

KANSAS DEPARTMENT OF REVENUE

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

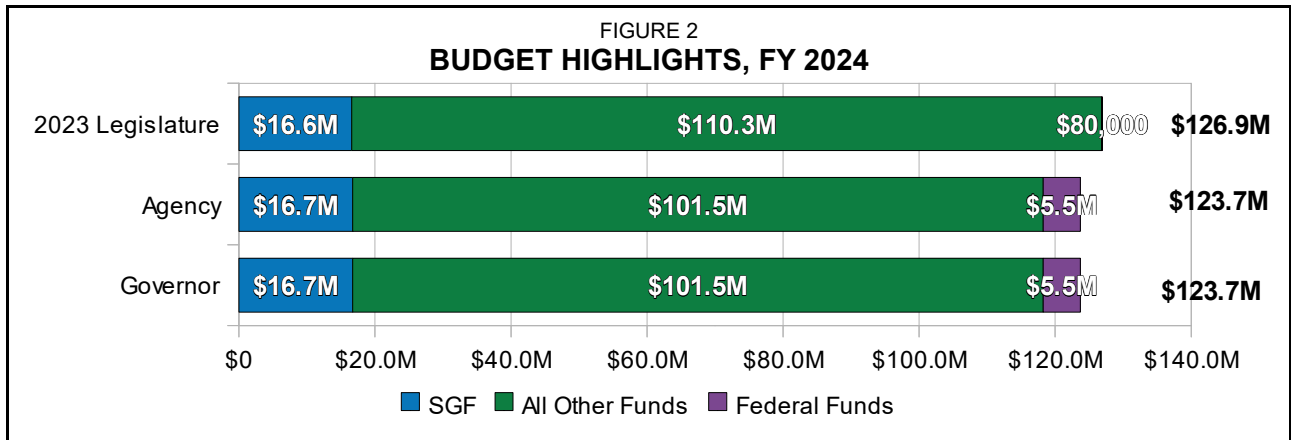
	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ 17,375,218	\$ 16,710,771	\$ 16,710,771	\$ 16,769,283	\$ 16,769,283
Federal Funds	117,833	5,452,085	5,452,085	4,980,000	4,980,000
All Other Funds	104,960,402	101,537,487	101,537,487	100,281,130	101,471,840
<i>Subtotal</i>	<u>\$ 122,453,453</u>	<u>\$ 123,700,343</u>	<u>\$ 123,700,343</u>	<u>\$ 122,030,413</u>	<u>\$ 123,221,123</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>\$ 122,453,453</u>	<u>\$ 123,700,343</u>	<u>\$ 123,700,343</u>	<u>\$ 122,030,413</u>	<u>\$ 123,221,123</u>
Percentage Change:					
State General Fund	17.6 %	(3.8) %	(3.8) %	0.4 %	0.4 %
All Funds	11.3 %	1.0 %	1.0 %	(1.3) %	(0.4) %
FTE Positions	1,049.2	1,049.2	1,049.2	1,049.2	1,049.2

The Kansas Department of Revenue collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The agency is divided into six major divisions, which reflect the four statutory programs the agency is charged with administering and the support functions that serve the regular programs. The present organizational structure includes the following units:

- **Administrative Services** provides management and support services to the other programs.
- **Aid to Local Units of Government** provides for the distribution of certain state-collected taxes and fees to local units of government as aid.
- **Alcoholic Beverage Control (ABC)** regulates the sale and distribution of alcoholic beverages and enforces bingo and tobacco regulations.
- **Motor Vehicles** issues titles, registers vehicles, and licenses drivers.
- **Property Valuation** appraises state property and exercises supervision over local appraisers.
- **Tax Administration** manages and enforces the major state taxes and conducts a program of audits to identify and substantiate under-reporting of Kansas taxes.

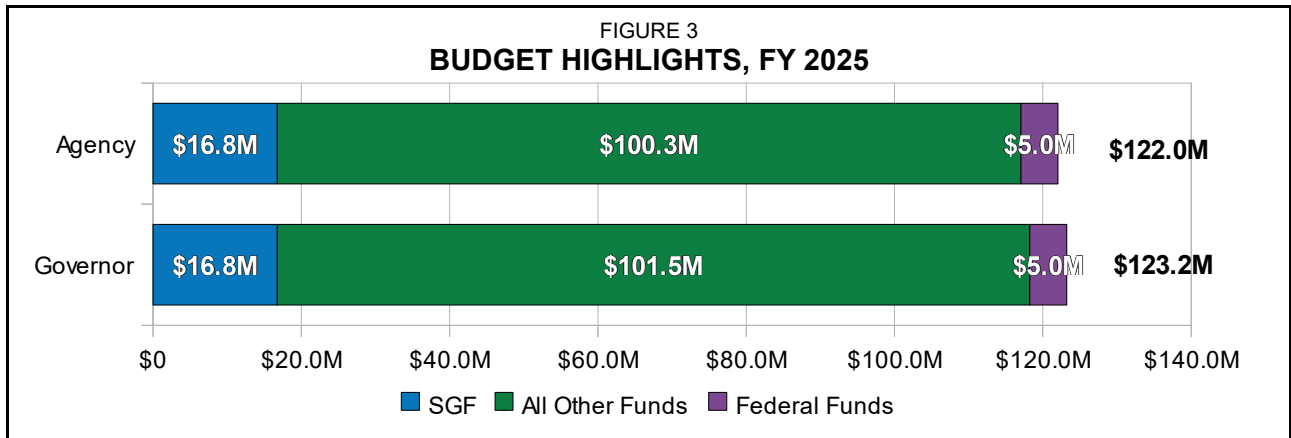
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$126,898,559, including \$16,545,256 from the State General Fund (SGF), for the Kansas Department of Revenue for FY 2024. An adjustment has been made subsequently to that amount, which changes the current year approved amount without any legislative action required. The agency reappropriated \$37,580 SGF from FY 2023 into FY 2024.



The **agency** requests a revised estimate of \$123.7 million, including \$16.7 million SGF, in expenditures and 1,049.2 FTE positions in FY 2024. The revised estimate is an all funds decrease of \$3.2 million, or 2.5 percent, below the amount approved by the 2023 Legislature. This decrease is primarily attributable to the agency utilizing some of the funds available for the replacement of license plates for FY 2025, due to the project being on a calendar year.

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



The **agency** requests \$122.0 million, including \$16.8 million SGF, in expenditures and 1,049.2 FTE positions for FY 2025. This is an all funds decrease of \$1.7 million, or 1.3 percent, below the FY 2024 revised estimate. This decrease is primarily attributable to the conclusion of Taxpayer Notification Costs expenditures.

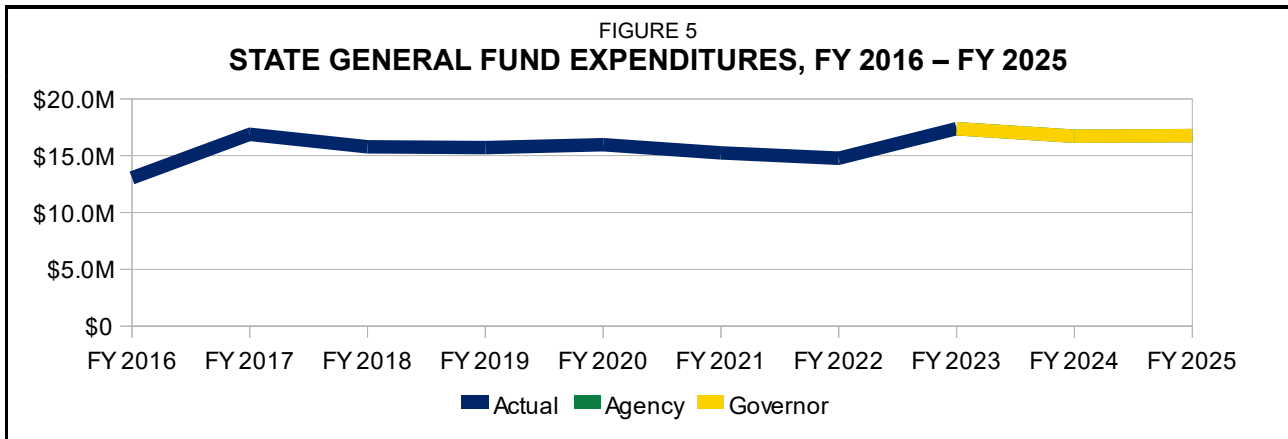
The **Governor** recommends \$123.2 million, including \$16.8 million SGF, in expenditures and 1,049.2 FTE positions for FY 2025. This is an all funds increase of \$1.2 million, or 1.0 percent, above the agency's FY 2025 request. This increase is primarily attributable to a recommendation to continue providing counties with printing and postage costs through the Taxpayer Notification Costs Fund.

EXPENDITURES AND FINANCING

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

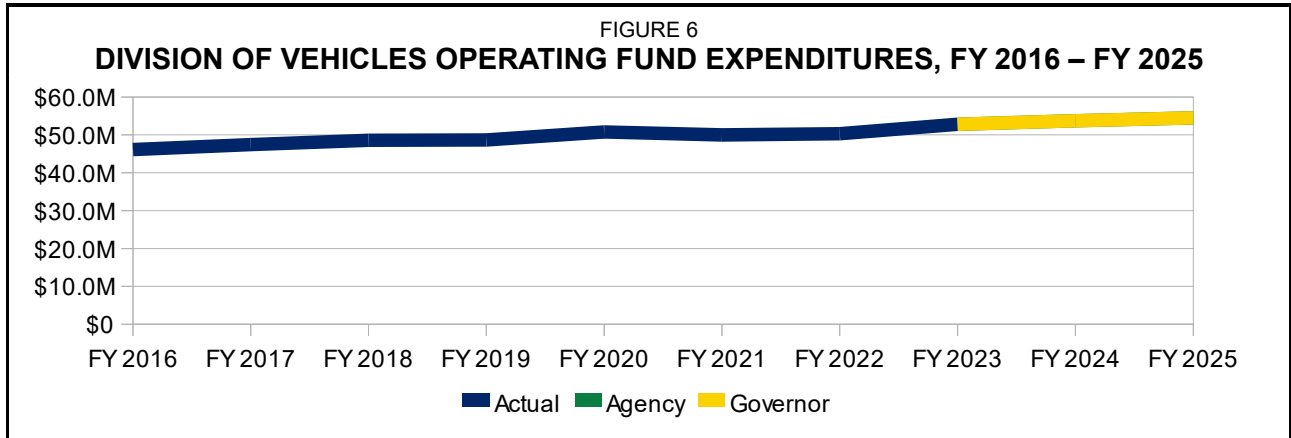
	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Category of Expenditure:					
Salaries and Wages	\$ 67,918,718	\$ 74,606,935	\$ 74,606,935	\$ 74,502,140	\$ 74,502,140
Contractual Services	39,493,102	36,618,550	36,618,550	36,472,339	36,472,339
Commodities	4,614,445	7,277,191	7,277,191	7,011,767	7,011,767
Capital Outlay	1,068,829	550,751	550,751	552,251	552,251
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 113,095,094</u>	<u>\$ 119,053,427</u>	<u>\$ 119,053,427</u>	<u>\$ 118,538,497</u>	<u>\$ 118,538,497</u>
Aid to Local Units	9,265,377	4,646,916	4,646,916	3,491,916	4,682,626
Other Assistance	92,982	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 122,453,453</u>	<u>\$ 123,700,343</u>	<u>\$ 123,700,343</u>	<u>\$ 122,030,413</u>	<u>\$ 123,221,123</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 122,453,453</u>	<u>\$ 123,700,343</u>	<u>\$ 123,700,343</u>	<u>\$ 122,030,413</u>	<u>\$ 123,221,123</u>
Financing:					
State General Fund	\$ 17,375,218	\$ 16,710,771	\$ 16,710,771	\$ 16,769,283	\$ 16,769,283
Federal Funds	117,833	5,452,085	5,452,085	4,980,000	4,980,000
All Other Funds	104,960,402	101,537,487	101,537,487	100,281,130	101,471,840
TOTAL	<u>\$ 122,453,453</u>	<u>\$ 123,700,343</u>	<u>\$ 123,700,343</u>	<u>\$ 122,030,413</u>	<u>\$ 123,221,123</u>
FTE Positions	1,049.2	1,049.2	1,049.2	1,049.2	1,049.2

STATE GENERAL FUND



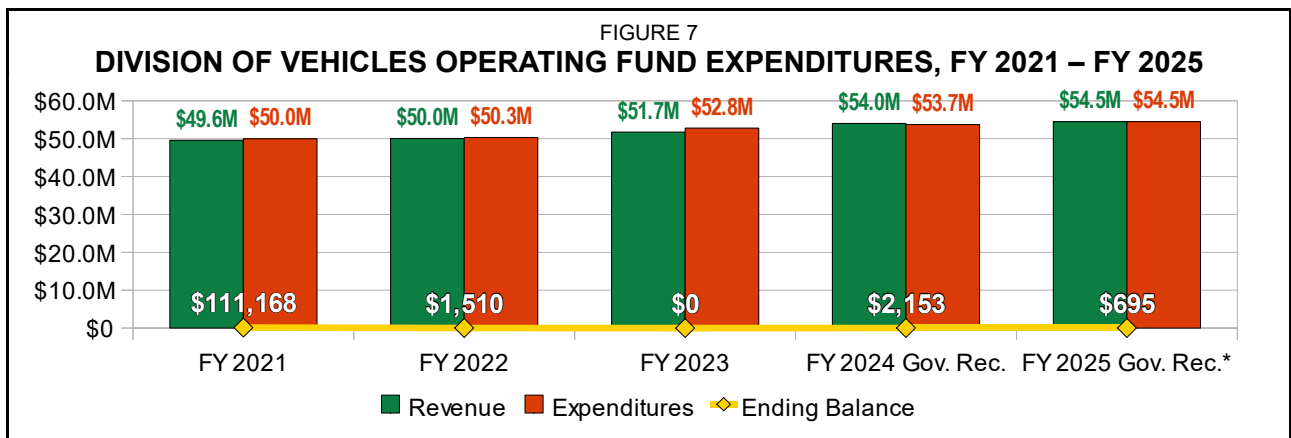
For the Kansas Department of Revenue, SGF expenditures have averaged \$15.3 million per fiscal year from FY 2016 through FY 2023.

DIVISION OF VEHICLES OPERATING FUND



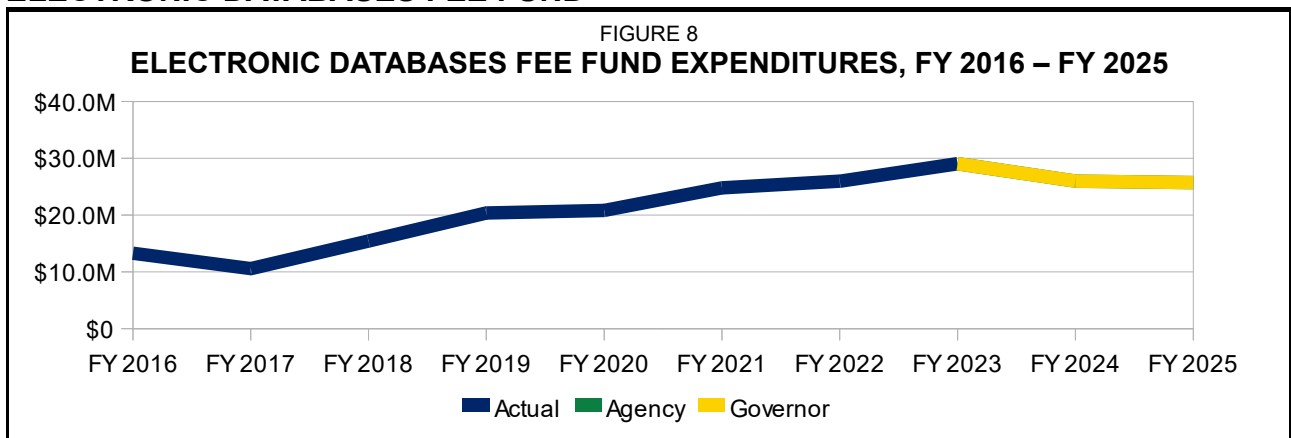
The Division of Vehicles Operating Fund's largest single source of revenue is from the State Highway Fund, which is made in quarterly transfers pursuant to the annual appropriation acts. Revenue is provided through charges assessed for copies, fines, penalties, and forfeitures.

On average, \$48.4 million has been expended annually from the Division of Vehicles Operating Fund from FY 2016 through FY 2023.



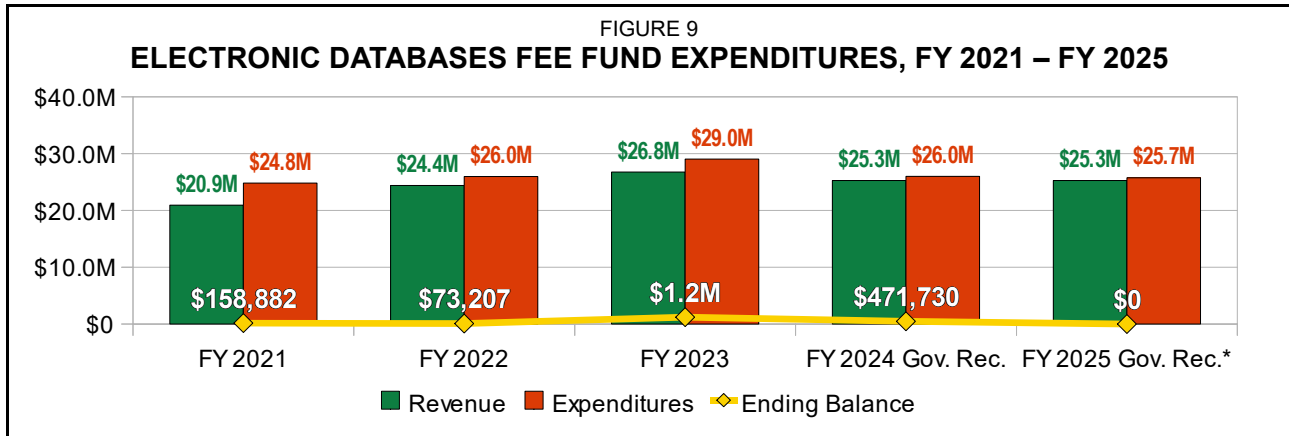
* For FY 2025, the lowest month ending balance for the Division of Vehicles Operating Fund will occur in April, with a balance of \$0.

ELECTRONIC DATABASES FEE FUND



KSA 74-2022(a) authorizes the Secretary of Revenue to fix, charge, and collect fees to provide access to or furnish copies of data constituting public records in the vehicle information processing system, the Kansas Computer Assisted Mass Appraisal (CAMA) System, and other electronic database systems used by the agency. Fees are fixed in order to recover all or part of the costs incurred to operate, maintain, and improve such database systems. Fees may also be used to fund general operating and administrative costs for the agency. The driver's license history record fees were increased in late FY 2018 to be more comparable with other states' fees for identical services.

Expenditures from the Electronic Databases Fee Fund have increased from \$11.3 million in FY 2016 to \$29.0 million for FY 2023. The increase in expenditures is primarily attributable to increased costs for electronic database management and other information technology expenses.



* For FY 2025, the lowest month ending balance for the Electronic Databases Fee Fund will occur in April, with a balance of \$0.

FY 2024 ANALYSIS

FIGURE 10

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ 16,545,256	\$ 126,898,559	1,049.2
1. SGF Reappropriation	37,580	37,580	--
<i>Subtotal—Legislative Approved</i>	\$ 16,582,836	\$ 126,936,139	1,049.2
Agency Revised Estimate:			
Supplemental Requests:			
2. Pay Plan Shortfall	\$ 127,935	\$ 127,935	--
<i>Subtotal—Supplemental Requests Only</i>	\$ 127,935	\$ 127,935	--
3. License Plate Replacement	\$ -	\$ (4,427,915)	--
4. Tax Administration	-	1,219,973	--
5. All Other Adjustments	-	(155,789)	--
<i>Subtotal—Agency Revised Estimate</i>	\$ 16,710,771	\$ 123,700,343	1,049.2
Governor’s Recommendation:			
6. No Changes	\$ -	\$ -	--
TOTAL	\$ 16,710,771	\$ 123,700,343	1,049.2

LEGISLATIVE APPROVED

Subsequent to the 2023 Session, one adjustment was made to the \$126,898,559 appropriated to the Kansas Department of Revenue for FY 2024. This adjustment changes the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATION.** \$37,580 in unspent SGF moneys was shifted from FY 2023 to FY 2024.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$123.7 million, including \$16.7 million SGF, in FY 2024. The revised estimate is an all funds decrease of \$3.2 million, or 2.5 percent, below the amount approved by the 2023 Legislature.

The revised estimate includes the following supplemental request:

2. **PAY PLAN SHORTFALL.** The revised estimate includes \$127,935 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. The 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 Kansas Department of Revenue, a supplemental appropriation of \$127,935 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 a decrease of \$3.4 million in base budget expenditures. Significant adjustments are as follows:

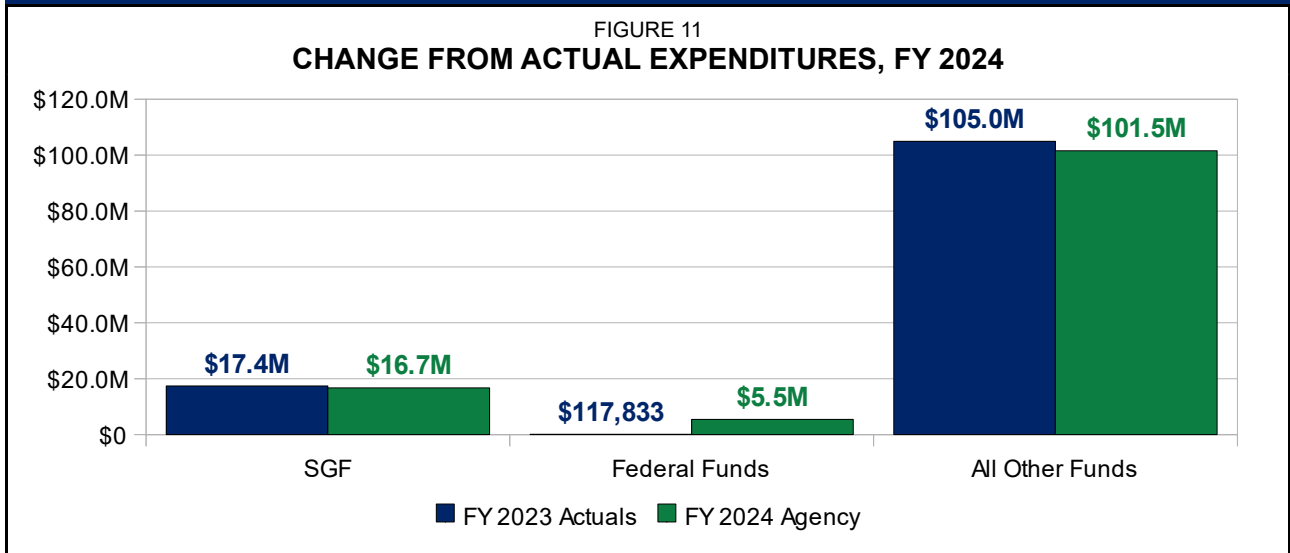
3. **LICENSE PLATE REPLACEMENT.** The agency's revised estimate includes a decrease of \$4.4 million due to the license plate replacement project being based on the calendar year. The remaining funds will be utilized in FY 2025.
4. **TAX ADMINISTRATION.** The agency's revised estimate includes an increase of \$1.2 million for the Tax Administration program in FY 2024. This is primarily attributable due to the agency shifting vacant, funded positions to this program.
5. **ALL OTHER ADJUSTMENTS.** The agency's revised request includes a decrease of \$155,789 in FY 2024 for all other adjustments.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's revised estimate and recommends \$123.7 million, including \$16.7 million SGF, and 1,049.2 FTE positions in FY 2024.

6. **NO CHANGES.** The **Governor** does not recommend any changes to the agency's revised estimate in FY 2024.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$123.7 million, including \$16.7 million SGF, in FY 2024. This is an increase of \$1.2 million, or 1.0 percent, above FY 2023 actual expenditures. This increase is primarily attributable to the 5.0 percent salary adjustment for state employees in FY 2024 added by the 2023 Legislature, as well as increased expenditures for employer contributions to group health insurance and increased funding for the replacement of license plates. This is offset by information system consulting, real estate appraisal services, passenger cars, and software that was purchased in FY 2023 and not included in the FY 2024 budget.

FY 2025 ANALYSIS

FIGURE 12

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
Agency Request:			
Request without Major Changes	\$ 16,769,283	\$ 123,721,293	1,049.2
1. Taxpayer Notification Costs	\$ -	\$ (1,155,000)	--
2. License Plate Update	-	(472,085)	--
3. Salaries and Wages Fringe Benefits	-	(104,795)	--
4. Software Rental	-	41,000	--
<i>Subtotal—Agency Request</i>	\$ 16,769,283	\$ 122,030,413	1,049.2
Governor’s Recommendation:			
5. Taxpayer Notification Costs	\$ -	\$ 1,190,710	--
TOTAL	\$ 16,769,283	\$ 123,221,123	1,049.2

AGENCY REQUEST

The **agency** requests a revised estimate of \$122.0 million, including \$16.8 million SGF, for FY 2025. This is an all funds decrease of \$1.7 million, or 1.3 percent, below the amount requested for FY 2024, including a decrease of \$58,512 SGF, or 0.4 percent. This decrease is primarily attributable to the conclusion of Taxpayer Notification Costs expenditures.

Significant adjustments are as follows:

1. **TAXPAYER NOTIFICATION COSTS.** The agency's request includes a reduction of \$1.2 million due to the conclusion of Taxpayer Notification Costs expenditures that were authorized by the 2021 Legislature and extended by the 2023 Legislature.
2. **LICENSE PLATE UPDATE.** The agency's request includes a decrease of \$472,085 for the remaining funds available for the license plate replacement project.
3. **SALARIES AND WAGES FRINGE BENEFITS.** The agency requests a decrease of \$104,795 for salaries and wages fringe benefits for FY 2025. This includes a reduction for employer contributions for Kansas Public Employees Retirement System (KPERs) (\$594,027), partially offset by an increase for employer contributions for group health insurance (\$465,724).
4. **SOFTWARE RENTAL.** The agency's request includes \$41,000 for software rental for FY 2025 for the Alcoholic Beverage Control division.

GOVERNOR’S RECOMMENDATION

The **Governor** recommends \$123.2 million, including \$16.8 million SGF, in expenditures and 1,049.2 FTE positions for FY 2025. This is an all funds increase of \$1.2 million, or 1.0 percent, above the agency's FY 2025 request. The recommendation includes the following adjustment:

5. **TAXPAYER NOTIFICATION COSTS.** The **Governor** recommends \$1.2 million for FY 2025 to continue providing counties with printing and postage costs through the Taxpayer Notification Costs Fund.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 13

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	\$ 127,935	\$ 127,935	-	\$ 127,935	\$ 127,935	-
FY 2025 Enhancements:						
2. Taxpayer Notification Costs	\$ -	\$ -	-	\$ -	\$ 1,190,710	-

1. **PAY PLAN SHORTFALL.** The revised estimate includes \$127,935 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. The 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 Kansas Department of Revenue, a supplemental appropriation of \$127,935 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.

2. **TAXPAYER NOTIFICATION COSTS.** The Governor recommends continuation of providing counties with printing and postage costs through the Taxpayer Notification Costs Fund for FY 2025.

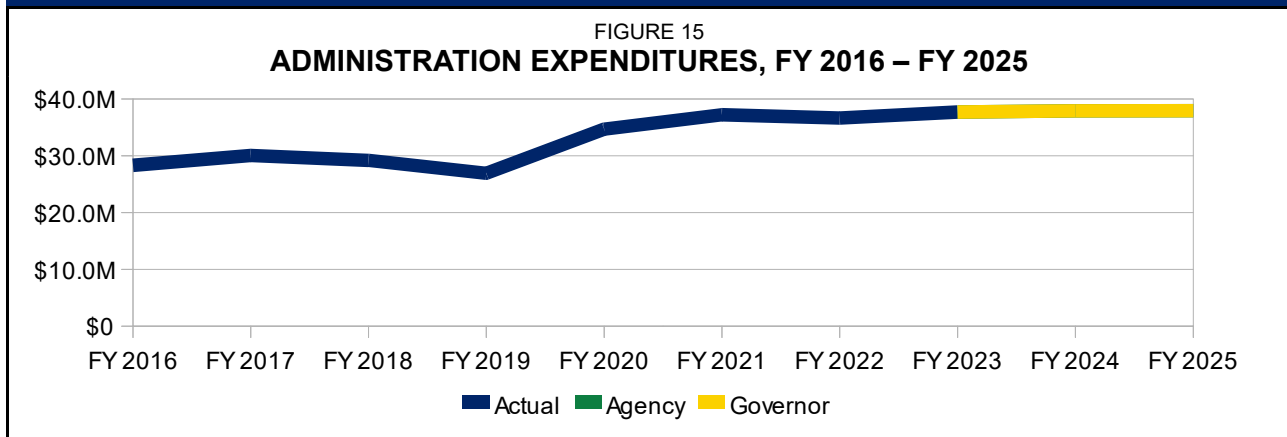
The Governor recommends adoption of this request.

PROGRAM OVERVIEW

FIGURE 14
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2023 – FY 2025

Programs	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Expenditures:					
Administration	\$ 37,684,698	\$ 37,894,562	\$ 37,894,562	\$ 37,923,222	\$ 37,923,222
Aid to Locals	9,265,377	4,646,916	4,646,916	3,491,916	4,682,626
Alcoholic Beverage Control	5,055,216	3,730,880	3,730,880	3,779,764	3,779,764
Business Closure Rebates	27,915	-	-	-	-
Motor Vehicles	36,211,790	42,006,641	42,006,641	41,523,599	41,523,599
Property Valuation	4,916,960	5,296,861	5,296,861	5,289,719	5,289,719
Tax Administration	29,291,497	30,124,483	30,124,483	30,022,193	30,022,193
TOTAL	\$ 122,453,453	\$ 123,700,343	\$ 123,700,343	\$ 122,030,413	\$ 123,221,123
FTE Positions:					
Administration	273.2	256.5	256.5	256.5	256.5
Aid to Locals	-	-	-	-	-
Alcoholic Beverage Control	36.8	39.8	39.8	39.8	39.8
Business Closure Rebates	-	-	-	-	-
Motor Vehicles	352.6	349.1	349.1	349.1	349.1
Property Valuation	35.1	34.5	34.5	34.5	34.5
Tax Administration	351.5	369.3	369.3	369.3	369.3
TOTAL	1,049.2	1,049.2	1,049.2	1,049.2	1,049.2

ADMINISTRATION



STATUTORY BASIS: • KSA 75-5101 and KSA 75-1527

PROGRAM GOALS:

- The Office of the Secretary of Revenue is responsible for ensuring the agency follows its mission.
- Represent the agency in litigation and provide legal advice to the Kansas Department of Revenue.
- Support the development of efficient tax laws and consistent policies.

The Administration Division is composed of the following areas:

- The **Office of the Secretary of Revenue** administers agency policies and procedures, media relations, and executive oversight of the agency's major programs; assists the Governor's Office and legislative staff with policy development and economic forecasting; coordinates media events; and generates press releases.
- The **Office of Financial Management** manages the agency's fiscal systems and processes, including accounting, procurement, and budget functions; collects, reconciles, and distributes tax revenues daily to multiple funds at various state agencies; ensures compliance with state accounting statutes and regulations; and coordinates, directs, and accurately reports all agency financial transactions recorded in the state accounting system;
- The **Office of Personnel Services and Learning Center** provides human resource services, including payroll and benefits, employee relations, classification and compensation, personnel policy management, and recruitment; provides training for agency software applications, leadership development, and new hire orientation; and manages curriculum to remain compliant with federal Internal Revenue Service and Social Security Administration training requirements.
- The **Facility Operations** program is responsible for the ordering, receiving, and inventory control of all supplies, commodities, and capital outlay purchased by the agency; and for building lease administration, facilities management, and general support for more than 40 office locations throughout the state.
- The **Legal Services and Special Investigations** program provides legal advice and analysis to the Secretary of Revenue and department officials regarding agency contracts and legislative matters; represents the agency in litigation; acts as the legal counsel for all administrative and court matters involving taxes, vehicle titles and registrations, driver's licenses, and personnel matters; and oversees the Office of Special Investigations, which conducts criminal and administrative

investigations and provides fraud-related support to the Division of Vehicles and Division of Taxation. The Office of Special Investigations enforcement officers are certified law enforcement officers (KSA 75-5157).

- **Information Services** manages the overall planning, development, maintenance, computer processing, and support of the agency's information systems; works closely with the Office of Information Technology Services for server and network operations, system enhancements and development, and statewide disaster recovery operations; and maintains the agency's website and applications.

- The **Office of Research and Analysis** provides professional research, statistical and economic analysis, educational presentations and publications, and additional services to the Secretary of Revenue, the Kansas Legislature, the citizens of Kansas, and local governments to aid in the implementation of federal, state, and local law; tracks revenue from all sources and estimates future revenue based on policy changes and prior data; and analyzes legislative proposals and prepares fiscal notes affecting the agency.

FIGURE 16
ADMINISTRATION FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 6,078,920	\$ 3,069,506	\$ 3,069,506	\$ 3,685,955	\$ 3,685,955
Federal Funds	-	-	-	-	-
All Other Funds	31,605,778	34,825,056	34,825,056	34,237,267	34,237,267
TOTAL	\$ 37,684,698	\$ 37,894,562	\$ 37,894,562	\$ 37,923,222	\$ 37,923,222
Percent Change:					
SGF	7.6 %	(49.5) %	-- %	20.1 %	-- %
All Funds	2.9 %	0.6 %	-- %	0.1 %	-- %
FTE Positions	273.2	256.5	256.5	256.5	256.5

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** requests Administration program expenditures of \$37.9 million, including \$3.1 million SGF, in FY 2024. The request is an all funds increase of \$6,895 above the agency's approved amount and an SGF decrease of \$602,994, or 16.4 percent, below the agency's approved amount. This is primarily attributable to increased costs for computer equipment repair and maintenance, offset by decreased salaries and wages due to 16.7 FTE positions transitioning to the Tax Administration program.

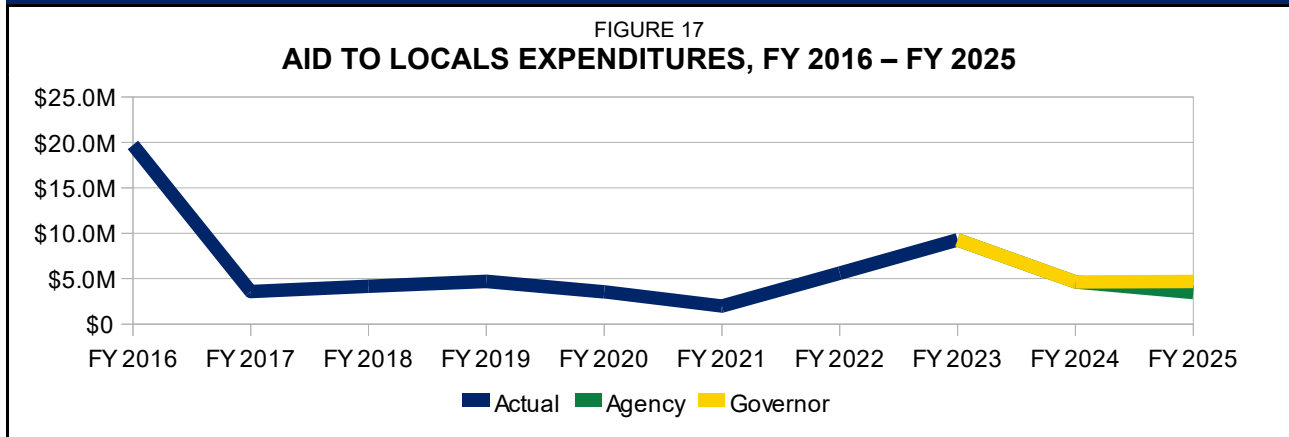
The **Governor** concurs with the agency's revised FY 2024 estimate for the Administration program.

FY 2025 REQUEST

The **agency** requests Administration program expenditures of \$37.9 million, including \$3.7 million SGF, for FY 2025. The request is an all funds increase of \$28,660, or 0.1 percent, including \$616,449 SGF, or 20.1 percent, above the agency's FY 2024 revised estimate. This increase is primarily attributable to employer contributions for group health insurance, partially offset by decreased employer contributions for KPERS and computer equipment repair.

The **Governor** concurs with the agency's FY 2025 request for the Administration program.

AID TO LOCALS



STATUTORY BASIS: • KSA 79-4427, KSA 79-5211, KSA 82a-309, KSA 8-2425

PROGRAM GOALS: • Be accountable for the distribution of aid payments to local governments.
• Ensure that all aid payments are made on or before the scheduled distribution dates.

The Aid to Locals program distributes revenue from certain state-collected taxes, fees, and penalties to local units of government. Those distributions include sand royalties, full-privilege license plates to manufacturers

and dealer license fees, mineral severance taxes, and taxes on controlled substances.

FIGURE 18
AID TO LOCALS FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	7,265,377	4,646,916	4,646,916	3,491,916	4,682,626
TOTAL	\$ 9,265,377	\$ 4,646,916	\$ 4,646,916	\$ 3,491,916	\$ 4,682,626
Percent Change:					
SGF	-- %	(100.0) %	-- %	-- %	-- %
All Funds	65.3 %	(49.8) %	-- %	(24.9) %	34.1 %
FTE Positions	-	-	-	-	-

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** requests Aid to Locals program expenditures of \$4.6 million in FY 2024. The request is an all funds decrease of \$959,794, or 17.1 percent, below the approved amount. This decrease is primarily attributable to an adjustment in the Special County Mineral Product Tax Fund transfer amount for the consensus revenue estimates and decreased anticipated expenditures for the County Drug Tax Fund.

The **Governor** concurs with the agency's FY 2024 revised estimate for the Aid to Locals program.

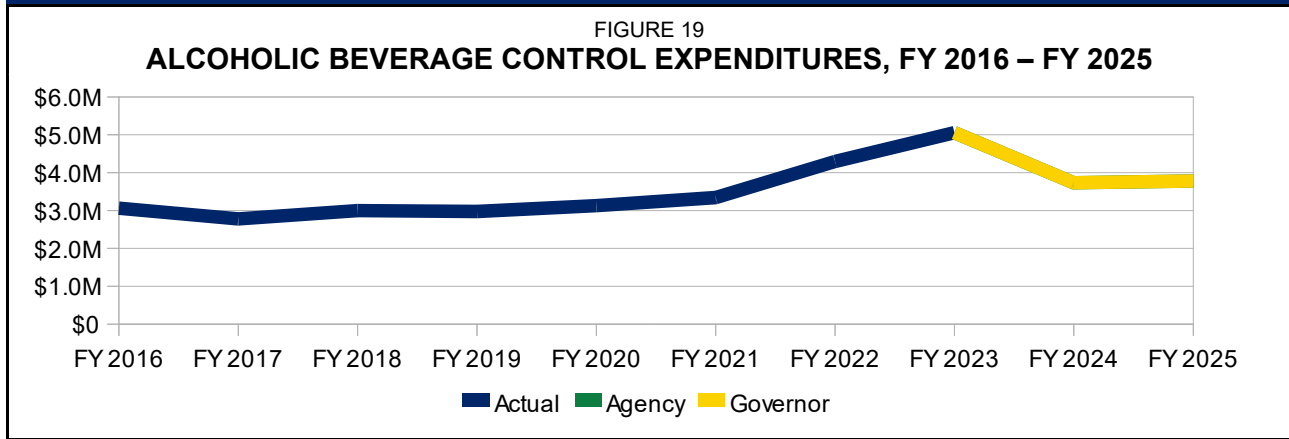
FY 2025 REQUEST

The **agency** requests Aid to Locals program expenditures of \$3.5 million for FY 2025. The request is a decrease of \$1.2 million, or 24.9 percent, below the agency's FY 2024 revised estimate. This decrease is due to the end of Taxpayer Notification Costs Fund transfers. Established in 2021, this fund provides a

reimbursement to counties for printing and postage costs to notify, by mail, each taxpayer with property in a taxing subdivision if there is proposed intent to exceed the revenue neutral rate and the date, time, and location of a public hearing related to such proposal.

The **Governor** recommends FY 2025 expenditures of \$4.7 million, or 34.1 percent, above the agency's FY 2025 request for the Aid to Locals program. This is an increase of \$1.2 million above the agency's request and is due to the Governor's recommendation to continue providing counties with printing and postage costs through the Taxpayer Notification Costs Fund.

ALCOHOLIC BEVERAGE CONTROL



STATUTORY BASIS: • KSA 75-5117, KSA 41-101, KSA 41-2601

PROGRAM GOALS:

- Regulate licensees in an efficient, capable, fair, and professional manner.
- Make it as easy as possible to voluntarily comply with liquor laws by providing educational training to licensees.
- Protect public safety by performing random controlled buys to increase compliance rate for the sale of alcohol to underage persons.
- Contribute to and protect the integrity of agency revenue streams by monitoring the filling and remittance of taxes on the sale of alcoholic beverages.

The Alcoholic Beverage Control (ABC) program regulates all phases of the manufacture, distribution, sale, and possession of alcohol in Kansas. This program encompasses many duties, including the following:

- Protecting the public health, safety, and welfare through effective regulation of the liquor industry;
- Ensuring businesses who import alcoholic liquor or cereal malt beverages meet statutory licensing requirements;
- Providing information to licensees on how to remain in compliance;
- Enforcing the Liquor Control Act and the Club and Drinking Establishment Act;
- Educating liquor licensees on current laws and regulations;
- Detecting and resolving licensee violations and providing support for licensee investigations;
- Providing training to local law enforcement agencies on underage drinking investigations, identifying fake IDs, and over-service violations; and
- Partnering with grassroots organizations interested in protecting the safety of youth in the context of alcohol products.

FIGURE 20
ALCOHOLIC BEVERAGE CONTROL FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	59,364	50,000	50,000	50,000	50,000
All Other Funds	4,995,852	3,680,880	3,680,880	3,729,764	3,729,764
TOTAL	\$ 5,055,216	\$ 3,730,880	\$ 3,730,880	\$ 3,779,764	\$ 3,779,764
Percent Change:					
SGF	-- %	-- %	-- %	-- %	-- %
All Funds	15.0 %	(26.2) %	-- %	1.3 %	-- %
FTE Positions	36.8	39.8	36.8	39.8	36.8

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** requests Alcoholic Beverage Control program expenditures of \$3.7 million in FY 2024. The request is an all funds increase of \$174,364, or 4.9 percent, above the approved amount. The increase is primarily attributable to employer contributions to group health insurance and retirement.

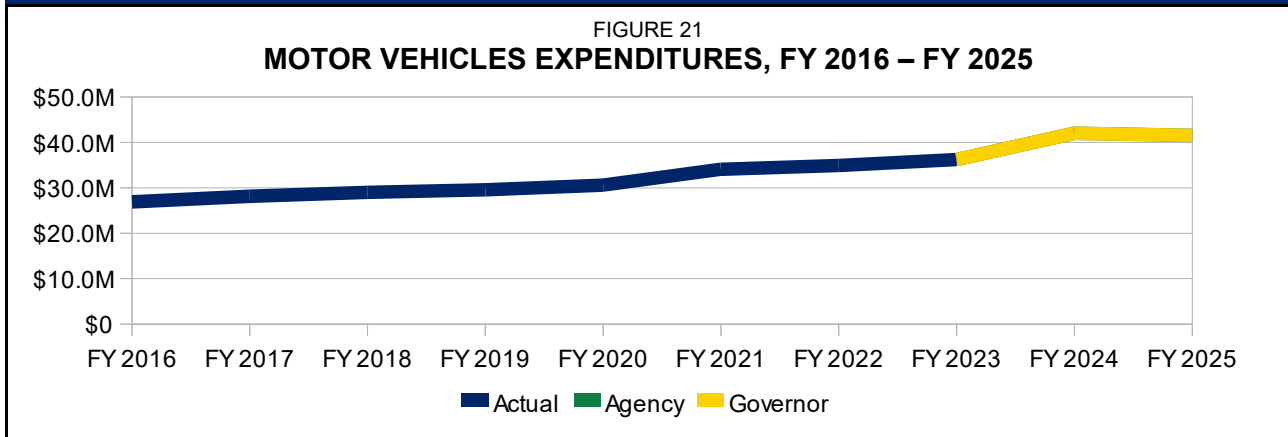
The **Governor** concurs with the agency's FY 2024 revised estimate for the Alcoholic Beverage Control program.

FY 2025 REQUEST

The **agency** requests Alcoholic Beverage Control program expenditures of \$3.8 million for FY 2025. The request is an all funds increase of \$48,884, or 1.3 percent, above the agency's FY 2024 revised estimate. The increase is primarily attributable to expenditures for software rentals and maintenance.

The **Governor** concurs with the agency's FY 2025 request for the Alcoholic Beverage Control program.

MOTOR VEHICLES



STATUTORY BASIS: • KSA 75-5110

- PROGRAM GOALS:**
- Provide exceptional service to customers, business partners, and stakeholders. Ensure information is presented in a consistent, efficient matter. Monitor business needs closely and adjust staffing to maintain quality service levels.
 - Identify methods and technologies to improve efficiency for both internal and external customers, including county partners, lenders, and dealers.
 - Adjust staffing to match business to decrease wait times in the largest driver's license offices.

The Motor Vehicles program administers Kansas law relating to vehicle titling and registration; motor vehicle dealer licensing; and the issuance, maintenance, and renewal of driver's licenses.

To carry out these duties, the Division of Vehicles is composed of three departments: Administration, Vehicle Services, and Driver Services.

The **Administration** department provides management and oversight of the Division, grants and contract management, and quality assurance for Division of Vehicles call centers.

The **Vehicle Services** department administers Kansas law relating to vehicle titling and registration of all motor vehicles, automobile dealers and salespersons, and registration of commercial motor vehicles; issues certificates of title, records/verification requests, disabled placards, and specialty and personalized license plates; provides support to all 105 county treasurers who act as agents of the State in processing vehicle titles and registrations; maintains the Motor Vehicle

System and administers the Kansas Web Tags application for online vehicle registration renewals; licenses and monitors approximately 3,000 new and used vehicle dealerships, 4,500 salespersons, and 300 manufacturers, distributors, converters, and manufactured home dealers for compliance with federal and state statutory requirements; processes liens and lien releases related to dealers and the public; processes vehicle registration for all commercial vehicles; issues oversize/overweight and other temporary permits required by law; and administers policies and procedures established by the International Registration Plan.

The **Driver Services** department conducts driver's license examinations required for the issuance and renewal of driver's licenses and includes the commercial driver's license program; issues identification documents according to federal and state guidelines; and processes maintenance of driving privileges and the suspension, revocation, and reinstatement of licenses for traffic-related violations and medical reasons.

FIGURE 22
MOTOR VEHICLES FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 18	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	5,372,085	5,372,085	4,900,000	4,900,000
All Other Funds	36,211,772	36,634,556	36,634,556	36,623,599	36,623,599
TOTAL	\$ 36,211,790	\$ 42,006,641	\$ 42,006,641	\$ 41,523,599	\$ 41,523,599
Percent Change:					
SGF	-- %	(100.0) %	-- %	-- %	-- %
All Funds	3.7 %	16.0 %	-- %	(1.1) %	-- %
FTE Positions	352.6	349.1	349.1	349.1	349.1

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** requests Motor Vehicles program expenditures of \$42.0 million in FY 2024. The request is an all funds decrease of \$4.1 million, or 8.9 percent, below the approved amount. This is primarily attributable to decreased costs for the replacement of license plates.

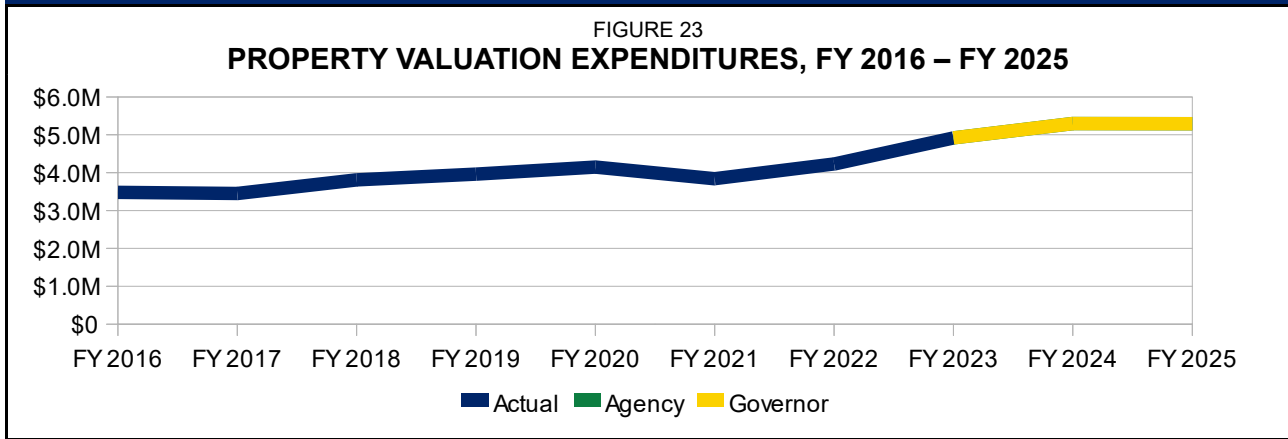
The **Governor** concurs with the agency's FY 2024 revised estimate for the Motor Vehicles program.

FY 2025 REQUEST

The **agency** requests Motor Vehicle program expenditures of \$41.5 million for FY 2025. The request is an all funds decrease of \$483,042, or 0.1 percent, below the agency's FY 2024 revised estimate. This is primarily attributable to decreased costs for the replacement of license plates.

The **Governor** concurs with the agency's FY 2025 request for the Motor Vehicles program.

PROPERTY VALUATION



- STATUTORY BASIS:** • KSA 79-1404
- PROGRAM GOALS:**
- Provide education for county appraisers and officials, taxpayers, and staff regarding the valuation of property and other tax-related issues. Ensure that uniform and accurate valuations and assessments occur.
 - Maintain the CAMA system and provide state and county personnel training on its use through training courses and workshops, in-depth procedural manuals, and user meetings to address and resolve system functionality issues.
 - Conduct an annual independent review of county appraisal procedures to ensure compliance with Kansas laws, rules and regulations, and related policies.

The Property Valuation program works to promote accurate, uniform appraisals and compliance with the property assessment laws and rules of the State. The Division is organized into three bureaus: Administration, State Appraisal, and County Assistance.

System is the responsibility of the Administration Bureau.

The **State Appraisal Bureau** centrally assesses public utilities and motor carriers; the Bureau publishes valuation guidelines used by the counties to assess oil and gas properties, as well as personal property.

The **Administration Bureau** provides overall direction and policy guidelines for the Division and the counties. It administers the eligibility standards for county appraisers and provides education for counties and the public. The Computer Assisted Mass Appraisal (CAMA)

The **County Assistance Bureau** provides technical assistance to the county appraisers and publishes data on overall uniformity and accuracy of appraisals.

FIGURE 24
PROPERTY VALUATION FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 1,020,777	\$ 2,849,601	\$ 2,849,601	\$ 1,048,615	\$ 1,048,615
Federal Funds	-	-	-	-	-
All Other Funds	3,896,183	2,447,260	2,447,260	4,241,104	4,241,104
TOTAL	\$ 4,916,960	\$ 5,296,861	\$ 5,296,861	\$ 5,289,719	\$ 5,289,719
Percent Change:					
SGF	68.2 %	179.2 %	-- %	(63.2) %	-- %
All Funds	16.3 %	7.7 %	-- %	(0.1) %	-- %
FTE Positions	35.1	34.5	34.5	34.5	34.5

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

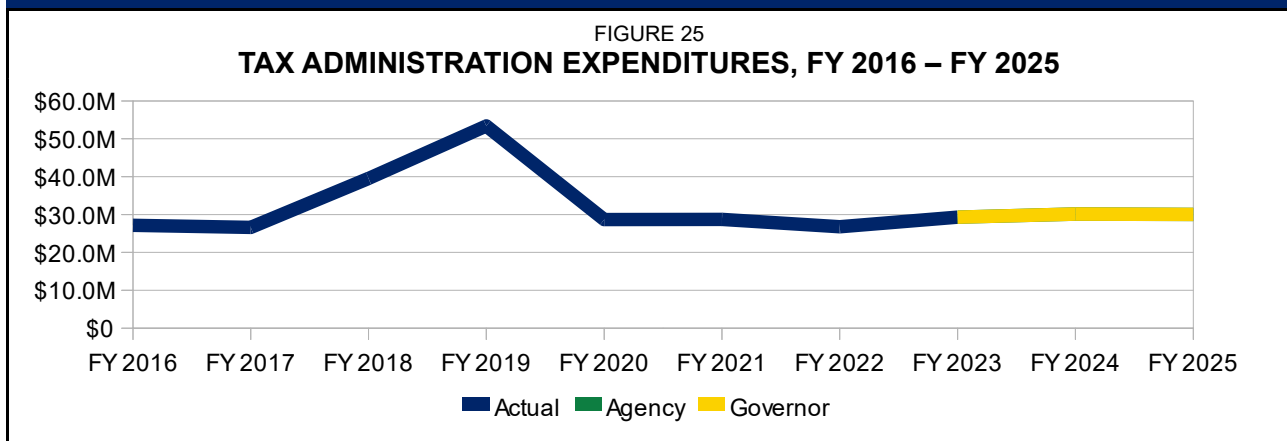
The **agency** requests Property Valuation program expenditures totaling \$5.3 million, including \$2.8 million SGF, in FY 2024. This is an all funds increase of \$469,634, or 9.7 percent, and an SGF increase of \$1.3 million, or 83.0 percent, above the approved amount. This increase is primarily attributable to software maintenance, offset by software rental costs.

The **Governor** concurs with the agency's FY 2024 revised estimate for the Property Valuation program. FY 2025 request

The **agency** requests Property Valuation program expenditures totaling \$5.3 million, including \$1.0 million SGF, for FY 2025. This is an all funds decrease of \$7,142, or 0.1 percent, below the agency's FY 2024 revised estimate. This decrease is primarily attributable to decreased employer contributions to KPERS and is offset by increased employer contributions to group health insurance.

The **Governor** concurs with the agency's FY 2025 request for the Property Valuation program.

TAX ADMINISTRATION



STATUTORY BASIS: • KSA 75-5102 through KSA 75-5104

- PROGRAM GOALS:**
- Administer and enforce tax laws with integrity, fairness, and civility.
 - Increase voluntary compliance with tax laws through educational opportunities and the application of strategic decision/risk management processes to support effective discovery and collection programs.
 - Reduce accounts receivable and ensure prompt resolution by applying the latest best practices and latest technology in automation.
 - Enforce laws relating to the sale of cigarette and tobacco products.
 - Continually use new technologies and systems to reduce paper-based processing.

The Tax Administration division has the largest operating budget for a division within the agency. The Division of Tax Administration administers almost all state taxes, including individual and corporate income, retail sales and compensating use, mineral severance, motor fuel, cigarette, and alcoholic beverage excise taxes. The Division also administers the Homestead Property Tax and Food Sales Tax refunds. For local governments, the Division administers retail sales, compensating use, liquor excise, and transient guest taxes.

To carry out these duties, the Division of Taxation Administration is composed of the following departments:

- The **Tax Operations Administration** provides management and oversight to the entire Division and administers tax laws for the State of Kansas.
- The **Customer Relations** program provides effective account management to promote voluntary compliance with state laws through education and customer service; operates the Taxpayer Assistance Center, which is responsible

for processing and completing all business registrations/tax applications; and serves walk-in customers with tax questions.

- The **Cigarette and Tobacco Enforcement Team** protects minors through education and assistance to tobacco licensees; conducts statewide cigarette and tobacco enforcement activities aimed at reducing sales of cigarettes and tobacco products to minors; and ensures compliance with terms of the Master Settlement Agreement, federal Food and Drug Administration guidelines, and the Synar Amendment.
- The **Revenue Recovery Bureau** is responsible for helping Kansas taxpayers understand their tax obligations; collects all types of delinquent taxes; maintains agency-level accounts receivable reporting; and is the administrator of the statewide tax clearance program.

- **Field Services** assists, educates, and encourages customers to comply with Kansas tax laws and seeks resolution of tax debts that have not been resolved through the front-end collections process; conducts field investigations and on-site visits; collects delinquent taxes and missing returns; and pursues civil tax enforcements.
- **Business Support Services** defines, implements, and supports the movement of information to and collects information and payments from

customers; and extracts information from web-based software, tax filing applications, reports for remitting payments and fees, and paper-to-digital conversion of all paper returns, documents, and payments received.

- **Audit Services** conducts audits to identify and substantiate the under-reporting of Kansas taxes and examines tax returns and supporting documentation through several processes.

FIGURE 26
TAX ADMINISTRATION FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 8,275,503	\$ 10,791,664	\$ 10,791,664	\$ 12,034,713	\$ 12,034,713
Federal Funds	30,554	30,000	30,000	30,000	30,000
All Other Funds	20,985,440	19,302,819	19,302,819	17,957,480	17,957,480
TOTAL	\$ 29,291,497	\$ 30,124,483	\$ 30,124,483	\$ 30,022,193	\$ 30,022,193
Percent Change:					
SGF	(2.8) %	30.4 %	-- %	11.5 %	-- %
All Funds	9.4 %	2.8 %	-- %	(0.3) %	-- %
FTE Positions	351.5	369.3	369.3	369.3	369.3

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** requests Tax Administration program expenditures totaling \$30.1 million, including \$10.8 million SGF, in FY 2024. This is an increase of \$1.2 million, or 4.2 percent, above the agency's approved amount. This increase is primarily attributable to 17.8 FTE positions transitioning from other programs to the Tax Administration program.

The **Governor** concurs with the agency's FY 2024 revised estimate for the Tax Administration program.

FY 2025 REQUEST

The **agency** requests Tax Administration program expenditures totaling \$30.0 million, including \$12.0 million SGF, for FY 2025. This is an all funds decrease of \$102,290, or 0.3 percent, below the agency's FY 2024 revised estimate. This is an SGF increase of \$1.2 million, or 11.5 percent, above the agency's revised estimate. The all funds decrease is primarily attributable to employer contributions to KPERs, offset by increased employer contributions to group health insurance.

The **Governor** concurs with the agency's FY 2025 request for the Tax Administration program.