

BOARD OF TAX APPEALS

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ 956,163	\$ 1,053,964	\$ 1,303,964	\$ 1,047,834	\$ 1,297,834
Federal Funds	136,625	453,375	453,375	-	-
All Other Funds	1,067,796	1,179,251	929,251	1,184,144	934,144
<i>Subtotal</i>	<u>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</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>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>
Percentage Change:					
State General Fund	37.3 %	10.2 %	36.4 %	(0.6) %	(0.5) %
All Funds	26.3 %	24.3 %	24.3 %	(16.9) %	(16.9) %
FTE Positions	16.0	16.0	16.0	16.0	16.0

The mission of the 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 systems. BOTA 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. BOTA is an independent tax tribunal, meaning it is not affiliated with the Kansas Department of Revenue or any other taxing authority. BOTA's predecessor in authority was the Kansas Court of Tax Appeals (COTA).

REGULAR DIVISION. BOTA's regular division has broad jurisdiction to hear and 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.

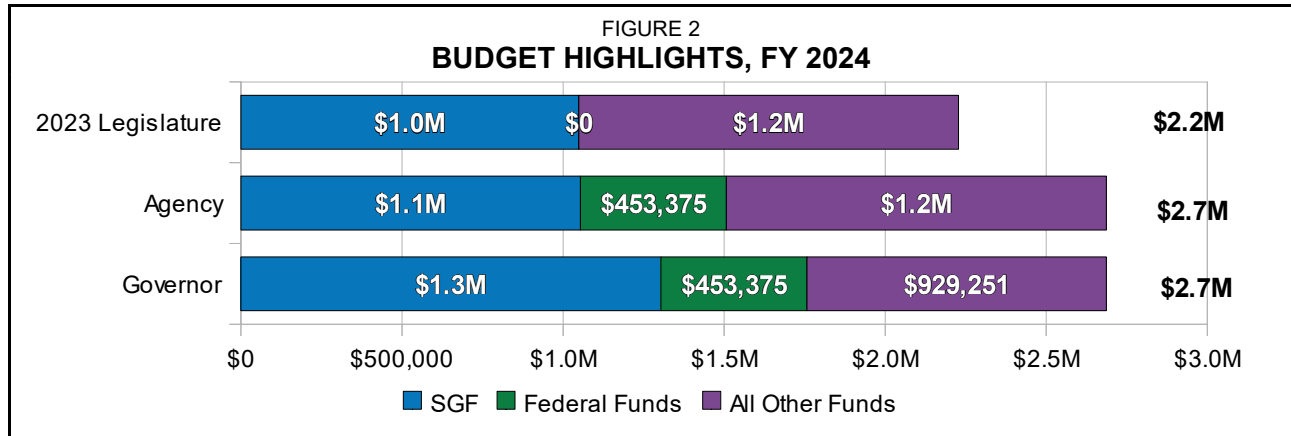
SMALL CLAIMS AND EXPEDITED HEARINGS DIVISION. BOTA's small claims and expedited hearings division is a convenient and informal forum for appealing the valuation of single-family residential properties and commercial properties appraised at \$3.0 million or less. This division also may hear appeals from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

STATUTORY BASIS: • KSA 74-2433

- AGENCY 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.

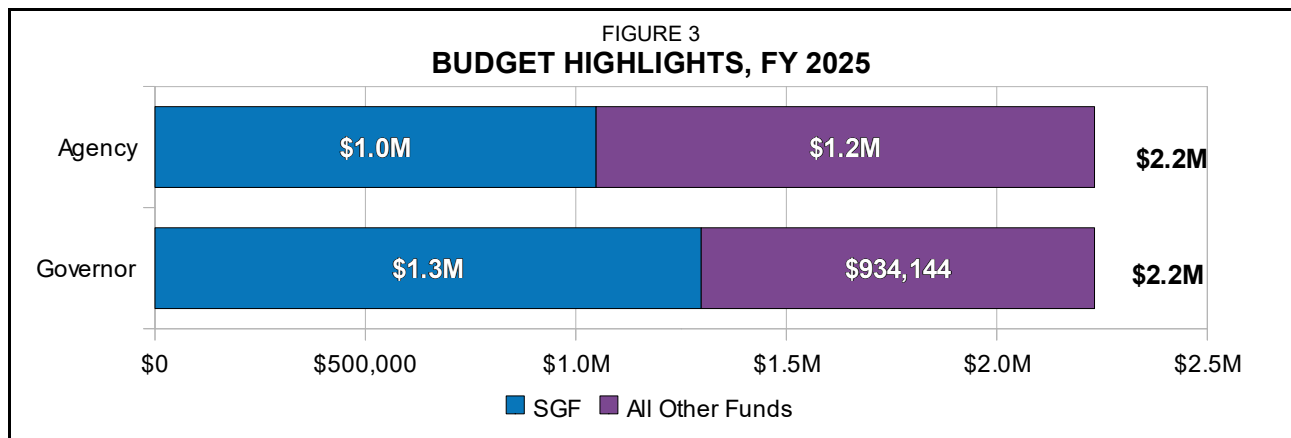
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$2.2 million, including \$1.0 million from the State General Fund (SGF), for the Board of Tax Appeals for FY 2024. Subsequent to the 2023 Session, the agency reappropriated \$9,926 in unspent SGF moneys into FY 2024. This adjustment changes the current year approved amount to \$2,227,837, including \$1,048,957 SGF, without any legislative action required.



The **agency** requests a revised estimate of \$2.7 million, including \$1.1 million SGF, in expenditures and 16.0 FTE positions in FY 2024. This is an all funds increase of \$458,753, or 20.6 percent, above the agency's FY 2024 approved amount. This increase is primarily attributable to the BOTA IT Modernization Initiative, which was approved by the 2023 Legislature. Due to the availability of federal American Rescue Plan Act (ARPA) funds, these expenditures are reflected in the agency's budget submission in FY 2024. The modernization initiative includes replacing document-management and court recording systems, as well as upgrading a hearing room.

The **Governor** concurs with the agency's FY 2024 revised estimate; however, the Governor recommends adding \$250,000 SGF and reducing the COTA Filing Fee Fund by the same amount in FY 2024 to allow expenditures from the Fee Fund to be supported by the revenue.



The **agency** requests \$2.2 million, including \$1.0 million SGF, in expenditures and 16.0 FTE positions for FY 2025. This is an all funds decrease of \$454,612, or 16.9 percent, below the FY 2024 revised estimate. This decrease is primarily attributable to completion of the BOTA IT Modernization Initiative in FY 2024.

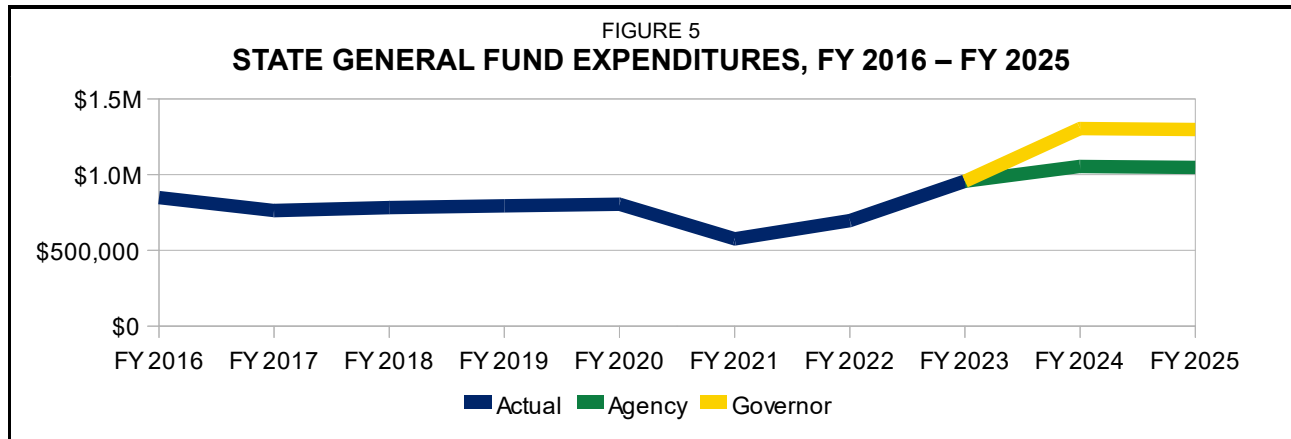
The **Governor** concurs with the agency's FY 2025 request; however, the Governor recommends adding \$250,000 SGF and reducing the COTA Filing Fee Fund by the same amount in FY 2025 to allow expenditures from the Fee Fund to be supported by the revenue.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

Category of Expenditure:	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 1,674,038	\$ 1,804,417	\$ 1,804,417	\$ 1,796,886	\$ 1,796,886
Contractual Services	340,303	413,168	413,168	421,863	421,863
Commodities	7,764	10,930	10,930	12,029	12,029
Capital Outlay	138,479	458,075	458,075	1,200	1,200
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>
Financing:					
State General Fund	\$ 956,163	\$ 1,053,964	\$ 1,303,964	\$ 1,047,834	\$ 1,297,834
Federal Funds	136,625	453,375	453,375	-	-
All Other Funds	1,067,796	1,179,251	929,251	1,184,144	934,144
TOTAL	<u>\$ 2,160,584</u>	<u>\$ 2,686,590</u>	<u>\$ 2,686,590</u>	<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>
FTE Positions	16.0	16.0	16.0	16.0	16.0

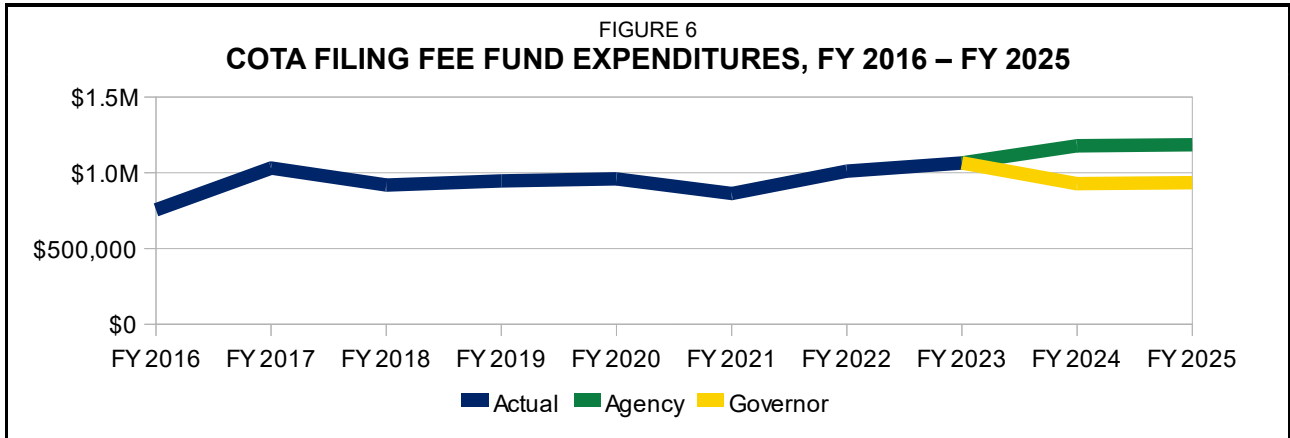
STATE GENERAL FUND



For the Board of Tax Appeals, SGF expenditures have increased slightly from FY 2021 to FY 2024 and are expected to decrease slightly for FY 2025. In FY 2022, SGF expenditures increased due to the filing of a vacant Administrative Assistant position and three board member seats, as well as the agency's supplemental request for six months of salary and wages to employ an Information Technology Manager (1.0 FTE). In FY 2023, SGF expenditures increased due to the migration of applications to a cloud-based environment.

In FY 2024, SGF increases are attributable to increased contractual services, including staff training and computer software maintenance service. For FY 2025, SGF decreases are attributable to employer contributions for group health insurance and fringe benefits.

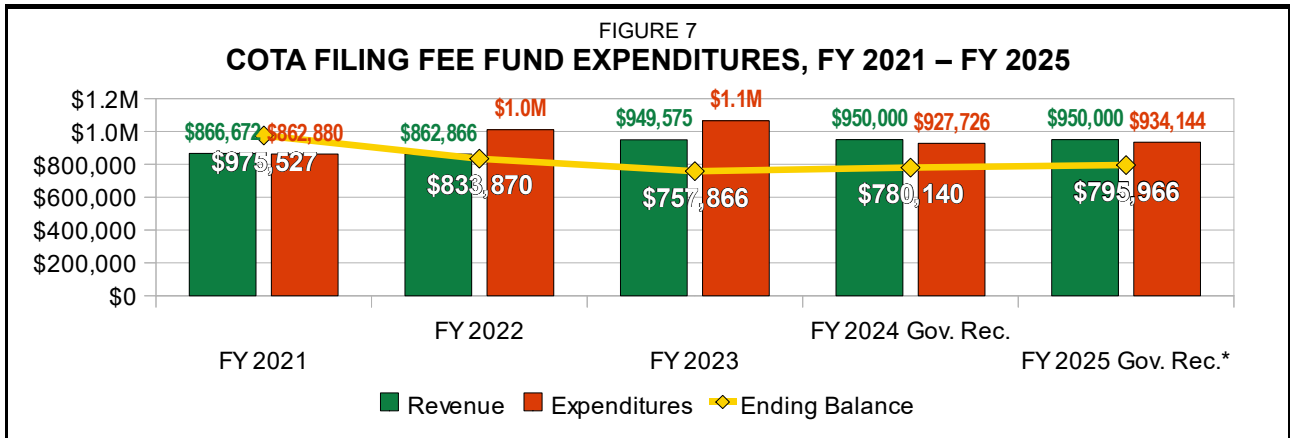
COTA FILING FEE FUND



Expenditures from the COTA Filing Fee Fund increased significantly from FY 2021 to FY 2022. This increase was due to the filing 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 resource package, which reduced SGF expenditures by \$100,000 and increased COTA Filing Fee Fund expenditures in FY 2022.

The Governor recommends using \$250,000 SGF in lieu of the COTA Filing Fee Fund for FY 2024 and FY 2025.

COTA FILING FEE FUND



* For FY 2025, 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 the end of FY 2026. Revenue has remained steady since FY 2016, when legislation went into effect that exempted certain filers from paying filing fees. The ending balance has decreased, except in FY 2021, when the agency reduced expenditures due to vacant positions.

The ending balances for FY 2024 and FY 2025 are expected to decrease. This is due to significantly increased expenditures compared with FY 2023 actual expenditures. Generally, the expenditures have increased while revenue have been consistent, causing the ending balance to decrease.

FIGURE 8
FILING FEES, FY 2024

Action	Current Fee
Regular Division	
<u>Valuation Appeals: Equalization & Protests (Real and Personal Property)</u>	
Real Property	
Single-family residential property & farmsteads	\$ Exempt
Not-for-profit organizations valued at 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
Personal Property	
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 2024

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 at 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
\$1,000,001 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 2024 ANALYSIS

FIGURE 9

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2023 Legislature	\$ 1,039,661	\$ 1,178,880	\$ 2,218,541	16.0
1. SGF Reappropriation	9,296	-	9,296	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 1,048,957</i>	<i>\$ 1,178,880</i>	<i>\$ 2,227,837</i>	<i>16.0</i>
Agency Revised Estimate:				
Supplemental Requests:				
2. Pay Plan Shortfall	\$ 5,007	\$ -	\$ 5,007	--
<i>Subtotal—Supplemental Requests Only</i>	<i>\$ 5,007</i>	<i>\$ -</i>	<i>\$ 5,007</i>	<i>--</i>
3. BOTA IT Modernization Initiative	\$ -	\$ 453,375	\$ 453,375	--
4. Duplicating Fee Fund	-	371	371	--
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 1,053,964</i>	<i>\$ 1,632,626</i>	<i>\$ 2,686,590</i>	<i>16.0</i>
Governor's Recommendation:				
5. Funding Shift	\$ 250,000	\$ (250,000)	\$ -	--
TOTAL	\$ 1,303,964	\$ 1,382,626	\$ 2,686,590	16.0

LEGISLATIVE APPROVED

Subsequent to the 2023 Session, one adjustment was made to the \$2.2 million appropriated to the Board of Tax Appeals for FY 2024. This adjustment changed the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATION.** The agency carried over \$9,926 in unspent SGF moneys in FY 2023 for general operating expenditures.

AGENCY ESTIMATE

The **agency** submits revised FY 2024 expenditures of \$2.7 million, including \$1.1 million SGF. This is an all funds increase of \$458,753, or 20.6 percent, above the agency's FY 2024 approved amount. The revised estimate also includes 16.0 FTE positions in FY 2024.

The revised estimate includes the following supplemental request:

2. **PAY PLAN SHORTFALL.** The revised estimate includes \$5,007 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For the Board of Tax Appeals, a supplemental appropriation of \$5,007 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

Absent the supplemental request, the revised estimate includes an increase of \$458,382 in base budget expenditures. Significant adjustments are as follows:

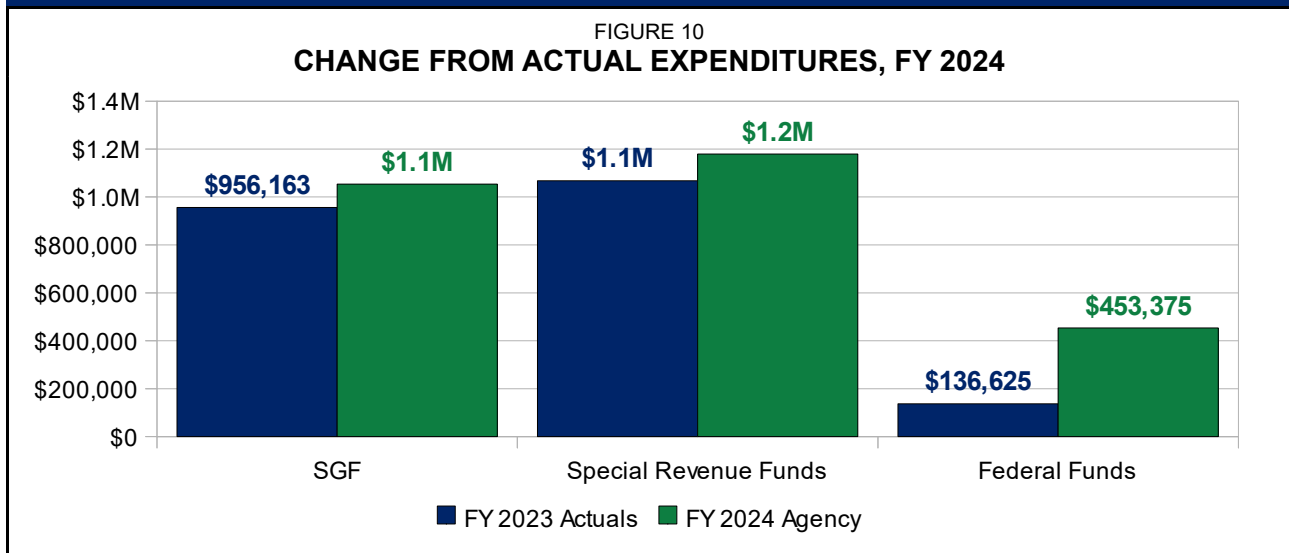
3. **BOTA IT MODERNIZATION INITIATIVE.** The revised estimate includes \$453,375 from the ARPA State Relief Fund for the IT Modernization Initiative. Project costs total \$590,000, split between FY 2023 (\$136,625) and FY 2024 (\$453,375). The 2023 Legislature approved this initiative to be funded with SGF if federal ARPA funds were not available. Due to the availability of federal ARPA funds, this is reflected in the agency's budget submission in FY 2024. The modernization initiative includes replacing the agency's document-management and court recording systems, as well as upgrading a hearing room.
4. **DUPLICATING FEE FUND.** The agency's request includes an additional \$371 in expenditures from the Duplicating Fee Fund for office supplies.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2024 revised estimate with the following adjustment:

5. **FUNDING SHIFT.** The Governor concurs with the agency's FY 2024 revised estimate. The Governor recommends adding \$250,000 SGF and reducing the COTA Filing Fee Fund by the same amount in FY 2024.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$2.7 million, including \$1.1 million SGF, in FY 2024. This is an all funds increase of \$526,006, or 24.3 percent, above FY 2023 actual expenditures. This increase is primarily attributable to \$25,632 for the Legislative Pay Plan in 2023 SB 25 and \$316,750 for the BOTA IT Modernization Initiative.

FY 2025 ANALYSIS

FIGURE 11

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	Special Revenue Funds	All Funds	FTE
Agency Request:				
Request without Major Changes	\$ 1,047,834	\$ 1,184,144	\$ 2,231,978	16.0
1.No Changes	-	-	-	--
<i>Subtotal—Agency Request</i>	<i>\$ 1,047,834</i>	<i>\$ 1,184,144</i>	<i>\$ 2,231,978</i>	<i>16.0</i>
Governor’s Recommendation:				
2.Funding Shift	\$ 250,000	\$ (250,000)	\$ -	--
TOTAL	\$ 1,297,834	\$ 934,144	\$ 2,231,978	16.0

AGENCY REQUEST

The **agency** requests \$2.2 million, including \$1.0 million SGF, for FY 2025. This is an all funds decrease of \$454,612, or 16.9 percent, below the agency's FY 2024 revised estimate. The agency request also includes 16.0 FTE positions.

1. **NO CHANGES.** Absent expenditures for the BOTA IT Modernization Initiative in FY 2024 that do not continue to FY 2025 (\$453,375), the agency’s request for FY 2025 does not include substantial changes from the revised estimate in FY 2024.

GOVERNOR’S RECOMMENDATION

The **Governor** concurs with the agency's FY 2025 request with the following adjustment:

2. **FUNDING SHIFT.** The Governor concurs with the agency's FY 2025 request. The Governor recommends adding \$250,000 SGF and reducing the COTA Filing Fee Fund by the same amount to allow expenditures from the Fee Fund to be supported by the revenue for FY 2025.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 12
SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2024 – FY 2025

Request	Agency			Governor		
	SGF	All Funds	FTE	SGF	All Funds	FTE
FY 2024 Supplementals:						
1. Pay Plan Shortfall	\$ 5,007	\$ 5,007	-	\$ 5,007	\$ 5,007	-

1. **PAY PLAN SHORTFALL.** The revised estimate includes \$5,007 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For the Board of Tax Appeals, a supplemental appropriation of \$5,007 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

The Governor recommends adoption of this request.