

BOARD OF TAX APPEALS

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ 696,328	\$ 993,259	\$ 1,583,259	\$ 1,019,036	\$ 1,019,036
Federal Funds	-	-	-	-	-
All Other Funds	1,014,344	1,169,398	1,169,398	1,154,634	1,154,634
<i>Subtotal</i>	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
Percentage Change:					
State General Fund	20.8 %	42.6 %	127.4 %	2.6 %	(35.6) %
All Funds	18.6 %	26.4 %	60.9 %	0.5 %	(21.0) %
FTE Positions	16.0	16.0	16.0	16.0	16.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

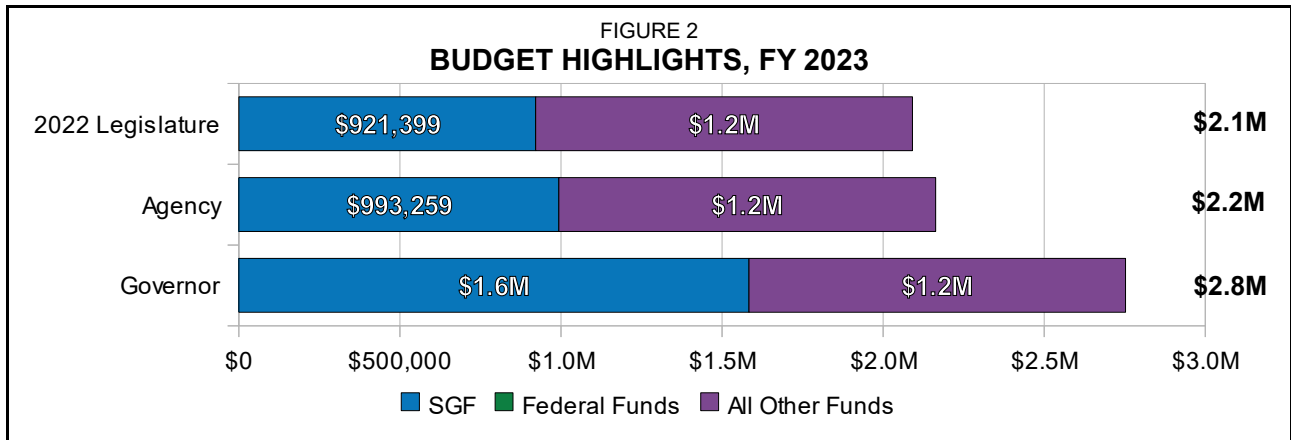
The mission of the Board of Tax Appeals is to resolve disputes between taxpayers and taxing authorities promptly and impartially and to help maintain public confidence in the state and local tax system. The Board is the highest administrative tribunal to hear cases involving *ad valorem* (property), income, sales, compensating use, and inheritance taxes, along with other matters involving taxation by state and local authorities. The Board is an independent tax tribunal, meaning it is not affiliated with the Kansas Department of Revenue or any other taxing authority. The Board's predecessor in authority was the Kansas Court of Tax Appeals.

REGULAR DIVISION. The Board's regular division has broad jurisdiction to hear and to decide tax matters, including property tax appeals, appeals from final determinations of the Kansas Department of Revenue, tax grievances, applications for exemption from property tax, countywide reappraisal requests, mortgage registration protests, no-fund warrant requests, and appeals from school districts with declining enrollment.

SMALL CLAIMS AND EXPEDITED HEARINGS DIVISION. The Board's small claims and expedited hearings division is a convenient and informal forum for appealing the valuation of single-family residential properties and commercial properties appraised at \$3.0 million or less. This division also may hear appeals from the Kansas Department of Revenue, Division of Taxation, if the amount of tax in controversy does not exceed \$15,000.

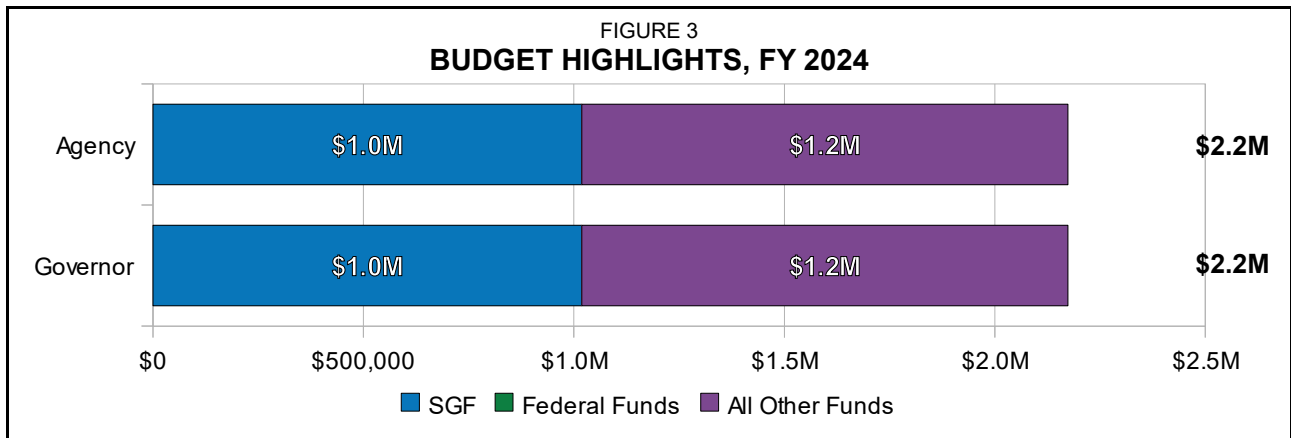
EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$2,075,715, including \$906,317 from the State General Fund (SGF), for the Board of Tax Appeals for FY 2023. Subsequent to the 2022 Session, the agency reappropriated \$15,082 in unspent SGF moneys into FY 2023. This adjustment changes the current year approved amount to \$2,090,797 from all funds, including \$921,399 SGF, without any legislative action required.



The **agency** requests a revised estimate of \$2.2 million, including \$993,259 SGF, in expenditures and 16.0 FTE positions in FY 2023. This is an all funds increase of \$71,860, or 3.4 percent. The increase is entirely SGF, which is an increase of 7.8 percent above the agency's FY 2023 approved SGF amount. This increase is primarily attributable to two supplemental requests to upgrade computer equipment (\$27,800) and migrate applications to a cloud-based storage environment (\$44,060).

The **Governor** recommends revised expenditures of \$2.8 million, including \$1.6 million SGF, in FY 2023. This is an SGF increase of \$590,000, or 27.3 percent, above the FY 2023 revised estimate. The increase is attributable to the agency's IT modernization initiative, submitted to the SPARK Taskforce. The initiative would upgrade the hearing room to offer a remote hearing option, upgrade the agency website, offer electronic form and fee payment options, and make other updates to the filing and case management system. The Governor recommends adding language to lapse \$590,000 SGF if moneys from the federal ARPA Fund are available in FY 2023.



The **agency** requests \$2.2 million, including \$1.0 million SGF, in expenditures and 16.0 FTE positions for FY 2024. This is an all funds increase of \$11,013, or 0.5 percent, and an SGF increase of \$25,777, or 2.6 percent, above the agency's FY 2023 revised estimate. This increase is primarily attributable to employer contributions for group health insurance and slightly offset by decreased expenditures for recruitment services.

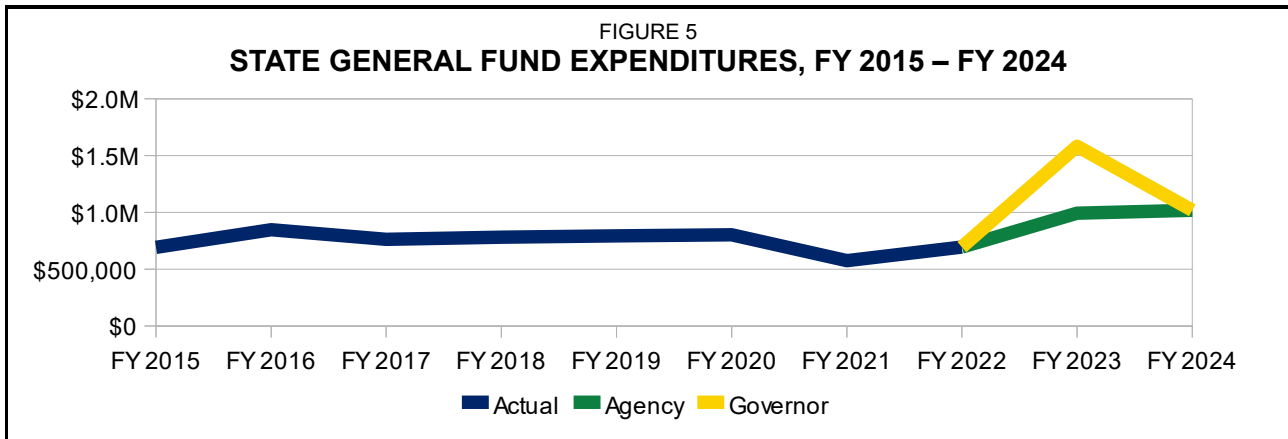
The **Governor** concurs with the agency's FY 2024 request.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 1,325,127	\$ 1,736,237	\$ 1,736,237	\$ 1,754,072	\$ 1,754,072
Contractual Services	379,053	420,397	1,010,397	408,554	408,554
Commodities	6,009	6,023	6,023	8,344	8,344
Capital Outlay	483	-	-	2,700	2,700
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
Financing:					
State General Fund	\$ 696,328	\$ 993,259	\$ 1,583,259	\$ 1,019,036	\$ 1,019,036
Federal Funds	-	-	-	-	-
All Other Funds	1,014,344	1,169,398	1,169,398	1,154,634	1,154,634
TOTAL	<u>\$ 1,710,672</u>	<u>\$ 2,162,657</u>	<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>	<u>\$ 2,173,670</u>
FTE Positions	16.0	16.0	--	16.0	--

STATE GENERAL FUND

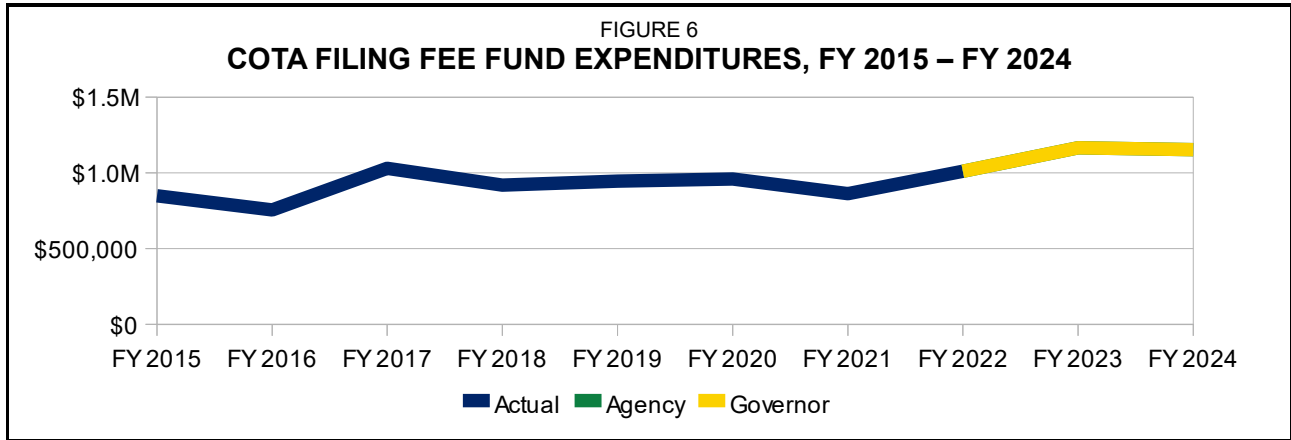


For the Board of Tax Appeals, SGF expenditures decreased from FY 2020 to FY 2021 due to the elimination of the Application Developer position (1.0 FTE position), and seven months of vacant board member positions.

In FY 2022, SGF expenditures increased due to the filling of a vacant administrative assistant and three board member seats, as well as the agency's supplemental request for six months of salary and wages to employ 1.0 FTE Information Technology (IT) manager position. This position also impacted the FY 2023 amount.

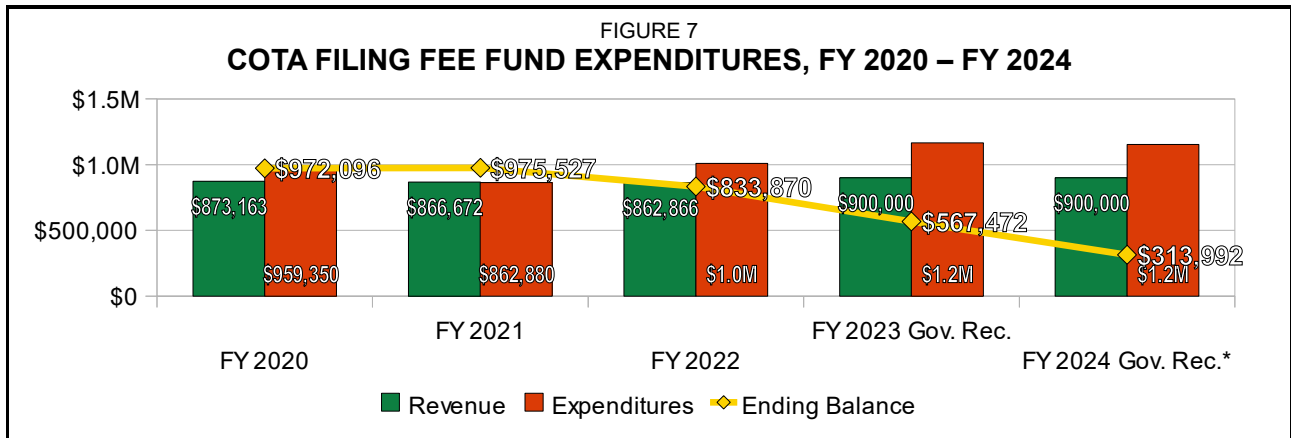
For FY 2023 and FY 2024, SGF increases are attributable to two supplemental requests to upgrade computer equipment (\$27,800) and to migrate applications to a cloud-based storage environment (\$44,060). The Governor's recommendation includes a \$590,000 SGF increase for the modernization initiative.

COTA FILING FEE FUND



The COTA Filing Fee Fund expenditures increased significantly from FY 2021 to FY 2022. This increase was due to the filling of a vacant administrative assistant position and several vacant board member positions. This increase was also caused by the implementation of the agency's reduced resources package, which reduced SGF expenditure by \$100,000 and increased COTA Filing Fee Fund expenditures in FY 2022.

COTA FILING FEE FUND



* For FY 2024, the lowest month ending balance for the COTA Filing Fee Fund will occur in June, with a balance of \$482,122.

The COTA Filing Fee Fund is expected to be completely depleted by mid-May 2026. Revenue has remained steady since 2016, when legislation went into effect that exempted certain filers from paying filing fees. The ending balance has steadily decreased, except in FY 2021 when the agency had reduced expenditures due to vacant positions.

The ending balances for FY 2023 and FY 2024 are expected to decrease. This is due to significantly increased expenditures compared to FY 2022 actual expenditures. Generally, the receipts have increased while expenditures have been consistent, causing the ending balance to decrease.

**FIGURE 8
FILING FEES, FY 2023**

Action	Current Fee
Regular Division	
<u>Valuation Appeals: Equalization & Protests (Real and Personal Property)</u>	
<i>Real Property</i>	
Single-family residential property & farmsteads	\$ Exempt
Not-for-profit organizations valued less than \$100,000	Exempt
Properties valued at \$250,000 or less	125
Properties valued from \$250,001 to \$1,000,000	200
Properties valued from \$1,000,001 to \$5,000,000	300
Properties valued from \$5,000,001 to \$10,000,000	400
Properties valued at \$10,000,001 or more	500
<i>Personal Property</i>	
Single-family residential mobile or manufactured home	\$ Exempt
All other personal property	150
<u>Division of Property Valuation (State-assessed Property)</u>	
Properties valued at \$250,000 or less	\$ 125
Properties valued from \$250,001 to \$1,000,000	200
Properties valued from \$1,000,001 to \$5,000,000	300
Properties valued from \$5,000,001 to \$10,000,000	400
Properties valued at \$10,000,001 or more	500
<u>Division of Taxation</u>	
Homestead Property Tax & Food Sales Tax Refunds	\$ Exempt
\$1,000 or less	100
\$1,001 to \$10,000	150
\$10,001 to \$100,000	300
\$100,001 or more	500
<u>Exemption Applications</u>	
Industrial revenue bond & economic development less than \$1,000,000	\$ 500
Industrial revenue bond & economic development more than \$1,000,000	1,000
Oil leases or real property exemption	400
All other personal property exemption	100
Not-for-profit valued less than \$100,000 & government entities	Exempt
<u>Grievances</u>	
Penalty abatement	\$ 25
Clerical error	25
<u>Miscellaneous</u>	
IRB informational statement filings	\$ 500

**FIGURE 8
FILING FEES, FY 2023**

Action	Current Fee
Mortgage registration protests	25
No-fund warrant requests	150
Reappraisal requests, complaints, and appeals by any board of county commissioners of the final ratio study for the county	2,000
Any municipality, political subdivision of the State, or school appeals	Exempt
Small Claims and Expedited Hearings Division	
<u>Equalization & Protests</u>	
Not-for-profit organization valued less than \$100,000	\$ Exempt
Single-family residential property, farmstead, or mobile/manufactured home	Exempt
\$250,000 or less	100
\$250,001 to \$1,000,000	150
\$1,000,000 to \$3,000,000	200
<u>Division of Taxation</u>	
Homestead property tax & food sales tax refund	\$ Exempt
\$500 or less	Exempt
\$501 to \$10,000	50
\$10,001 to \$14,999	150

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2022 Legislature	\$ 906,317	\$ 1,169,398	\$ 2,075,715	16.0
1. SGF Reappropriation	15,082	-	15,082	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 921,399</i>	<i>\$ 1,169,398</i>	<i>\$ 2,090,797</i>	<i>16.0</i>
Agency Revised Estimate:				
2. Supplemental—Migration of Applications to Cloud-based Storage	\$ 44,060	\$ -	\$ 44,060	--
3. Supplemental—Computer Equipment Upgrades	27,800	-	27,800	--
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 993,259</i>	<i>\$ 1,169,398</i>	<i>\$ 2,162,657</i>	<i>16.0</i>
Governor's Recommendation:				
4. Modernization Initiative	\$ 590,000	\$ -	\$ 590,000	--
TOTAL	\$ 1,583,259	\$ 1,169,398	\$ 2,752,657	16.0

LEGISLATIVE APPROVED

Subsequent to the 2022 Session, one adjustment was made to the \$2.1 million appropriated to the Board of Tax Appeals for FY 2023. This adjustment changes the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATION.** The agency carried over \$15,082 in unspent SGF moneys in FY 2022 for general operating expenditures.

AGENCY ESTIMATE

The **agency** submits revised FY 2023 expenditures of \$1.2 million, including \$993,259 SGF. This is an all funds increase of \$71,860, or 3.4 percent. The increase is entirely SGF, which is an increase of 7.8 percent above the agency's FY 2023 approved SGF amount.

The **agency** estimate includes the following adjustments:

2. **SUPPLEMENTAL—CLOUD-BASED STORAGE.** The agency is migrating all of its applications, including the case management and document repository systems, from a physical server to a cloud-based environment. This also includes hosting fees for the new environment.
3. **SUPPLEMENTAL—COMPUTER UPGRADES.** The State's new master lease agreement requires the upgrade of computer equipment such as monitors and docking stations. These upgrades are on a three-year rotation.

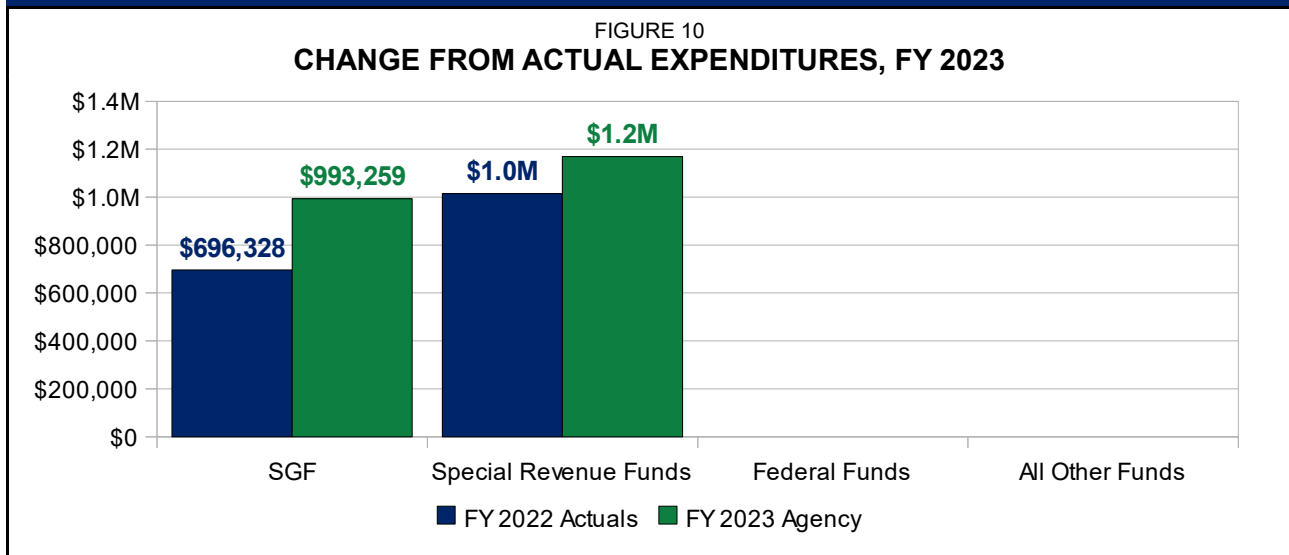
GOVERNOR'S RECOMMENDATION

The **Governor** recommends revised expenditures of \$2.8 million, including \$1.6 million SGF, in FY 2023. This is an SGF increase of \$590,000, or 27.3 percent, above the FY 2023 revised estimate. The Governor recommends 16.0 FTE positions, which is the same as the agency's FY 2023 revised estimate.

The **Governor's** recommendation includes the following adjustment:

4. **MODERNIZATION INITIATIVE.** The Governor recommends an increase of \$590,000 for the agency's IT modernization initiative to upgrade the hearing room to offer a remote hearing option, upgrade the agency website, offer electronic form and fee payment options, and make other updates to the filing and case management system.

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$2.2 million, including \$993,259 SGF, in FY 2023. This is an increase of \$451,985, or 26.4 percent, above FY 2022 actual expenditures. This increase is primarily attributable to the Legislative pay plan increase of 5.0 percent, as well as the agency filling an information technology position.

FY 2024 ANALYSIS

FIGURE 11
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ 993,259	\$ 1,169,398	\$ 2,162,657	16.0
Agency Request:				
1. Enhancement—Computer Equipment Upgrades	\$ -	\$ -	\$ -	--
2. Enhancement—Migration of Applications to Cloud-based Storage	-	-	-	--
3. All Other Adjustments	25,777	(14,764)	11,013	--
<i>Subtotal—Agency Estimate</i>	\$ 1,019,036	\$ 1,154,634	\$ 2,173,670	16.0
Governor's Recommendation:				
4. No Changes	\$ -	\$ -	\$ -	--
TOTAL	\$ 1,019,036	\$ 1,154,634	\$ 2,173,670	16.0

AGENCY REQUEST

The **agency** requests \$2.2 million, including \$1.0 million SGF, for FY 2024. This is an all funds increase of \$11,013, or 0.5 percent, including an SGF increase of \$25,777, or 2.6 percent, above the FY 2023 revised estimate.

The **agency** request includes the following adjustments:

1. **ENHANCEMENT—COMPUTER UPGRADES.** The State's new master lease agreement requires the upgrade of computer equipment such as monitors and docking stations. These upgrades are on a three-year rotation. The funding for this enhancement was included as a supplemental in FY 2023 and will not show as an increase above the FY 2023 revised estimate.
2. **ENHANCEMENT—CLOUD-BASED STORAGE.** The agency is migrating all of its applications, including the case management and document repository systems, from a physical server to a cloud-based environment. This also includes hosting fees for the new environment. The funding for this enhancement was included as a supplemental in FY 2023 and will not show as an increase above the FY 2023 revised estimate.
3. **ALL OTHER ADJUSTMENTS.** The agency request includes an increase for employer contributions for group health insurance, which is slightly offset by decreased expenditures for recruitment services.

GOVERNOR'S RECOMMENDATION

4. **NO CHANGES.** The **Governor** concurs with the agency's FY 2024 revised estimate.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

Supplemental Requests		
Item	Agency Request	Governor's Recommendation
Computer Upgrades	\$ 27,800	\$ 27,800
Cloud-based Storage	44,060	44,060
Modernization Initiative	-	590,000
TOTAL	\$ 71,860	\$ 661,860

The agency's FY 2023 revised estimate reflects the agency's request to increase funding for computer upgrades. These upgrades are on a three-year rotation and include equipment such as monitors and docking stations. The revised estimate also includes increased funding to migrate case management and document repository systems from a physical server to a cloud-based environment.

The Governor recommends adoption of this request. The Governor also recommends adding \$590,000 for the agency's modernization initiative to upgrade the hearing room to offer a remote hearing option, upgrade the agency website, offer electronic form and fee payment options, and make other updates to the filing and case management system.

Enhancement Requests		
Item	Agency Request	Governor's Recommendation
Computer Upgrades	\$ 27,800	\$ 27,800
Cloud-based Storage	44,060	44,060
TOTAL	\$ 71,860	\$ 71,860

The agency's FY 2024 request reflects the agency's request to increase funding for computer upgrades. These upgrades are on a three-year rotation and include equipment such as monitors and docking stations. The revised estimate also includes increased funding to migrate case management and document repository systems from a physical server to a cloud-based environment.

The Governor recommends adoption of this request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 12
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

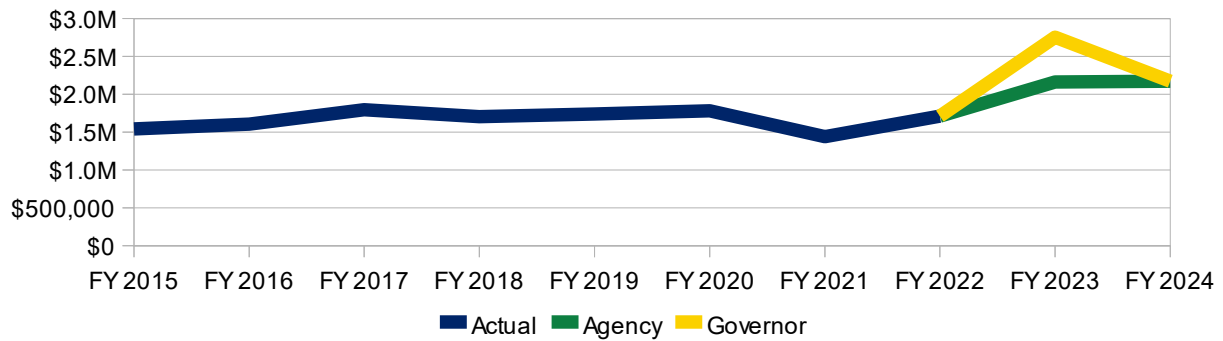
Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Administration	\$ 1,710,672	\$ 2,162,657	\$ 2,752,657	\$ 2,173,670	\$ 2,173,670
FTE Positions:					
Administration	16.0	16.0	16.0	16.0	16.0

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION

FIGURE 13
**ADMINISTRATION
EXPENDITURES, FY 2015 – FY 2024**



STATUTORY BASIS: • KSA 74-2433

- PROGRAM GOALS:**
- Resolves disputes between taxpayers and taxing authorities promptly and impartially.
 - Maintain public confidence in the state and local tax systems by providing sound leadership to enhance independent, efficient, professional decision-making and certainty in state tax law.
 - Continue to strive to meet the changing needs of the stakeholders.

FIGURE 14
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Valuation Cases Filed*	2,589	2,152	2,342	2,675	2,675
2. Valuation Cases Closed*	1,655	2,980	1,440	2,675	2,675
3. Average Cost to Resolve Each Case*	\$ 499	\$ 798	\$ 686	\$ 600	\$ 600
Output Measure:					
4. Number of Cases Heard*	522	637	489	600	600
5. Percent of 14-Day Summary Decisions Issued Timely	93.00%	91.0%	94.7%	100.0%	100.0%
6. Percent of Full Opinions Issued Timely*	100.00%	100.0%	99.3%	100.00%	100.00%
7. Number of Days to Close a Residential Appeal	285	265	243	180	180
8. Number of Days to Close a Commercial Appeal	384	483	407	365	365
9. Average Number of Days Between Appeal Hearing and Decision in Small Claims Proceedings	60	53	25	54	54
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 576,235	\$ 696,328		\$ 1,583,259	\$ 1,019,036
Federal Funds	-	-		-	-
All Other Funds	865,598	1,014,344		1,169,398	1,154,634
TOTAL	<u>\$ 1,441,833</u>	<u>\$ 1,710,672</u>		<u>\$ 2,752,657</u>	<u>\$ 2,173,670</u>
Percentage Change:					
SGF	(28.4) %	20.8 %		127.4 %	(35.6) %
All Funds	(19.2) %	18.6 %		60.9 %	(21.0) %
FTE Positions	15.0	16.0		16.0	16.0
*Performance measure not evaluated by the Office of Governor.					