB 278, no testimony was provided. The Chairperson noted the bill is a result of multi-year discussions on this topic. [Note: The KLRD memorandum "State Authorization for Fund-raising License Plates" provides information on similar requirements in other states.]

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 278, Legislative Administrative Services, KLRD, and the State Treasurer indicate enactment of the bill would have no fiscal effect on state expenditures or revenues.

Distinctive license plates; military; Braden's Hope for Childhood Cancer; Alpha Kappa Alpha; proud educator; Kansas State Rifle Association; Gadsden flag; motor vehicles; royalty fee