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Remarks to Transportation Committee 7-16-24

Members of the committee thank you for allowing me to speak to you today on a subject this is of great concern across Kentucky. The roll-out of the new KAVIS, automated vehicle license system.

The good news is, since January, the state has been able to clean up some of its bad data, and if you need a routine registration renewal, these seem to be going fairly smoothly.

The bad news is, anything involving an actual title transfer, such as buying vehicle or changing the status of the title, such as with a rebuilt title, often faces delays.

Last week, I temporarily had to close two of my branch offices to the public just so the clerks there can work on auto dealer titles. The backlog caused by KAVIS issues with our commercial customers is delaying vehicle sales by a month or more. And obviously this is costing these local businesses quite a bit of money.

I believe there are some things our Transportation cabinet can do right now to alleviate at least some of the delays.

For example, the Clerks have been asking for certain program features in KAVIS that we used to have in the old system with respect to commercial customers that were not included in the new system.

These are authorized by KRS 186A.145, a copy of which was included in my remarks. Basically, this law allows the clerks to process commercial transactions and override any computer roadblocks.

Often these roadblocks are just due to bad data the state is still using, which has not been resolved by them yet.

I am hoping the Governor and the Transportation Secretary can designate a policymaking official who can lead the KAVIS effort in authorizing such changes.

Right now, we have civil servants who are IT experts working on KAVIS. They are good at what they do, but many things that need to be decided are not technical, but the managerial choices that can only be made by the Executive branch policy makers.

The county clerks will also be putting forward comprehensive legislation next year to deal with what we have learned from the experience of the KAVIS and how to make it better.

Let me conclude by saying this project has been ongoing for 24 years, thru several administrations, which spent untold millions of dollars, all of which came to nothing as there was no adequate 3rd party vendor who could provide an acceptable product for Kentucky.

Governor Beshear made the right choice several years ago when he authorized an “in-house” solution to have the state write its own new program.

But that is just the start, not the end.

The experiences now of 6 months show there are several “next steps” that now must be taken to make a KAVIS the convenient and reliable system Kentucky taxpayers deserve and expect.

I will be happy to take questions and I have some of my Motor Vehicle staff here as well.

 **186A.145 Processing prohibited when property tax account delinquent --**

**Exceptions -- Responsibility for ad valorem taxes.**

(1) Except as provided in subsections (2) and (3) of this section, a county clerk shall not

process an application for Kentucky title and registration from or to any Kentucky

resident who has a delinquent motor vehicle ad valorem property tax account.

(2) This section shall not apply to transactions involving:

(a) Licensed Kentucky motor vehicle dealers;

(b) A person who is engaged in the business of storing or towing motor vehicles,

applying for a new title under KRS 376.275(1)(c); or

(c) A secured party applying for a repossession title under KRS 186.045(6).

(3) (a) For any vehicle obtained as the result of a claim on a motor vehicle insurance

policy, an insurer and its agent shall not be responsible for the payment of any

delinquent motor vehicle ad valorem property taxes owed by any previous

owner, when:

1. Applying for a regular or salvage title; or

2. Transferring ownership of the vehicle to another party.

(b) The owner of a motor vehicle that was transferred to an insurer or its agent

under paragraph (a) of this subsection shall remain responsible for any

delinquent motor vehicle ad valorem property taxes owed prior to the transfer.

(4) An insurer shall not be exempt from any motor vehicle ad valorem property taxes

owed on any vehicle that it owns:

(a) As a part of its business operations; or

(b) On January 1, that was obtained as the result of a claim on a motor vehicle

insurance policy.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 74, sec. 14, effective June 29, 2021. -- Amended

1998 Ky. Acts ch. 128, sec. 5, effective July 15, 1998. -- Amended 1988 Ky. Acts ch.

113, sec. 8, effective December 31, 1988. -- Created 1982 Ky. Acts ch. 164, sec. 26,

effective July 15, 1982.