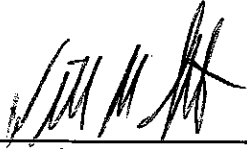


FY 2018 and FY 2019

General Government Budget Committee

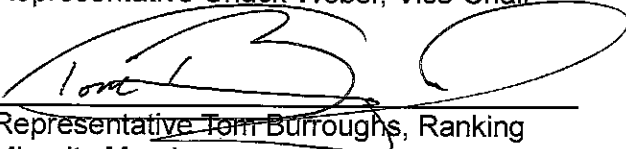
Kansas Department of Revenue
Real Estate Appraisal Board



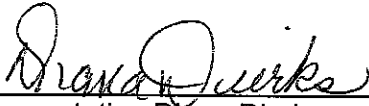
Representative William Sutton, Chair



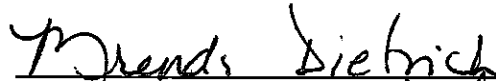
Representative Chuck Weber, Vice-Chair



Representative Tom Burroughs, Ranking
Minority Member



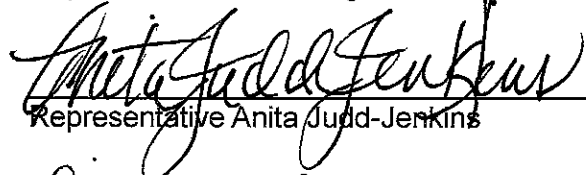
Representative Diana Dierks



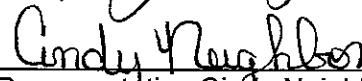
Representative Brenda Dietrich



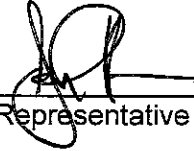
Representative Tim Hodge



Representative Anita Judd-Jenkins



Representative Cindy Neighbor



Representative John Resman

Senate Subcommittee Report

Agency: Kansas Department of Revenue

Bill No. 269

Bill Sec. 45

Analyst: Mariani

Analysis Pg. No. 336

Budget Page No. 90

Expenditure Summary	Agency Estimate FY 2018	Governor Recommendation FY 2018	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,573,705	\$ 15,844,406	\$ 2,000,000
Other Funds	86,687,639	87,320,607	0
Subtotal	<u>\$ 105,261,344</u>	<u>\$ 103,165,013</u>	<u>\$ 2,000,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 105,261,344</u>	 <u>\$ 103,165,013</u>	 <u>\$ 2,000,000</u>
 FTE Positions	 <u>1,019.1</u>	 <u>1,019.1</u>	 <u>0.0</u>

Agency Estimate

The **agency** requests a revised estimate of \$105.3 million, including \$18.6 million from the State General Fund, in FY 2018. The all funds request is an increase of \$13.5 million, or 14.7 percent, and a State General Fund increase of \$3.2 million, or 20.6 percent, above the approved amount. The agency requests 1,019.1 FTE positions, which is an increase of 34.9 positions above the number approved by the 2017 Legislature. The all funds increase is primarily attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years. The State General Fund increase is attributable to the agency's supplemental requests.

Governor's Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$103.2 million, including \$15.8 million from the State General Fund. This is an increase of \$11.4 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$439,669, all from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$439,669).

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment and observation:

1. Add \$2.0 million, all from the State General Fund, in FY 2018 for expenditures related to the implementation of and production costs related to digital license plate conversion and distribution beginning in August 2018. This was a supplemental request by the agency, but not funded in the Governor's recommendation. Digital license plates are printed on-demand and are not produced until the plate is ordered. The plate is mailed to the customer's home. The Department notes there has been a significant amount of excess inventory with the number of issued specialty plates that require a minimum order from the vendor to be produced and never purchased by the customer. Switching from the current embossed plates to digitally produced plates will create efficiencies at both the State and County Treasurer levels due to the complexity of managing inventory statewide for all plate types. The Department has expended over \$700,000 in overproduction costs in two recent fiscal years due to current plate production and inventory requirements.
2. The Subcommittee commends the Department of Revenue for the success the agency has had in additional delinquent tax collections of \$10.0 million. The subcommittee notes the success is due to the positions added in the last two years and the modernization of the delinquent tax collection system. The modernization included a self-service portal, automated warrants and levies, improved correspondence, and competitive methodology for debt placement with private collection agencies. The agency has also cleared a backlog of approximately 11,000 cases through warrant automation.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation with the following notation:

1. The Committee requests the agency provide information on the proposed contract to outsource the mail service. The agency notes the purpose is to expand an existing contract within the State Treasurer's Office to include opening the tax returns to assist in getting money in the state treasury faster. The Committee would like detailed information on the contract, specifically with respect to confidentiality measures, the impact on current state employees performing that function, and any potential cost savings associated with the contract. The Committee requests the information be provided before the budget is finalized.
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House Budget Committee Report

Agency: Kansas Department of Revenue

Bill No. 2468

Bill Sec. 45

Analyst: Mariani

Analysis Pg. No. 336

Budget Page No. 90

Expenditure Summary	Agency Estimate FY 2018	Governor Recommendation FY 2018	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,573,705	\$ 15,844,406	\$ 0
Other Funds	86,687,639	87,320,607	2,000,000
Subtotal	<u>\$ 105,261,344</u>	<u>\$ 103,165,013</u>	<u>\$ 2,000,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 105,261,344</u></u>	 <u><u>\$ 103,165,013</u></u>	 <u><u>\$ 2,000,000</u></u>
 FTE positions	 <u><u>1,019.1</u></u>	 <u><u>1,019.1</u></u>	 <u><u>0.0</u></u>

Agency Estimate

The **agency** requests a revised estimate of \$105.3 million, including \$18.6 million from the State General Fund, in FY 2018. The all funds request is an increase of \$13.5 million, or 14.7 percent, and a State General Fund increase of \$3.2 million, or 20.6 percent, above the approved amount. The agency requests 1,019.1 FTE positions, which is an increase of 34.9 positions above the number approved by the 2017 Legislature. The all funds increase is primarily attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years. The State General Fund increase is attributable to the agency's supplemental requests.

Governor's Recommendation

The **Governor** recommends FY 2018 operating expenditures of \$103.2 million, including \$15.8 million from the State General Fund. This is an increase of \$11.4 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$439,669, all from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$439,669).

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Add \$2.0 million, all from the Motor Vehicle Operating fund, and transfer \$2.0 million from the State Highway Fund to the Motor Vehicle Operating Fund in FY 2018 for expenditures related to the implementation of and production costs related to digital license plate conversion and distribution beginning in August 2018. This was a supplemental request by the agency to add \$2.0 million from the State General Fund for digital license plate implementation, but not funded in the Governor's recommendation. Digital license plates are printed on-demand and are not produced until the plate is ordered. The plate is mailed to the customer's home. The Department notes there has been a significant amount of excess inventory with the number of issued specialty plates that require a minimum order from the vendor to be produced and never purchased by the customer. Switching from the current embossed plates to digitally produced plates will create efficiencies at both the State and County Treasurer levels due to the complexity of managing inventory statewide for all plate types. The Department has expended over \$700,000 in overproduction costs in two recent fiscal years due to current plate production and inventory requirements.

Senate Subcommittee Report

Agency: Kansas Department of Revenue

Bill No. 269

Bill Sec. 46

Analyst: Mariani

Analysis Pg. No. 336

Budget Page No. 90

Expenditure Summary	Agency Request FY 2019	Governor Recommendation FY 2019	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,102,593	\$ 15,469,625	\$ 2,000,000
Other Funds	87,684,946	88,317,914	0
Subtotal	<u>\$ 105,787,539</u>	<u>\$ 103,787,539</u>	<u>\$ 2,000,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 105,787,539</u>	 <u>\$ 103,787,539</u>	 <u>\$ 2,000,000</u>
 FTE Positions	 <u>1,019.1</u>	 <u>1,019.1</u>	 <u>0.0</u>

Agency Request

The **agency** requests a revised estimate of \$105.8 million, including \$18.1 million from the State General Fund, for FY 2019. The all funds request is an increase of \$13.9 million, or 15.1 percent, and the State General Fund request is an increase of \$2.9 million, or 18.7 percent, above the amount approved by the 2017 Legislature. The agency requests 1,019.1 FTE positions, which is an increase of 32.9 FTE positions above the number approved by the 2017 Legislature. The State General Fund increase is due to the supplemental requests detailed later in this document. The remaining all funds increase is mainly attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years.

Governor's Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$103.8 million, including \$15.5 million from the State General Fund. This is an increase of \$11.9 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$224,000 from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and for State General Fund expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$224,000).

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following adjustment and observation:

1. Add \$2.0 million, all from the State General Fund, in FY 2019 for expenditures related to the implementation of and production costs related to digital license plate conversion and distribution beginning in August 2018. This was a supplemental request by the agency, but not funded in the Governor's recommendation. Digital license plates are printed on-demand and are not produced until the plate is ordered. The plate is mailed to the customer's home. The Department notes there has been a significant amount of excess inventory with the number of issued specialty plates that require a minimum order from the vendor to be produced and never purchased by the customer. Switching from the current embossed plates to digitally produced plates will create efficiencies at both the State and County Treasurer levels due to the complexity of managing inventory statewide for all plate types. The Department has expended over \$700,000 in overproduction costs in two recent fiscal years due to current plate production and inventory requirements.
2. The Subcommittee commends the Department of Revenue for the success the agency has had in additional delinquent tax collections of \$10.0 million. The subcommittee notes the success is due to the positions added in the last two years and the modernization of the delinquent tax collection system. The modernization included a self-service portal, automated warrants and levies, improved correspondence, and competitive methodology for debt placement with private collection agencies. The agency has also cleared a backlog of approximately 11,000 cases through warrant automation.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation with the following notation:

1. The Committee requests the agency provide information on the proposed contract to outsource the mail service. The agency notes the purpose is to expand an existing contract within the State Treasurer's Office to include opening the tax returns to assist in getting money in the state treasury faster. The Committee would like detailed information on the contract specifically with respect to confidentiality measures, the impact on current state employees performing that function, and any potential cost savings associated with the contract. The Committee requests the information be provided before the budget is finalized.
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House Budget Committee Report

Agency: Kansas Department of Revenue

Bill No. 2468

Bill Sec. 46

Analyst: Mariani

Analysis Pg. No. 336

Budget Page No. 90

Expenditure Summary	Agency Request FY 2019	Governor Recommendation FY 2019	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,102,593	\$ 15,469,625	\$ 0
Other Funds	87,684,946	88,317,914	2,000,000
Subtotal	\$ 105,787,539	\$ 103,787,539	\$ 2,000,000
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 105,787,539	\$ 103,787,539	\$ 2,000,000
FTE positions	0.0	0.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

Agency Request

The **agency** requests a revised estimate of \$105.8 million, including \$18.1 million from the State General Fund, for FY 2019. The all funds request is an increase of \$13.9 million, or 15.1 percent, and the State General Fund request is an increase of \$2.9 million, or 18.7 percent, above the amount approved by the 2017 Legislature. The agency requests 1,019.1 FTE positions, which is an increase of 32.9 FTE positions above the number approved by the 2017 Legislature. The State General Fund increase is due to the supplemental requests detailed later in this document. The remaining all funds increase is mainly attributable to the Automated Tax System Fund, which remits revenue to the contractor based on actual debt collection in excess of previous years.

Governor's Recommendation

The **Governor** recommends FY 2019 operating expenditures of \$103.8 million, including \$15.5 million from the State General Fund. This is an increase of \$11.9 million, including \$224,000 from the State General Fund, above the amount approved by the 2017 Legislature. The recommendation includes funding for supplemental requests totaling \$224,000 from the State General Fund. The supplemental requests include implementation of the legislative pay plan approved by the 2017 Legislature with a transfer of additional funds from the State

Highway Fund (\$632,968) in lieu of additional State General Fund expenditures and for State General Fund expenditures related to the State of Kansas issuing REAL ID compliant licenses beginning August 1, 2017 (\$224,000).

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Add \$2.0 million, all from the Motor Vehicle Operating fund, and transfer \$2.0 million from the State Highway Fund to the Motor Vehicle Operating Fund for FY 2019 for expenditures related to the implementation of and production costs related to digital license plate conversion and distribution beginning in August 2018. This was a supplemental request by the agency to add \$2.0 million from the State General Fund for digital license plate implementation, but not funded in the Governor's recommendation. Digital license plates are printed on-demand and are not produced until the plate is ordered. The plate is mailed to the customer's home. The Department notes there has been a significant amount of excess inventory with the number of issued specialty plates that require a minimum order from the vendor to be produced and never purchased by the customer. Switching from the current embossed plates to digitally produced plates will create efficiencies at both the State and County Treasurer levels due to the complexity of managing inventory statewide for all plate types. The Department has expended over \$700,000 in overproduction costs in two recent fiscal years due to current plate production and inventory requirements.

House Budget Committee Report

Agency: Real Estate Appraisal Board

Bill No. 2468

Bill Sec. 12

Analyst: Elyacharshuster

Analysis Pg. No. 679

Budget Page No. 136

Expenditure Summary	Agency Estimate FY 2018	Governor Recommendation FY 2018	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	321,177	321,177	0
Subtotal	\$ 321,177	\$ 321,177	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 321,177	 \$ 321,177	 \$ 0
 FTE positions	 2.0	 2.0	 0.0

Agency Estimate

The **agency** requests a revised estimate for FY 2018 operating expenditures of \$321,177, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The request includes funding for 2.0 FTE positions, the same as the approved number.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate in FY 2018.

House Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation in FY 2018.

House Budget Committee Report

Agency: Real Estate Appraisal Board

Bill No. 2468

Bill Sec. 13

Analyst: Elyacharshuster

Analysis Pg. No. 679

Budget Page No. 136

Expenditure Summary	Agency Request FY 2019	Governor Recommendation FY 2019	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	324,684	324,684	0
Subtotal	<u>\$ 324,684</u>	<u>\$ 324,684</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 324,684</u></u>	<u><u>\$ 324,684</u></u>	<u><u>\$ 0</u></u>
FTE positions	<u><u>2.0</u></u>	<u><u>2.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$324,684, all from special revenue funds, which is unchanged from the amount approved by the 2017 Legislature. The request includes funding for 2.0 FTE positions, the same as the approved number.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate for FY 2019.

House Budget Subcommittee Recommendation

The **Budget Subcommittee** concurs with the Governor's recommendation for FY 2019.