

BOARD OF TAX APPEALS

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ 576,235	\$ 711,589	\$ 711,410	\$ 852,901	\$ 873,554
Federal Funds	-	-	-	-	-
All Other Funds	865,598	1,240,468	1,240,468	1,135,162	1,135,162
<i>Subtotal</i>	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>				
TOTAL	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
Percentage Change:					
State General Fund	(28.4) %	23.5 %	23.5 %	19.9 %	22.8 %
All Funds	(19.2) %	35.4 %	35.4 %	1.8 %	2.9 %
FTE Positions	15.0	16.0	16.0	16.0	16.0

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

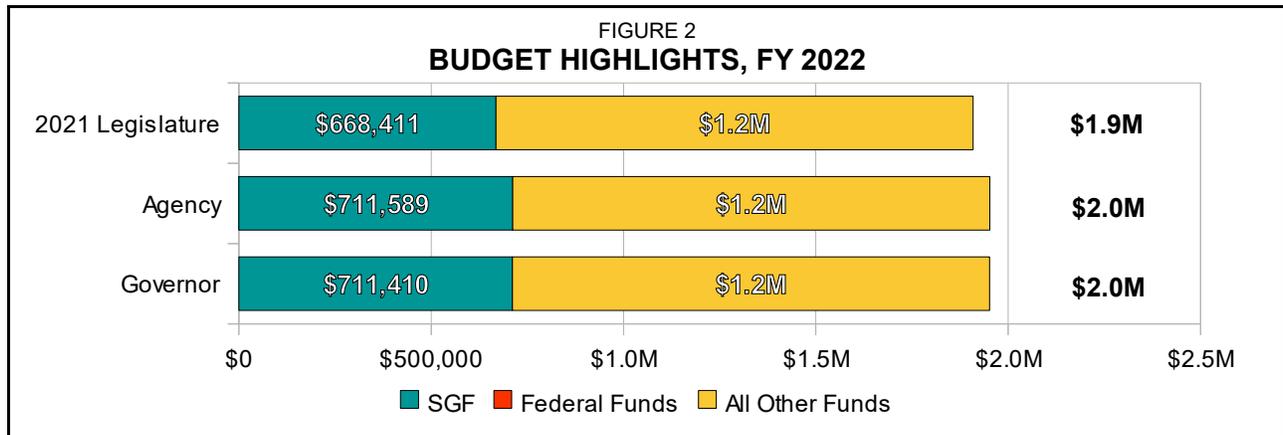
The Board of Tax Appeals mission is to resolve disputes between taxpayers and taxing authorities promptly and impartially and to help maintain public confidence in the state and local tax system. The Board is committed to fulfilling its mission in a highly efficient and professional manner through using all available technology and human resources to best meet the needs of the public. The Board is the highest administrative tribunal to hear cases involving *ad valorem* (property), income, sales, compensating use, and inheritance taxes, along with other matters involving taxation by state and local authorities. The Board is an independent tax tribunal, meaning it is not affiliated with the Kansas Department of Revenue or any other taxing authority. The Board is a neutral decision-making body. The Board's predecessor in authority was the Kansas Court of Tax Appeals.

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

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

EXECUTIVE SUMMARY

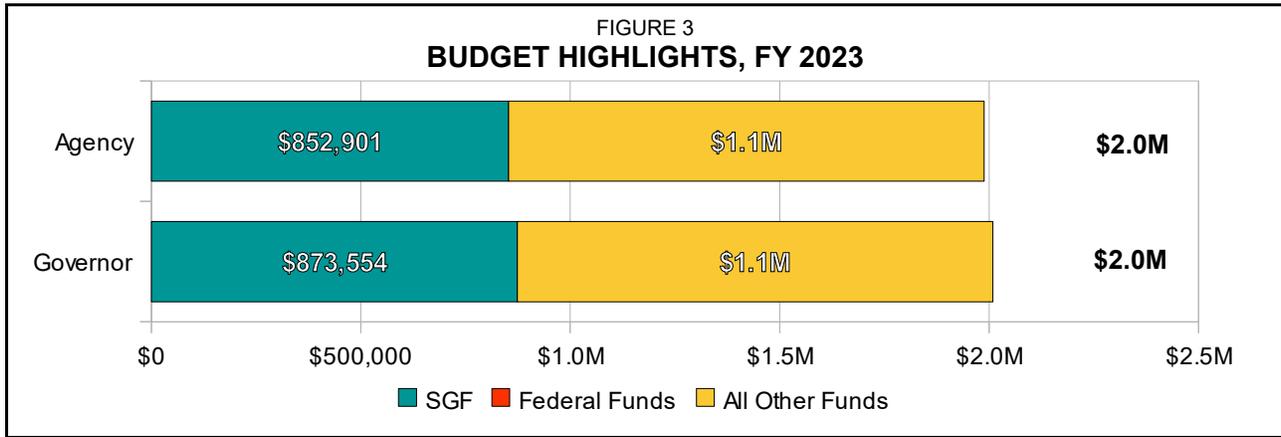
The 2021 Legislature approved a budget of \$1.9 million, including \$668,411 from the State General Fund (SGF), for the Board of Tax Appeals for FY 2022. No adjustments have been made subsequently to that amount.



The **agency** estimates revised expenditures of \$2.0 million, including \$711,589 SGF, in FY 2022. This is an all funds increase of \$43,178, or 2.3 percent, and an SGF increase of \$43,178, or 6.5 percent, above the agency's FY 2022 approved amount. This increase is primarily due to the agency's supplemental request to fund six months of salary for a new FTE position. The FTE position would be for an information technology (IT) employee. The IT employee would develop remote hearing capabilities to allow the Board to conduct hearings remotely. The new FTE position would be fully funded by SGF moneys.

The **Governor** recommends revised expenditures of \$2.0 million, including \$711,410 SGF, in FY 2022. This is an SGF decrease of \$179, or less than 0.1 percent, below the agency's revised expenditures in FY 2022. The slight decrease is due to the Governor's recommendation to decrease expenditures on capital outlay by \$3,000, or 34.0 percent, and to increase salaries and wages expenditures by \$2,821, or 0.2 percent, compared to the agency's FY 2022 revised estimate.

The Governor recommends approving a modified agency supplemental request. The Governor recommends upgrading the requested FTE position from a Technological Support Consultant II position to an Information Technology Manager position. The Governor has directed the agency to use the new FTE position to conduct an IT needs assessment, in addition to providing dedicated in-house IT support for the agency.



The **agency** requests expenditures of \$2.0 million, including \$852,901 SGF, for FY 2023. This is an all funds increase of \$36,006, or 1.8 percent, and an SGF increase of \$141,312, or 19.9 percent, above the agency's FY 2022 revised estimate. This increase is to fund a full year's salary and benefits for the additional FTE position requested in the FY 2022 revised estimate. The IT employee would continue to develop remote hearing capabilities to allow the Board to conduct hearings remotely. This FTE position is fully funded by SGF moneys.

In addition to funding the additional FTE position, the SGF increase is attributed to a funding swap. The agency requests a decrease of \$103,306, or 8.4 percent, from the COTA Filing Fee Fund. This funding swap reverses a FY 2022 change recommended by the Governor, and approved by the Legislature, to decrease SGF expenditures by \$100,000 and to increase COTA Filing Fee Fund expenditures by \$100,000 as part of the agency's reduced resources package.

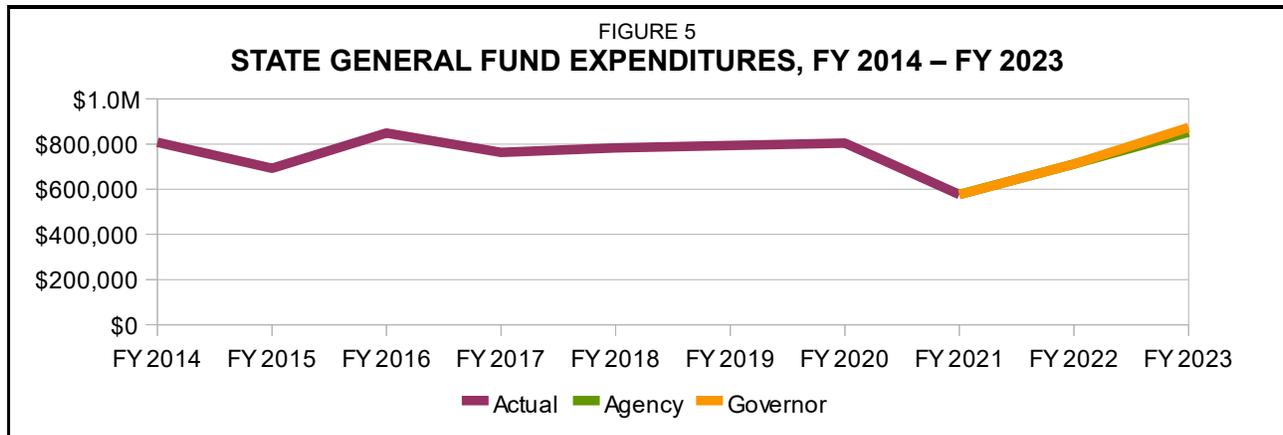
The **Governor** recommends expenditures of \$2.0 million, including \$873,554 SGF, for FY 2023. This is an all funds increase of \$20,653, or 1.0 percent, including an SGF increase of \$20,653, or 2.4 percent, above the agency's FY 2023 request. This increase is primarily due to increased salary and benefits for the Governor's recommendation to modify the agency's enhancement request for a new FTE position from a Technology Support Consultant II position to an Information Technology Manager position.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 1,096,189	\$ 1,447,956	\$ 1,450,777	\$ 1,596,039	\$ 1,616,692
Contractual Services	314,469	486,826	486,826	378,569	378,569
Commodities	6,487	8,455	8,455	8,955	8,955
Capital Outlay	24,688	8,820	5,820	4,500	4,500
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
Financing:					
State General Fund	\$ 576,235	\$ 711,589	\$ 711,410	\$ 852,901	\$ 873,554
Federal Funds	-	-	-	-	-
All Other Funds	865,598	1,240,468	1,240,468	1,135,162	1,135,162
TOTAL	<u>\$ 1,441,833</u>	<u>\$ 1,952,057</u>	<u>\$ 1,951,878</u>	<u>\$ 1,988,063</u>	<u>\$ 2,008,716</u>
FTE Positions	15.0	16.0	16.0	16.0	16.0

STATE GENERAL FUND



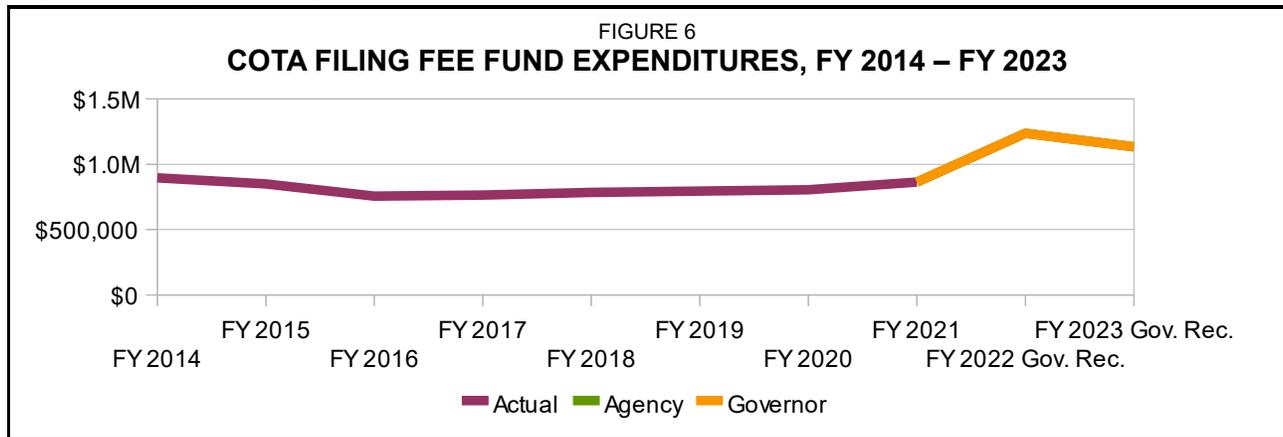
From FY 2020 to FY 2021, SGF expenditures decreased due to the elimination of the Application Developer position (1.0 FTE position), and the elimination of seven months of funding for vacant board member positions.

In FY 2022, SGF expenditures are expected to increase over FY 2021 actual expenditures due to the filling of a vacant administrative assistant and three board member seats, as well as the agency's supplemental request for six months of salary to employ a full-time technology support consultant. This supplemental request was recommended by the Governor, with the modification that position be upgraded to an Information Technology (IT) Manager position. The IT manager will help the agency to upgrade its hearing rooms to conduct hearings remotely. In addition, the IT manager will also be directed to conduct an IT needs assessment for the agency.

For FY 2023, SGF expenditures are expected to increase over the FY 2022 revised estimate due to the agency's enhancement request for one year's salary to continue the employment of a full-time technology support consultant. The Governor recommends approval of the enhancement request, with the modification that the Governor recommends the position be upgraded to an IT Manager position. The Governor recommends an increase of \$20,653, all SGF, above the agency's request for FY 2023, to fund the upgraded position.

Additionally, for FY 2023 the agency requests an increase of \$100,000 in SGF expenditures, offset by a \$100,000 decrease in the COTA Filing Fee Fund. This would reverse the implementation of the reduced resources budget recommended by the Governor, and approved by the Legislature, in FY 2022. This adjustment is reflected in the Governor's budget.

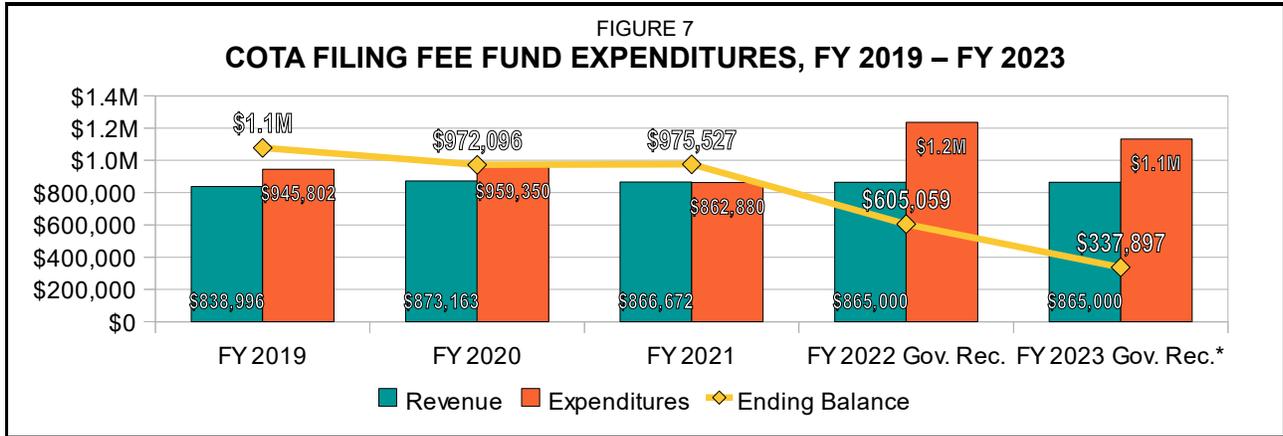
COTA FILING FEE FUND



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

For FY 2023, expenditures are expected to decrease. This decrease is primarily due to the agency requesting an increase of \$100,000 in SGF expenditures, and a corresponding decrease of \$100,000 in COTA Filing Fee Fund expenditures. This would reverse the agency's reduced resources package, outlined above. This adjustment is reflected in the Governor's budget.

COTA FILING FEE FUND



* For FY 2023, the lowest month ending balance for the COTA Filing Fee Fund will occur in June, with a balance of \$337,897.

The COTA Filing Fee Fund is expected to be completely depleted by mid-May 2025. Revenue has remained steady since 2016, when legislation went into effect that exempted certain filers from paying filing fees. The ending balance has steadily decreased, except in FY 2021 when the agency had reduced expenditures due to vacant positions.

The FY 2022 ending balance is expected to decrease significantly. This is due to significantly increased expenditures compared to FY 2021 actual expenditures. The agency's FY 2022 revised estimate includes increases due to the agency filling a vacant administrative assistant position and several vacant board member positions, as well as the agency's supplemental request to employ a full-time technology consultant. Expenditures are also expected to increase due to increased usage of contracted hearing officers in FY 2022. Further, the 2021 Legislature approved a reduced resources budget, which increased COTA Filing Fee Fund expenditures by \$100,000 in FY 2022, but decreased SGF expenditures by \$100,000.

The FY 2023 ending balance is expected to continue to decrease. Expenditures remain steady from FY 2022 to FY 2023; however, expenditures are expected to decrease by \$100,000 below the agency's FY 2022 revised estimate if the Legislature approves the agency's FY 2023 request to reverse the reduced resources package, outlined above.

**FIGURE 8
LICENSE FEES, FY 2022**

License	Current Fee
Regular Division	
<u>Valuation Appeals: Equalization & Protests (Real and Personal Property)</u>	
<i>Real Property: Single-family residential property & farmsteads</i>	\$ Exempt
Not-for-profit organizations valued less than \$100,000	Exempt
Properties valued at \$250,000 or less	125
Properties valued from \$250,001 to \$1,000,000	200
Properties valued from \$1,000,001 to \$5,000,000	300
Properties valued from \$5,000,001 to \$10,000,000	400
Properties valued at \$10,000,001 or more	500
<i>Personal Property: Single-family residential mobile or manufactured home</i>	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: Homestead Property Tax & Food Sales Tax Refunds</u>	
\$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 & Econ. Dev. < \$1,000,000	\$ 500
Industrial Revenue Bond & Econ. Dev. > \$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
<u>Grievances</u>	
Penalty abatement	\$ 25
Clerical error	25
<u>Miscellaneous</u>	
IRB Informational Statement Filings	\$ 500
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

FIGURE 8
LICENSE FEES, FY 2022

License	Current Fee
Any Municipality, Political Subdivision of the State, or School Appeals	Exempt
Small Claims and Expedited Hearings Division	
<u>Equalization & Protests: Single-Family residential property, farmstead, or mobile/manufactured homes</u>	
Not-for-profit organization valued less than \$100,000	\$ Exempt
\$250,000 or less	100
\$250,001 to \$1,000,000	150
\$1,000,000 to \$3,000,000	200
<u>Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds</u>	
\$500 or less	Exempt
\$501 to \$10,000	50
\$10,001 to \$14,999	150

FY 2022 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ 668,411	\$ 1,240,468	\$ 1,908,879	15.0
1. No Changes	-	-	-	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 668,411</i>	<i>\$ 1,240,468</i>	<i>\$ 1,908,879</i>	<i>15.0</i>
Agency Revised Estimate:				
2. Supplemental—Salaries and Wages	\$ 44,550	\$ -	\$ 44,550	1.0
3. All Other Adjustments	(1,372)	-	(1,372)	--
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 711,589</i>	<i>\$ 1,240,468</i>	<i>\$ 1,952,057</i>	<i>16.0</i>
Governor’s Recommendation:				
4. Supplemental—Salaries and Wages	\$ 2,821	\$ -	\$ 2,821	--
5. Capital Outlay	(3,000)	-	(3,000)	--
TOTAL	\$ 711,410	\$ 1,240,468	\$ 1,951,878	16.0

LEGISLATIVE APPROVED

Subsequent to the 2021 Session, no adjustments were made to the \$1.9 million, including \$668,411 SGF, appropriated to the Board of Tax Appeals for FY 2022.

1. **NO CHANGES.** Subsequent to the 2021 Session, no adjustments were made to the approved amount for FY 2022.

AGENCY ESTIMATE

The **agency** estimates revised expenditures of \$2.0 million, including \$711,589 SGF, in FY 2022. This is an all funds increase of \$43,178, or 2.3 percent, and an SGF increase of \$43,178, or 6.5 percent, above the FY 2022 approved amount. The agency's revised estimate includes 16.0 FTE positions, which is 1.0 more FTE position than the FY 2022 approved amount.

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

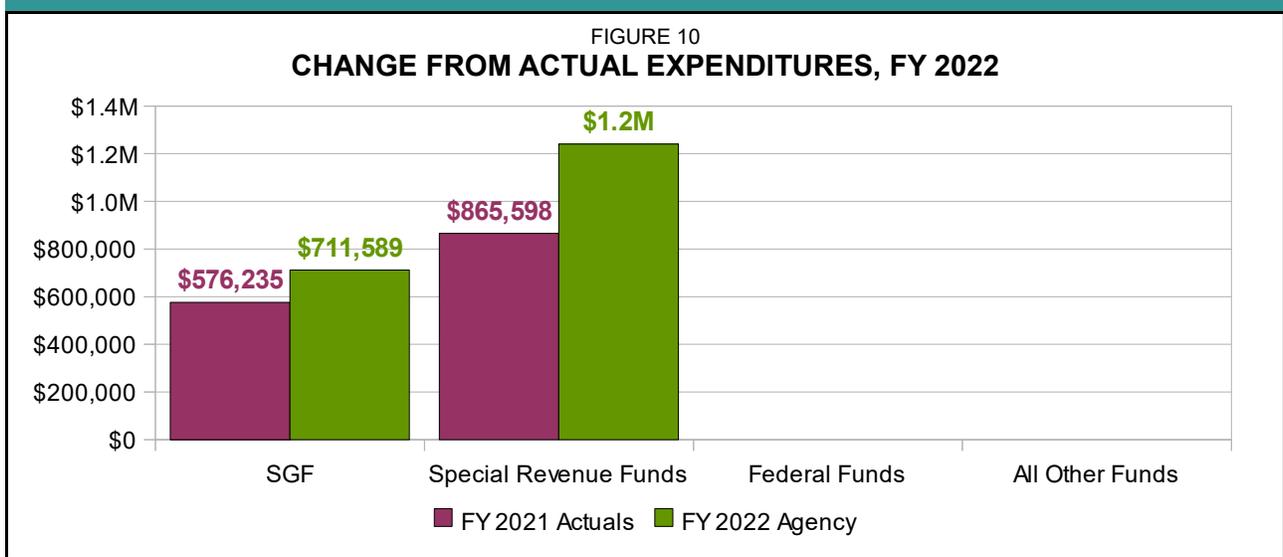
2. **SUPPLEMENTAL—SALARIES AND WAGES.** The agency's revised estimate includes a supplemental request of \$44,550, all SGF, and 1.0 FTE position. This supplemental request will fund six months salary for a full-time technology support consultant. The employee will upgrade the agency's hearing rooms to conduct hearings remotely.
3. **ALL OTHER ADJUSTMENTS.** The agency's revised estimate includes other adjustments that equate to a decrease of \$1,372 SGF below the agency's FY 2022 approved amount. This includes a decrease to computer software maintenance and database access fees.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends revised expenditures of \$2.0 million, including \$711,410 SGF, in FY 2022. This is an all funds decrease of \$179, or less than 0.1 percent, and an SGF decrease of \$179, or less than 0.1 percent, below the agency's FY 2022 revised estimate. The Governor recommends 16.0 FTE positions, which is the same as the agency's FY 2022 revised estimate.

4. **SUPPLEMENTAL–SALARIES AND WAGES.** The Governor recommends an increase of \$2,821 in salaries and wages to upgrade the agency's supplemental request for a Technology Support Consultant II FTE position to an IT Manager FTE position.
5. **CAPITAL OUTLAY.** To offset the Governor's recommended increase in salaries and wages, the Governor recommends a decrease of \$3,000 in capital outlay.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



FY 2021 overall expenditures were lower than the FY 2022 revised estimate as the agency had a vacant administrative assistant position, as well as several vacant board member positions during FY 2021. These vacancies contributed to decreased SGF and special revenue fund expenditures. These positions were filled in FY 2022, contributing to increased expenditures. Expenditures are also expected to increase due to increased use of hearing officers in FY 2022 to address a backlog due to limited caseloads during the COVID-19 pandemic.

FY 2022 special revenue fund expenditures also increased due to the Governor recommending, and the 2021 Legislature approving, the agency's reduced resources package to spend \$100,000 less SGF and \$100,000 more from the agency's special revenue funds.

FY 2023 ANALYSIS

FIGURE 11
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ 711,589	\$ 1,240,468	\$ 1,952,057	16.0
Agency Request:				
1. Enhancement–Salaries and Wages	\$ 41,182	\$ -	\$ 41,182	--
2. All Other Adjustments	100,130	(105,306)	(5,176)	--
<i>Subtotal–Agency Request</i>	\$ 852,901	\$ 1,135,162	\$ 1,988,063	16.0
Governor’s Recommendation:				
3. Enhancement–Salaries and Wages	\$ 20,653	\$ -	\$ 20,653	--
TOTAL	\$ 873,554	\$ 1,135,162	\$ 2,008,716	16.0

AGENCY REQUEST

The **agency** requests \$2.0 million, including \$852,901 SGF, for FY 2023. This is an all funds increase of \$36,006, or 1.8 percent, and an SGF increase of \$141,312, or 19.9 percent, above the agency's FY 2022 revised estimate. The agency requests 16.0 FTE positions, which is the same as the agency's FY 2022 revised estimate.

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

- 1. ENHANCEMENT–SALARIES AND WAGES.** The agency's FY 2023 request includes an increase of \$41,182 to salaries and wages. This is a continuation of the agency's FY 2022 revised estimate. The FY 2022 revised estimate only included six months of salary for the new FTE position. The enhancement increases the agency's budget to include the new FTE position's total annual salary moving forward.
- 2. ALL OTHER ADJUSTMENTS.** The agency's FY 2023 request includes an SGF increase of \$100,130, and a special revenue funds decrease of \$105,306. For FY 2022, the Governor recommended, and the 2021 Legislature approved, the agency's reduced resources package of a \$100,000 SGF decrease and a \$100,000 COTA Filing Fee Fund increase (a funding swap). The agency's FY 2023 request reverses the funding swap for FY 2023.

GOVERNOR’S RECOMMENDATION

The **Governor** recommends expenditures of \$2.0 million, including \$873,554 SGF, for FY 2023. This is an all funds increase of \$20,653, or 1.0 percent, and an SGF increase of \$20,653, or 2.4 percent, above the agency's request for FY 2023. The Governor recommends 16.0 FTE positions, which is the same as the agency's FY 2023 request.

- 3. ENHANCEMENT–SALARIES AND WAGES.** The Governor recommends an increase of \$20,653, all SGF, to fund the agency's enhancement request. The increase is to fund the Governor's recommendation to upgrade the FTE position from an IT Technology Consultant II position to an IT Manager position.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

REQUEST 1
INFORMATION TECHNOLOGY SUPPORT POSITION

Item	FY 2022	FY 2023
Technology Support Consultant - Salary and Benefits	\$ 44,550	\$ 85,732

The agency's FY 2022 revised estimate and FY 2023 request reflect the agency's request to add 1.0 FTE position. The agency states that this position will help enable remote hearing capabilities for the agency. The agency's former IT professional retired in 2019, and the FTE position was subsequently eliminated.

The FY 2022 revised estimate reflects six months of salary for the IT professional, while the FY 2023 request reflects the amount required to pay a full year's salary.

The Governor recommends modified adoption of this request, as follows:

Item	FY 2022	FY 2023
IT Manager - Salary and Benefits	\$ 44,371	\$ 106,385

The Governor's recommendation reflects an upgraded FTE position from Technology Support Consultant to IT Manager. The Governor's recommendation adds 1.0 FTE position, which is the same as the agency's request. The Governor recommends the agency utilize the IT Manager to conduct an IT needs assessment in FY 2022.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

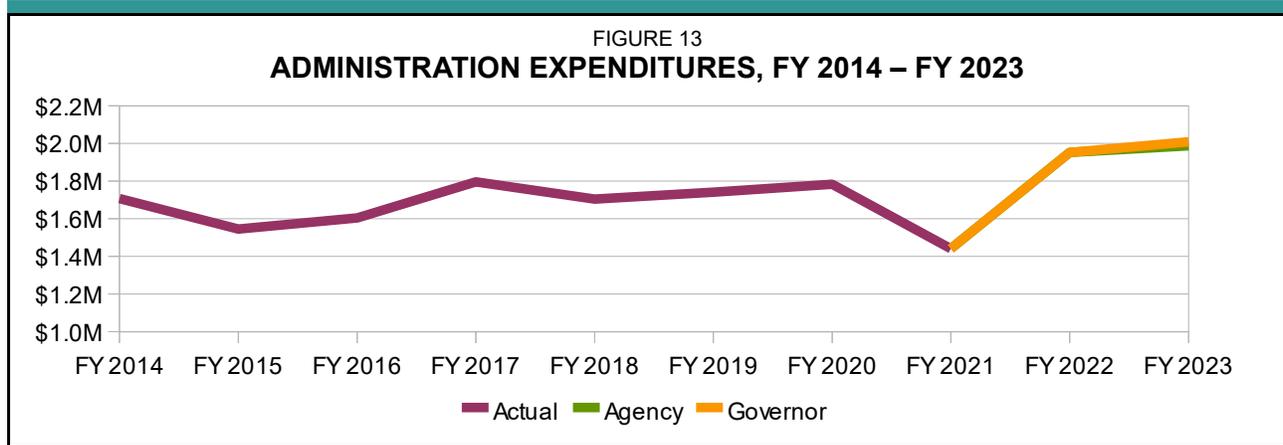
FIGURE 12
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 1,441,833	\$ 1,952,057	\$ 1,951,878	\$ 1,988,063	\$ 2,008,716
FTE Positions:					
Administration	15.0	16.0	16.0	16.0	16.0

PERFORMANCE MEASURES

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

ADMINISTRATION



STATUTORY BASIS: • KSA 74-2433

PROGRAM GOALS:

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

FIGURE 14
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Valuation Cases Filed*	2,284	2,589	2,335	2,675	2,675
2. Valuation Cases Closed*	1,373	1,655	1,535	2,980	2,980
3. Total Filings	7,698	7,174	--	8,506	8,506
4. Clearance Rate	67.8 %	96.1 %	--%	103.9 %	103.9 %
5. Average Cost to Resolve Each Case*	\$ 762	\$ 499	\$ 641	\$ 374	\$ 361
Output Measure:					
6. Number of Cases Heard*	309	522	515	600	600
7. Percent of 14-Day Summary Decisions Issued Timely*	100 %	93 %	98 %	100 %	100 %
8. Percent of Full Opinions Issued Timely*	98 %	100 %	99 %	100 %	100 %
9. Number of Days to Close a Residential Appeal	178	285	207	180	180
10. Number of Days to Close a Commercial Appeal	353	384	367	365	365
11. Average Number of Days Between Appeal Hearing and Decision in Small Claims Proceedings	54	60	--	75	60

FIGURE 15

ADMINISTRATION, PERFORMANCE MEASURES

Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 804,395	\$ 576,235		\$ 711,410	\$ 873,554
Federal Funds	17,168	-		-	-
All Other Funds	962,077	865,598		1,240,468	1,135,162
TOTAL	<u>\$ 1,783,640</u>	<u>\$ 1,441,833</u>		<u>\$ 1,951,878</u>	<u>\$ 2,008,716</u>
Percentage Change:					
SGF	1.3 %	(28.4) %		23.5 %	22.8 %
All Funds	2.6 %	(19.2) %		35.4 %	2.9 %
FTE Positions	15.0	15.0		16.0	16.0

*The Governor's Office does not utilize this measure for evaluation purposes.