

# STATE BOARD OF TAX APPEALS

|                                | Actual<br>FY 2020   | Agency Est.<br>FY 2021 | Gov. Rec.<br>FY 2021 | Agency Req.<br>FY 2022 | Gov. Rec.<br>FY 2022 |
|--------------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|
| <b>Operating Expenditures:</b> |                     |                        |                      |                        |                      |
| State General Fund             | \$ 804,395          | \$ 802,012             | \$ 576,235           | \$ 808,457             | \$ 668,411           |
| Other Funds                    | 979,245             | 1,117,266              | 1,117,266            | 1,140,468              | 1,240,468            |
| <i>Subtotal</i>                | <i>\$ 1,783,640</i> | <i>\$ 1,919,278</i>    | <i>\$ 1,693,501</i>  | <i>\$ 1,948,925</i>    | <i>\$ 1,908,879</i>  |
| <b>Capital Improvements:</b>   |                     |                        |                      |                        |                      |
| State General Fund             | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| Other Funds                    | 0                   | 0                      | 0                    | 0                      | 0                    |
| <i>Subtotal</i>                | <i>\$ 0</i>         | <i>\$ 0</i>            | <i>\$ 0</i>          | <i>\$ 0</i>            | <i>\$ 0</i>          |
| <b>TOTAL</b>                   | <b>\$ 1,783,640</b> | <b>\$ 1,919,278</b>    | <b>\$ 1,693,501</b>  | <b>\$ 1,948,925</b>    | <b>\$ 1,908,879</b>  |
| <b>Percentage Change:</b>      |                     |                        |                      |                        |                      |
| Operating Expenditures         |                     |                        |                      |                        |                      |
| State General Fund             | 1.3 %               | (0.3) %                | (28.4) %             | 0.8 %                  | 16.0 %               |
| All Funds                      | 2.5                 | 7.6                    | (5.1)                | 1.5                    | 12.7                 |
| FTE Positions                  | 16.0                | 16.0                   | 15.0                 | 16.0                   | 15.0                 |

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.

## AGENCY OVERVIEW

The mission of the State Board of Tax Appeals (BOTA) 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 committed to fulfilling its mission in a highly efficient and professional manner through using all available technology and human resources to best meet the needs of the public.

**Regular Division.** The Board's regular division has broad jurisdiction to hear and decide tax matters, including property tax appeals, appeals from final determinations of the 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 Department of Revenue, Division of Taxation, if the amount of tax in controversy does not exceed \$15,000.

**Statutory Authority.** The Kansas State Board of Tax Appeals is a specialized board within the Executive Branch of state government. The Board's predecessor in authority was the Kansas Court of Tax Appeals. The State Court of Tax Appeals was established on July 1, 2008, pursuant to HB 2018.

The Board of Tax Appeals 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 of Tax Appeals is a neutral decision-making body.

## MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** increased the Board of Tax Appeals Filing Fee Fund expenditure limitation for fiscal year (FY) 2010 and FY 2011. For FY 2010, the Legislature added \$18,000 and increased the expenditure limitation on the agency's Filing Fee Fund from \$589,299 to \$607,299. For FY 2011, the Legislature added \$33,000 and increased expenditures from the agency's Filing Fee Fund from \$648,777 to \$681,777. The expenditure limitation increase for both FY 2010 and FY 2011 was used to offset reductions in the agency's State General Fund (SGF) appropriation and to fund agency operations.

In addition, the **2010 Legislature** deleted \$33,986, all SGF, to achieve an SGF reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** added \$325,000, all SGF, to restore a portion of the Board of Tax Appeal's FY 2012 SGF reduction of \$625,000.

The **2011 Legislature** also added language authorizing the Board of Tax Appeals to study the necessary statutory changes needed to raise filing fees for FY 2013.

The **2014 Legislature** passed House Sub. for SB 231, which made a number of changes in the power, duties, and functions of the State Court of Tax Appeals (COTA), especially with regard to property tax valuation appeals. The bill renamed that body the "State Board of Tax Appeals"; made several changes with respect to how property may be valued for taxation purposes; and lowered the interest rate on delinquent property taxes.

The **2019 Legislature** added \$19,824, including \$9,341 SGF, for a 2.5 percent salary adjustment for most state employees for FY 2020.

## BUDGET SUMMARY AND KEY POINTS

**FY 2021 – Current Year.** The **agency** requests a revised estimate of \$1.9 million, including \$802,012 from the State General Fund (SGF), in FY 2021. The estimate is a decrease of \$2,247, or 0.3 percent, all SGF, below the FY 2021 approved budget. The reduction is attributable to the reimbursement of SGF expenditures from the Coronavirus Relief Fund subsequent to submission of the agency budget. The agency also shifted expenditures from contractual services for contract hearing officers to salaries and wages.

The **Governor** recommends expenditures of \$1.7 million, including \$576,235 SGF, in FY 2021. The recommendation is an SGF decrease of \$225,777, or 28.2 percent, below the agency's FY 2021 revised estimate. The decrease is due to the elimination of the Application Developer position (1.0 FTE position), and eliminating seven months of funding for two vacant BOTA member positions. These decreases are partially offset in the Governor's recommendation by an increase of \$37,292, all SGF, for additional IT services performed by OITS that were previously performed by the eliminated Application Developer position.

**FY 2022 – Budget Year.** The **agency** requests FY 2022 expenditures of \$1.9 million, including \$808,457 SGF. The request is an all funds increase of \$29,647, or 1.5 percent, and an SGF increase of \$6,445, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to the Kansas Public Employees Retirement System (KPERs) rate increase, professional service fees for contract hearing officers, and a travel honorarium that was reduced in FY 2021. The agency requests 16.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$1.9 million, including \$668,411 SGF, for FY 2022. The recommendation is a decrease of \$40,046, or 2.1 percent, from all funds, below the agency's FY 2022 request. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and the reduction of salaries and wages expenditures. The Governor's recommendation includes an increase of \$100,000 from the BOTA Fee Fund and a corresponding decrease of SGF funds. The decreases are partially offset by the addition of \$40,800, all SGF, for FY 2022 to fund additional IT consulting services.

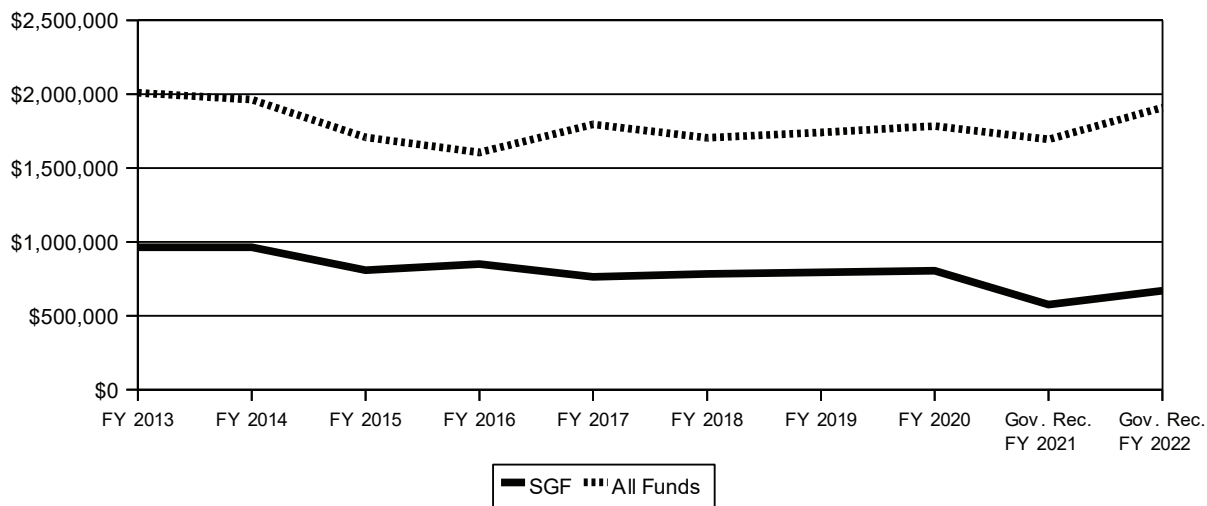
# PERFORMANCE MEASURES

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. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

| PERFORMANCE MEASURES   |                   |                   |                      |                   |                      |                      |
|--|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure  | Actual<br>FY 2018 | Actual<br>FY 2019 | Gov. Rec.<br>FY 2020 | Actual<br>FY 2020 | Gov. Rec.<br>FY 2021 | Gov. Rec.<br>FY 2022 |
| Clearance Rate (Outgoing Cases<br>Divided by Incoming Cases) | 99.5 %            | 86.2 %            | 100.3 %              | 67.9 %            | 100.0 %              | 100.0 %              |
| Average Number of Days to Close<br>Commercial Appeals        | 121               | 209               | 110                  | 353               | 450                  | 360                  |
| Average Number of Days to Close<br>Residential Appeals       | 141               | 158               | 125                  | 178               | 210                  | 175                  |
| <b>Agency Expenditures</b>                                   |                   |                   |                      |                   |                      |                      |
| All Funds (Dollars in Millions)                              | \$ 1.8            | \$ 1.7            | \$ 1.9               | \$ 1.8            | \$ 1.7               | \$ 1.9               |
| FTE Positions  | 17.0              | 16.0              | 16.0                 | 16.0              | 15.0                 | 15.0                 |

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2013 – FY 2022



## OPERATING EXPENDITURES FY 2013 – FY 2022

| Fiscal Year                     | SGF          | % Change | All Funds    | % Change | FTE   |
|---------------------------------|--------------|----------|--------------|----------|-------|
| 2013                            | \$ 963,272   | 0.3 %    | \$ 2,008,930 | 2.4 %    | 18.0  |
| 2014                            | 807,964      | (16.1)   | 1,707,456    | (15.0)   | 18.0  |
| 2015                            | 692,967      | (14.2)   | 1,544,872    | (9.5)    | 17.0  |
| 2016                            | 848,683      | 22.5     | 1,605,152    | 3.9      | 17.0  |
| 2017                            | 762,836      | (10.1)   | 1,795,249    | 11.8     | 17.0  |
| 2018                            | 782,827      | 2.6      | 1,704,454    | (5.1)    | 17.0  |
| 2019                            | 793,868      | 1.4      | 1,740,819    | 2.1      | 16.0  |
| 2020                            | 804,395      | 1.3      | 1,783,640    | 2.5      | 16.0  |
| 2021 Gov. Rec.                  | 576,235      | (28.4)   | 1,693,501    | (5.1)    | 15.0  |
| 2022 Gov. Rec.                  | 668,411      | 16.0     | 1,908,879    | 12.7     | 15.0  |
| Ten-Year Change Dollars/Percent | \$ (294,861) | (30.6)%  | \$ (100,051) | (5.0)%   | (3.0) |

Summary of Operating Budget FY 2020 - FY 2022

|  | Actual<br>FY 2020   | Agency Estimate     |                     |                                | Governor's Recommendation       |                     |                     |                                |                                 |
|--|---------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------|---------------------|--------------------------------|---------------------------------|
|  |                     | Estimate<br>FY 2021 | Request<br>FY 2022  | Dollar<br>Change<br>from FY 21 | Percent<br>Change<br>from FY 21 | Rec.<br>FY 2021     | Rec.<br>FY 2022     | Dollar<br>Change<br>from FY 21 | Percent<br>Change<br>from FY 21 |
| <b>By Program:</b>                     |                     |                     |                     |                                |                                 |                     |                     |                                |                                 |
| Administration                         | \$ 1,783,640        | \$ 1,919,278        | \$ 1,948,925        | \$ 29,647                      | 1.5 %                           | \$ 1,693,501        | \$ 1,908,879        | \$ 215,378                     | 12.7 %                          |
| <b>By Major Object of Expenditure:</b> |                     |                     |                     |                                |                                 |                     |                     |                                |                                 |
| Salaries and Wages                     | \$ 1,317,701        | \$ 1,559,871        | \$ 1,574,169        | \$ 14,298                      | 0.9 %                           | \$ 1,296,802        | \$ 1,493,323        | \$ 196,521                     | 15.2 %                          |
| Contractual Services                   | 387,709             | 340,337             | 356,486             | 16,149                         | 4.7                             | 377,629             | 397,286             | 19,657                         | 5.2                             |
| Commodities                            | 45,673              | 10,370              | 9,270               | (1,100)                        | (10.6)                          | 10,370              | 9,270               | (1,100)                        | (10.6)                          |
| Capital Outlay                         | 32,557              | 8,700               | 9,000               | 300                            | 3.4                             | 8,700               | 9,000               | 300                            | 3.4                             |
| Debt Service                           | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                   | 0                              | --                              |
| <i>Subtotal - Operations</i>           | \$ 1,783,640        | \$ 1,919,278        | \$ 1,948,925        | \$ 29,647                      | 1.5 %                           | \$ 1,693,501        | \$ 1,908,879        | \$ 215,378                     | 12.7 %                          |
| Aid to Local Units                     | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                   | 0                              | --                              |
| Other Assistance                       | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                   | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 1,783,640</b> | <b>\$ 1,919,278</b> | <b>\$ 1,948,925</b> | <b>\$ 29,647</b>               | <b>1.5 %</b>                    | <b>\$ 1,693,501</b> | <b>\$ 1,908,879</b> | <b>\$ 215,378</b>              | <b>12.7 %</b>                   |
| <b>Financing:</b>                      |                     |                     |                     |                                |                                 |                     |                     |                                |                                 |
| State General Fund                     | \$ 804,395          | \$ 802,012          | \$ 808,457          | \$ 6,445                       | 0.8 %                           | \$ 576,235          | \$ 668,411          | \$ 92,176                      | 16.0 %                          |
| Duplicating Fee Fund                   | 2,727               | 3,000               | 5,000               | 2,000                          | 66.7                            | 3,000               | 5,000               | 2,000                          | 66.7                            |
| BOTA Filing Fee Fund                   | 959,350             | 1,114,266           | 1,135,468           | 21,202                         | 1.9                             | 1,114,266           | 1,235,468           | 121,202                        | 10.9                            |
| Coronavirus Relief Fund                | 17,168              | 0                   | 0                   | 0                              | --                              | 0                   | 0                   | 0                              | --                              |
| All Other Funds                        | 0                   | 0                   | 0                   | 0                              | --                              | 0                   | 0                   | 0                              | --                              |
| <b>TOTAL</b>                           | <b>\$ 1,783,640</b> | <b>\$ 1,919,278</b> | <b>\$ 1,948,925</b> | <b>\$ 29,647</b>               | <b>1.5 %</b>                    | <b>\$ 1,693,501</b> | <b>\$ 1,908,879</b> | <b>\$ 215,378</b>              | <b>12.7 %</b>                   |

# BUDGET OVERVIEW

## A. FY 2021 – Current Year

### Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$807,323 for the Board of Tax Appeals in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$117, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$2,247, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$5,428 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$804,259. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2021 | Agency<br>Estimate<br>FY 2021 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2021 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 804,259                         | \$ 802,012                    | \$ (2,247)                        | \$ 576,235                  | \$ (228,024)                        |
| All Other Funds             | 1,117,266                          | 1,117,266                     | 0                                 | 1,117,266                   | 0                                   |
| <b>TOTAL</b>                | <b>\$ 1,921,525</b>                | <b>\$ 1,919,278</b>           | <b>\$ (2,247)</b>                 | <b>\$ 1,693,501</b>         | <b>\$ (228,024)</b>                 |
| FTE Positions               | 16.0                               | 16.0                          | 0.0                               | 15.0                        | (1.0)                               |

The **agency** revised estimate is \$1.9 million, including \$802,012 SGF, in FY 2021. The estimate is a decrease of \$2,247, or 0.3 percent, all SGF, below the FY 2021 approved budget. The reduction is attributable to the reimbursement of SGF expenditures from the Coronavirus Relief Fund subsequent to submission of the agency budget. The agency also shifted expenditures from contractual services for contract hearing officers to salaries and wages.

The agency requests 16.0 FTE positions, which is the same as the FY 2021 approved amount.

Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds increase of \$13,160, or 0.9 percent, and an SGF decrease of \$106,082, or 14.7 percent, below the approved amount. The increase is due to higher expenditures on salaries and group health insurance;
- **Contractual Services.** The agency requests \$340,337, which is an all funds decrease of \$13,372, or 3.8 percent, and an SGF increase \$103,835, or 129.1 percent, above the approved amount. The decrease is primarily attributable to decreased expenditures for travel, a travel honorarium, and decreased professional service fees for contracted hearing officers. The agency states that the Board was unable to use contracted hearing officers from March 2020 through January 2021 due to the COVID-19 pandemic. The decreases were partially offset by increased expenditures for communication;
- **Commodities.** The agency requests \$10,370, which is a decrease of \$2,035, or 16.4 percent, all from special revenue funds, below the approved amount. The decrease is due to decreased expenditures for computer system parts and gasoline; and
- **Capital Outlay.** The agency requests \$8,700, the same as the FY 2021 approved budget. Expenditures in this category are for replacement computers; the agency did shift some expenditures originally intended for office furniture to computer system purchases.

The **Governor** recommends a revised estimate of \$1.7 million, including \$576,235 SGF, in FY 2021. The recommendation is a decrease of \$225,777, or 28.2 percent, all SGF, below the agency's FY 2021 revised estimate. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and eliminating seven months of funding for two vacant BOTA member positions. These decreases are partially offset by the addition of \$37,292, all SGF, in FY 2021 for additional IT services performed by OITS that were previously performed by the eliminated Application Developer position.

## **Governor's Allotments**

On June 29, 2020, the Governor announced State General Fund (SGF) allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$5,428. The allotments applied to this agency are detailed below:



| GOVERNOR'S ALLOTMENTS |                   |                   |            |
|-----------------------|-------------------|-------------------|------------|
| Allotment             | SGF               | All Funds         | FTE        |
| July Allotment        |                   |                   |            |
| KPERS D&D             | \$ (5,278)        | \$ (5,278)        | 0.0        |
| CRF Swap              | (150)             | (150)             | 0.0        |
| <b>TOTAL</b>          | <b>\$ (5,428)</b> | <b>\$ (5,428)</b> | <b>0.0</b> |

**KPERS Death and Disability Moratorium.** The Governor's July allotment deletes \$5,278, all SGF, for an FY 2021 moratorium on KPERS Death and Disability contributions.

**Coronavirus Funding Exchange.** The Governor's July allotment deletes \$150, all SGF, to exchange these funds for Coronavirus Relief Fund (CRF) reimbursements received by the agency in FY 2021.

## B. FY 2022 – Budget Year

| FY 2022 OPERATING BUDGET SUMMARY    |                  |                           |             |
|-------------------------------------|------------------|---------------------------|-------------|
|                                     | Agency Request   | Governor's Recommendation | Difference  |
| <b>Total Request/Recommendation</b> | \$ 1,948,925     | \$ 1,908,879              | \$ (40,046) |
| <b>FTE Positions</b>                | 16.0             | 15.0                      | (1.0)       |
| <b>Change from FY 2021:</b>         |                  |                           |             |
| <i>Dollar Change:</i>               |                  |                           |             |
| State General Fund                  | \$ 6,445         | \$ 92,176                 |             |
| All Other Funds                     | 23,202           | 123,202                   |             |
| <b>TOTAL</b>                        | <b>\$ 29,647</b> | <b>\$ 215,378</b>         |             |
| <i>Percent Change:</i>              |                  |                           |             |
| State General Fund                  | 0.8 %            | 16.0 %                    |             |
| All Other Funds                     | 2.1              | 11.0                      |             |
| <b>TOTAL</b>                        | <b>1.5 %</b>     | <b>12.7 %</b>             |             |
| Change in FTE Positions             | 0.0              | 0.0                       |             |

The **agency** requests FY 2022 expenditures of \$1.9 million, including \$808,457 SGF. The request is an all funds increase of \$29,647, or 1.5 percent, and an SGF increase of \$6,445, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to the KPERS rate increase, professional service fees for contract hearing officers, and a travel honorarium that was reduced in FY 2021. The agency requests 16.0 FTE positions, which is the same as the FY 2021 revised estimate.

Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds increase of \$14,298, or 0.9 percent, and an SGF increase of \$5,411, or 0.9

percent, above the agency's revised FY 2021 estimate. The increase is due to increased rates for group health insurance and state employee retirement;

- Contractual Services.** The agency requests \$356,486, which is an all funds increase of \$16,149, or 4.7 percent, and an SGF increase of \$1,034, or 0.6 percent, above the agency's revised FY 2021 estimate. The increase is primarily attributable to professional service fees for contracted hearing officers. The agency states that the Board was unable to use contracted hearing officers from March 2020 through January 2021 due to the COVID-19 pandemic. The agency also restored the \$4,000 reduction in FY 2021 for the honorarium to reimburse travel;
- Commodities.** The agency requests \$9,270, which is a decrease of \$1,110, or 10.6 percent, all from special revenue funds, below the agency's revised FY 2021 estimate. The decreases are in stationery and processing supplies. The agency states that the decrease in stationery and processing supplies is due to a funding shortage and the utilization of printers with more-efficient toner usage; and
- Capital Outlay.** The agency requests \$9,000, which is a increase of \$300, or 3.4 percent, all from special revenue funds, above the approved amount. The increase is due to increased expenditures for replacing two scanners (\$4,500 per scanner) that were purchased in 2010.

The **Governor** recommends FY 2022 expenditures totaling \$1.9 million, including \$668,411 SGF. The FY 2022 recommendation is an all funds decrease of \$40,046, or 2.1 percent, below the agency's request. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and the reduction of salary and wages expenditures. The Governor's recommendation also includes the following adjustments to the agency's FY 2022 request:

- Delete \$100,000, all SGF, and add the same amount from the BOTA Filing Fee Fund for FY 2022; and
- Add \$40,800, all SGF, to fund additional IT consulting services for FY 2022.

### FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund (SGF) moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

| FY 2022 REDUCED RESOURCES |                       |                    |            |                           |                    |            |
|---------------------------|-----------------------|--------------------|------------|---------------------------|--------------------|------------|
| Item                      | Agency Recommendation |                    |            | Governor's Recommendation |                    |            |
|                           | SGF                   | All Funds          | FTE        | SGF                       | All Funds          | FTE        |
| Shrinkage                 | \$ (54,602)           | \$ (54,602)        | 0.0        | \$ (72,138)               | \$ (72,138)        | 1.0        |
| Database Access Fees      | (18,600)              | (18,600)           | 0.0        | 40,800                    | 40,800             | 0.0        |
| Other Professional Fees   | (7,644)               | (7,644)            | 0.0        | (8,708)                   | (8,708)            | 0.0        |
| <b>TOTAL</b>              | <b>\$ (80,846)</b>    | <b>\$ (80,846)</b> | <b>0.0</b> | <b>\$ (40,046)</b>        | <b>\$ (40,046)</b> | <b>1.0</b> |

The **agency** submits a reduced resources budget totaling a reduction of \$80,846 for FY 2022. To achieve this target the agency would need to eliminate small claims hearing officer positions, a senior administrative assistant position, and contractual service payments for Westlaw online research tool. The agency believes these reductions will have a detrimental effect on their ability to provide services across the state.

The **Governor** recommends a reduced resources budget totaling a decrease of \$40,046 for FY 2022. The decrease is due to the elimination of the Application Developer position and the reduction of salary and wages expenditures. The Governor's recommendation includes an increase of \$40,800, all SGF, for FY 2022 to fund additional IT consulting services.

## Governor's Recommended Salary and Wage Adjustments

**For FY 2022**, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

**Longevity Bonus Payments.** In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency receives no longevity payments for FY 21 or FY22.**

**Kansas Public Employees Retirement System (KPERs).** The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

**KPERs Death and Disability Group Insurance Fund.** During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

## Funding Sources

| Funding Source       | Agency Req.<br>Percent of<br>Total FY 2022 | Gov. Rec.<br>Percent of<br>Total FY 2022 |
|----------------------|--|--|
| State General Fund   | 41.5 %                                     | 35.0 %                                   |
| Duplicating Fee Fund | 0.3  | 0.3                                      |
| BOTA Filing Fee Fund | 58.3                                       | 64.7                                     |
| All Other Funds      | 0.0  | 0.0                                      |
| <b>TOTAL</b>         | <b>100.0 %</b>                             | <b>100.0 %</b>                           |

(Note: Totals may not add due to rounding.)

## Board of Tax Appeals Filing Fee Fund Analysis

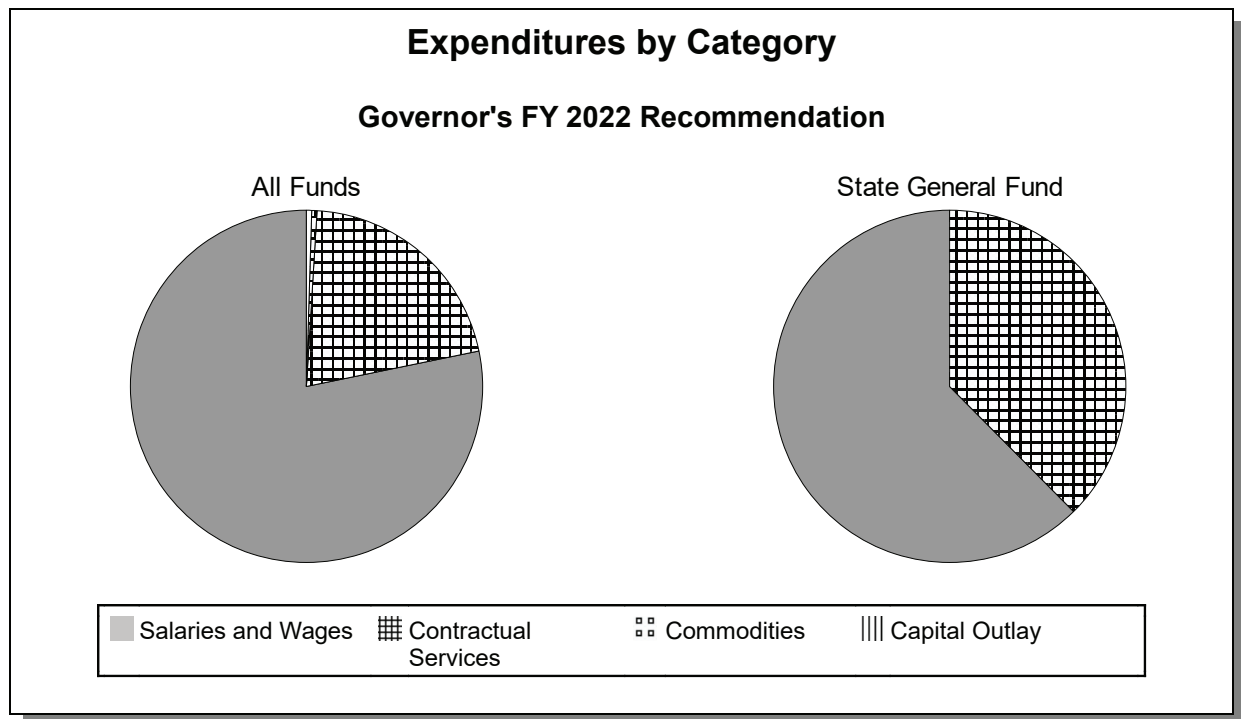
The 2003 Legislature increased the amount of funding the agency received through special revenue funds by creating the BOTA Filing Fee Fund. The agency is required to charge and collect filing fees established by the agency. The fees are collected when any tax protest, tax grievance, tax exemption, or any other original proceeding is filed with BOTA.

| Resource Estimate                         | Actual<br>FY 2020               | Agency<br>Estimate<br>FY 2021 | Gov. Rec.<br>FY 2021        | Agency<br>Request<br>FY 2022 | Gov. Rec.<br>FY 2022      |
|---|---------------------------------|-------------------------------|-----------------------------|------------------------------|---------------------------|
| Beginning Balance                         | \$ 1,058,283                    | \$ 972,096                    | \$ 972,096                  | \$ 757,830                   | \$ 757,830                |
| Revenue                                   | 873,163                         | 900,000                       | 900,000                     | 900,000                      | 900,000                   |
| Transfers in                              | 0                               | 0                             | 0                           | 0                            | 0                         |
| <i>Funds Available</i>                    | <u>\$ 1,931,446</u>             | <u>\$ 1,872,096</u>           | <u>\$ 1,872,096</u>         | <u>\$ 1,657,830</u>          | <u>\$ 1,657,830</u>       |
| Less:                                     |                                 |                               |                             |                              |                           |
| Expenditures                              | \$ 959,350                      | \$ 1,114,266                  | \$ 1,114,266                | \$ 1,135,468                 | \$ 1,235,468              |
| Transfers Out                             | 0                               | 0                             | 0                           | 0                            | 0                         |
| Off-Budget Expenditures                   | 0                               | 0                             | 0                           | 0                            | 0                         |
| <b>Ending Balance</b>                     | <u><b>\$ 972,096</b></u>        | <u><b>\$ 757,830</b></u>      | <u><b>\$ 757,830</b></u>    | <u><b>\$ 522,362</b></u>     | <u><b>\$ 422,362</b></u>  |
| Ending Balance as Percent of Expenditures | 101.3%                          | 68.0%                         | 68.0%                       | 46.0%                        | 34.2%                     |
| Month Highest Ending Balance              | December<br><u>\$ 1,165,123</u> | July<br><u>\$ 1,021,636</u>   | July<br><u>\$ 1,021,636</u> | July<br><u>\$ 786,769</u>    | July<br><u>\$ 786,769</u> |
| Month Lowest Ending Balance               | April<br>\$ 887,013             | June<br>\$ 757,830            | June<br>\$ 757,830          | June<br>\$ 422,362           | June<br>\$ 422,362        |

**STATE BOARD OF TAX APPEALS LICENSURE FEES**

| License  | Current<br>Fee |
|--|----------------|
| <b>Regular Division</b>  |                |
| Valuation Appeals: Equalization & Protests (Real and Personal Property)                              |                |
| Real Property: 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 at \$250,001 to \$1,000,000  | 200            |
| Properties valued at \$1,000,001 to \$5,000,000  | 300            |
| Properties valued at \$5,000,001 to \$10,000,000   | 400            |
| Properties valued at \$10,000,001 or more  | 500            |
| Personal Property: Single-family residential mobile or manufactured home                             | \$ Exempt      |
| All other personal property  | 150            |
| Division of Property Valuation (State Assessed Property)   |                |
| \$250,000 or less  | \$ 125         |
| \$250,001 to \$1,000,000   | 200            |
| \$1,000,001 to \$5,000,000   | 300            |
| \$5,000,001 to \$10,000,000  | 400            |
| \$10,000,001 or more   | 500            |
| Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds                                |                |
| \$1,000 or less  | \$ 100         |
| \$1,001 to \$10,000  | 150            |
| \$10,001 to \$100,000  | 300            |
| \$100,001 or more  | 500            |
| Exemption Applications   |                |
| Industrial Revenue Bond & Eco Devo < \$1,000,000   | \$ 500         |
| Industrial Revenue Bond & Eco Devo > \$1,000,000   | 1,000          |
| Oil Lease of Real Property Exemption   | 400            |
| All Other Personal Property Exemption  | 100            |
| Not-for-profit valued less than \$100,000 & Government entities                                      | Exempt         |
| <b>Small Claims and Expedited Hearings Division</b>  |                |
| Equalization & Protests: Single-family residential property, farmstead, or mobile/manufactured homes |                |
| Not-for-profit organization valued less than \$100,000   | \$ Exempt      |
| \$250,000 or less  | 100            |
| \$250,01 to \$1,000,000  | 150            |
| \$1,000,000 to \$3,000,000   | 200            |
| Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds                                |                |
| \$500 or less  | \$ Exempt      |
| \$501 to \$10,000  | 50             |
| \$10,001 to \$14,999   | 150            |

# CATEGORY DETAIL



| Category             | Gov. Rec.<br>All Funds<br>FY 2022 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2022 | Percent of<br>Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages   | \$ 1,493,323                      | 78.2 %              | \$ 442,301                  | 66.2 %              |
| Contractual Services | 397,286                           | 20.8                | 226,110                     | 33.8                |
| Commodities          | 9,270                             | 0.5                 | 0                           | 0.0                 |
| Capital Outlay       | 9,000                             | 0.5                 | 0                           | 0.0                 |
| <b>TOTAL</b>         | <b>\$ 1,908,879</b>               | <b>100.0 %</b>      | <b>\$ 668,411</b>           | <b>100.0 %</b>      |

#### FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

| Program        | Actual<br>FY 2020 | Agency Est.<br>FY 2021 | Gov. Rec.<br>FY 2021 | Agency Req.<br>FY 2022 | Gov. Rec.<br>FY 2022 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 16.0              | 16.0                   | 15.0                 | 16.0                   | 15.0                 |

(Note: 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.)