

# KANSAS DEPARTMENT OF REVENUE

## FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1  
**BUDGET OVERVIEW, FY 2022 – FY 2024**

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Operating Expenditures:</b>					
State General Fund	\$ 14,774,330	\$ 15,412,798	\$ 15,412,798	\$ 16,018,235	\$ 16,018,235
Federal Funds	110,165	80,000	80,000	80,000	80,000
All Other Funds	95,114,712	98,552,006	98,552,006	122,782,197	110,157,197
<i>Subtotal</i>	<u>\$ 109,999,207</u>	<u>\$ 114,044,804</u>	<u>\$ 114,044,804</u>	<u>\$ 138,880,432</u>	<u>\$ 126,255,432</u>
<b>Capital Improvements:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<u><b>\$ 109,999,207</b></u>	<u><b>\$ 114,044,804</b></u>	<u><b>\$ 114,044,804</b></u>	<u><b>\$ 138,880,432</b></u>	<u><b>\$ 126,255,432</b></u>
<b>Percentage Change:</b>					
State General Fund	(3.1) %	4.3 %	4.3 %	3.9 %	3.9 %
All Funds	0.8 %	3.7 %	3.7 %	21.8 %	10.7 %
FTE Positions	1,049.2	1,057.2	1,057.2	1,057.2	1,057.2

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.

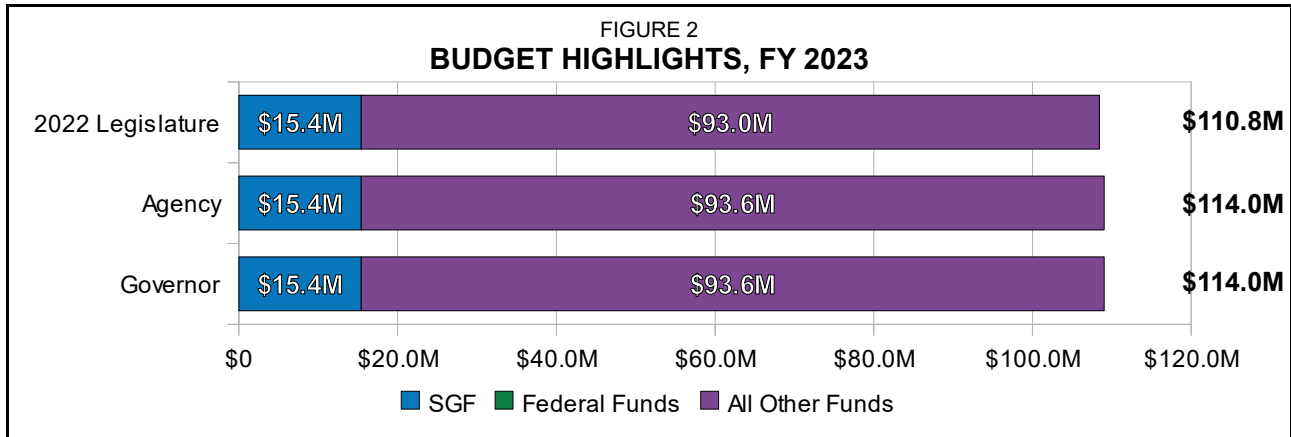
The Kansas Department of Revenue collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The agency is divided into six major divisions, which reflect the four statutory programs the agency is charged with 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

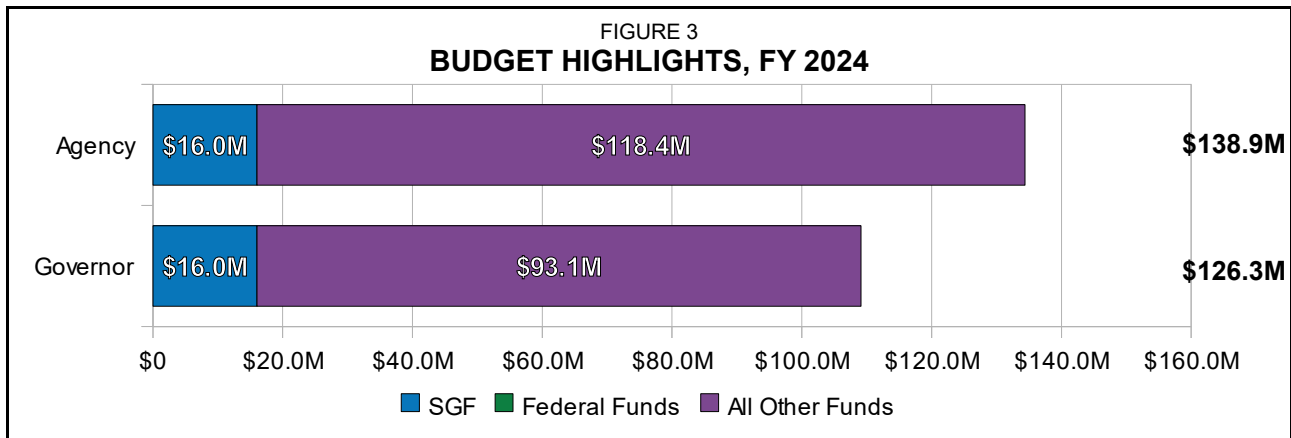
The 2022 Legislature approved a budget of \$110.8 million, including \$15.4 million from the State General Fund (SGF), for the Kansas Department of Revenue for FY 2023. An adjustment

has been made subsequently to that amount, which changes the current year approved amount without any legislative action required. The agency reappropriated \$25,738 SGF from FY 2022 into FY 2023.



The **agency** requests a revised estimate of \$114.0 million, including \$15.4 million SGF, in expenditures and 1,057.2 FTE positions in FY 2023. The revised estimate is an all funds increase of \$3.2 million, or 2.9 percent, above the FY 2023 approved amount. The increase is primarily attributable to an increase in state aid to local governments (\$2.6 million), including an increase in the transfer from the Special County Mineral Production Tax Fund (\$2.2 million).

The **Governor** concurs with the agency's FY 2023 revised estimate.



The **agency** requests \$138.9 million, including \$16.0 million SGF, in expenditures and 1,057.2 FTE positions for FY 2024. This is an all funds increase of \$24.8 million, or 21.8 percent, including an SGF increase of \$605,437, or 3.9 percent, above the agency's FY 2023 revised estimate. The increase is attributable to an enhancement request for complete replacement of the standard license plate design (\$25.3 million).

The **Governor** recommends FY 2024 expenditures of \$126.3 million, including \$16.0 million SGF. This is an all funds decrease of \$12.7 million, or 9.1 percent, below the agency's FY 2024 request. This decrease is primarily attributable to not recommending the agency's enhancement request in full.

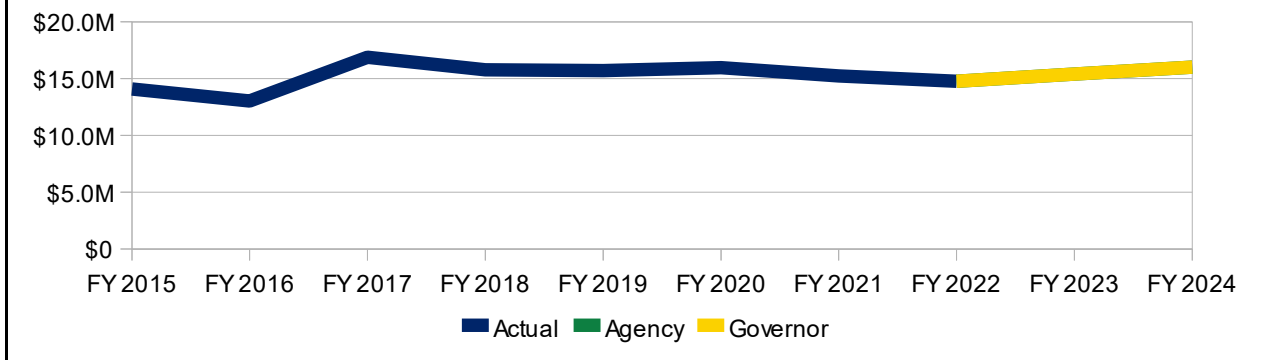
## EXPENDITURES AND FINANCING

FIGURE 4  
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 64,519,266	\$ 70,715,768	\$ 70,715,768	\$ 71,357,646	\$ 71,357,646
Contractual Services	34,523,628	32,232,218	32,232,218	43,557,018	37,857,018
Commodities	5,005,634	3,984,554	3,984,554	17,834,554	10,909,554
Capital Outlay	1,422,454	1,006,554	1,006,554	524,504	524,504
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<i>\$ 105,470,982</i>	<i>\$ 107,939,094</i>	<i>\$ 107,939,094</i>	<i>\$ 133,273,722</i>	<i>\$ 120,648,722</i>
Aid to Local Units	4,394,844	6,105,710	6,105,710	5,606,710	5,606,710
Other Assistance	133,381	-	-	-	-
<i>Subtotal-Operating</i>	<i>\$ 109,999,207</i>	<i>\$ 114,044,804</i>	<i>\$ 114,044,804</i>	<i>\$ 138,880,432</i>	<i>\$ 126,255,432</i>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 109,999,207</b>	<b>\$ 114,044,804</b>	<b>\$ 114,044,804</b>	<b>\$ 138,880,432</b>	<b>\$ 126,255,432</b>
<b>Financing:</b>					
State General Fund	\$ 14,774,330	\$ 15,412,798	\$ 15,412,798	\$ 16,018,235	\$ 16,018,235
Federal Funds	110,165	80,000	80,000	80,000	80,000
All Other Funds	95,114,712	98,552,006	98,552,006	122,782,197	110,157,197
<b>TOTAL</b>	<b>\$ 109,999,207</b>	<b>\$ 114,044,804</b>	<b>\$ 114,044,804</b>	<b>\$ 138,880,432</b>	<b>\$ 126,255,432</b>
FTE Positions	1,049.2	1,057.2	1,057.2	1,057.2	1,057.2

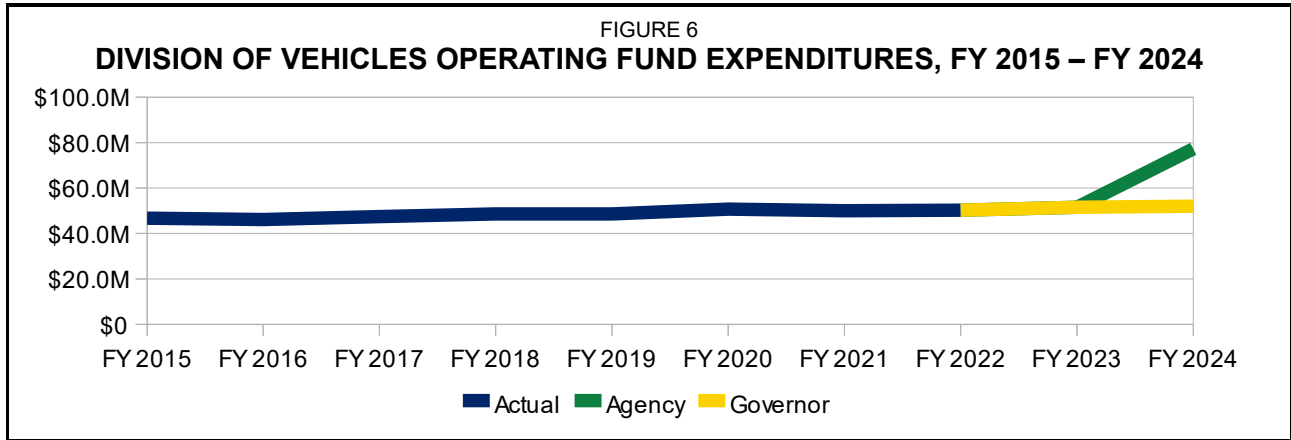
## STATE GENERAL FUND

FIGURE 5  
STATE GENERAL FUND EXPENDITURES, FY 2015 – FY 2024



For the Kansas Department of Revenue, SGF expenditures have averaged \$15.2 million per fiscal year from FY 2015 through FY 2022.

**DIVISION OF VEHICLES OPERATING FUND**

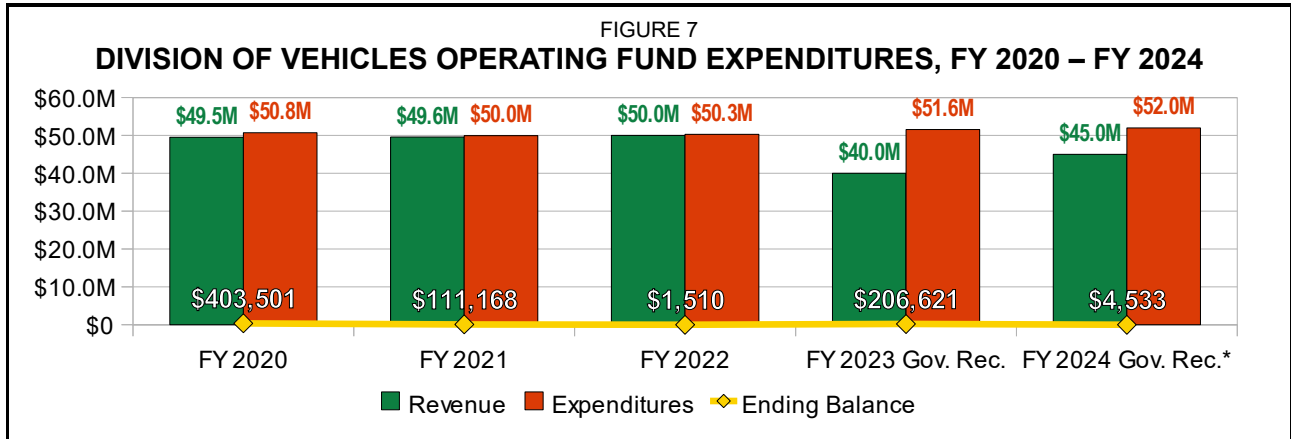


The Division of Vehicles Operating Fund's largest single source of revenue is from the State Highway Fund, which is made in quarterly transfers pursuant to the annual appropriation acts. Revenue is provided through charges assessed for copies, fines, penalties, and forfeitures.

On average, \$48.6 million has been expended annually from the Division of Vehicles Operating Fund from FY 2015 through FY 2022. The increase in FY 2024 is primarily attributable to the agency's enhancement request for license plate replacement costs. The Governor's recommendation includes a decrease in this fund, which is attributable to not approving the agency's enhancement request in full.

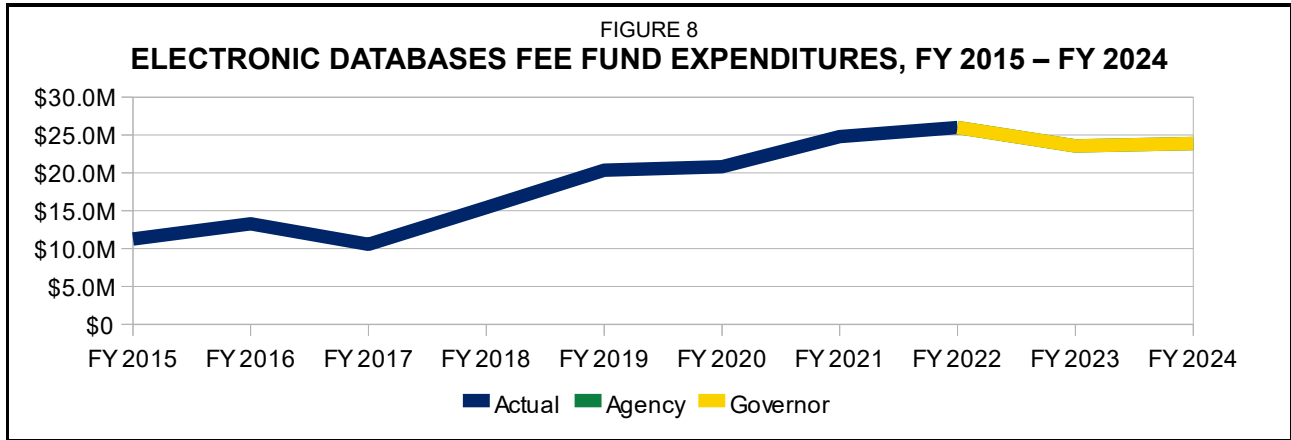
The Governor does not recommend the agency's enhancement request for \$25.3 million for a complete replacement of the standard Ad Astra license plate for FY 2024. The Governor recommends transferring \$12.6 million from the State Highway Fund to the agency for replacing all embossed licensed plates (not digitally produced). Additionally, the Governor recommends that American Rescue Plan Act (ARPA) funds be used, if available.

**DIVISION OF VEHICLES OPERATING FUND**



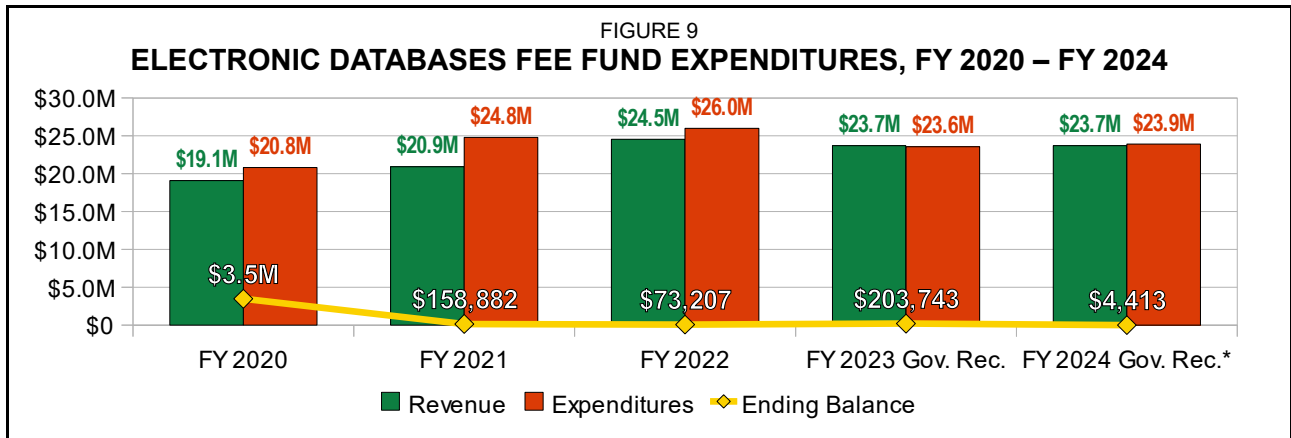
\* For FY 2024, the lowest month ending balance for the Division of Vehicles Operating Fund will occur in September, with a balance of \$0.

**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 2015 to \$26.0 million in FY 2022. The increase in expenditures is primarily attributable to increased costs for electronic database management and other information technology expenses. Electronic Databases Fee Fund



\* For FY 2024, the lowest month ending balance for the Electronic Databases Fee Fund will occur in July, with a balance of \$0.

## FY 2023 ANALYSIS

FIGURE 10  
**SUMMARY OF BUDGET REQUEST, FY 2023**

	SGF	Special Revenue Funds	All Funds	FTE
<b>Legislative Approved:</b>				
Amount Approved by 2022 Legislature	\$ 15,387,060	\$ 95,422,662	\$ 110,809,722	1,049.2
1. SGF Reappropriation	25,738	-	25,738	--
<i>Subtotal—Legislative Approved</i>	<u>\$ 15,412,798</u>	<u>\$ 95,422,662</u>	<u>\$ 110,835,460</u>	<u>1,049.2</u>
<b>Agency Revised Estimate:</b>				
2. Special County Mineral Production Tax Fund	-	2,614,500	2,614,500	--
3. Salaries and Wages Fringe Benefits	-	867,457	867,457	8.0
4. Tax Administration Software	-	482,085	482,085	--
5. Vehicle License Tag Resale	0-	(400,000)	(400,000)	--
6. Postage	-	(523,450)	(523,450)	--
7. All Other Adjustments	-	168,752	168,752	--
<i>Subtotal—Agency Revised Estimate</i>	<u>\$ 15,412,798</u>	<u>\$ 98,632,006</u>	<u>\$ 114,044,804</u>	<u>1,057.2</u>
<b>Governor's Recommendation:</b>				
8. No Changes	\$ -	\$ -	\$ -	--
<b>TOTAL</b>	<u><u>\$ 15,412,798</u></u>	<u><u>\$ 98,632,006</u></u>	<u><u>\$ 114,044,804</u></u>	<u><u>1,057.2</u></u>

### LEGISLATIVE APPROVED

Subsequent to the 2022 Session, an adjustment was made to the \$15,387,060 SGF appropriated to the Kansas Department of Revenue for FY 2023. This adjustment changes the current year approved amount without any legislative action required.

- 1. SGF REAPPROPRIATION.** The agency reappropriated \$25,738 SGF from FY 2022 into FY 2023.

### AGENCY ESTIMATE

The **agency** submits a revised estimate of \$114.0 million, including \$15.4 million SGF, in FY 2023. The revised estimate is an all funds increase of \$3.2 million, or 2.9 percent, above the FY 2023 approved budget.

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

- 2. SPECIAL COUNTY MINERAL PRODUCTION TAX FUND.** The agency requests the addition of \$2.6 million, all from the Special County Mineral Production Tax Fund, to adjust the transfer amount for the consensus revenue estimates. The moneys are expended as aid to local governments.
- 3. SALARIES AND WAGES FRINGE BENEFITS.** The agency requests the addition of \$867,457 all from special revenue funds, for salaries and wages expenditures, including fringe benefits. This includes additional funding for unclassified employees, as well as temporary employees, 8.0 new FTE positions within the Division of Taxation, and employer contributions for group health insurance.
- 4. DIVISION OF TAXATION SOFTWARE.** The agency requests the addition of \$482,085, all from special revenue funds, due to one-time expenditures for software in FY 2023.

Outdated software is being replaced with software that will assist with ensuring returns are processed correctly when tax laws change.

5. **VEHICLE LICENSE TAG RESALE.** The agency deletes \$400,000, all from special revenue funds, in license plate production expenditures. This decrease is in anticipation of the requested enhancement to produce the Ad Astra license plate for FY 2024.
6. **POSTAGE.** The agency deletes \$523,450, all from special revenue funds, in postage expenditures. This decrease is in anticipation of the requested enhancement to produce the Ad Astra license plate for FY 2024.
7. **ALL OTHER ADJUSTMENTS.** The agency requests the addition of \$168,752, all from special revenue funds, for other adjustments in FY 2023.

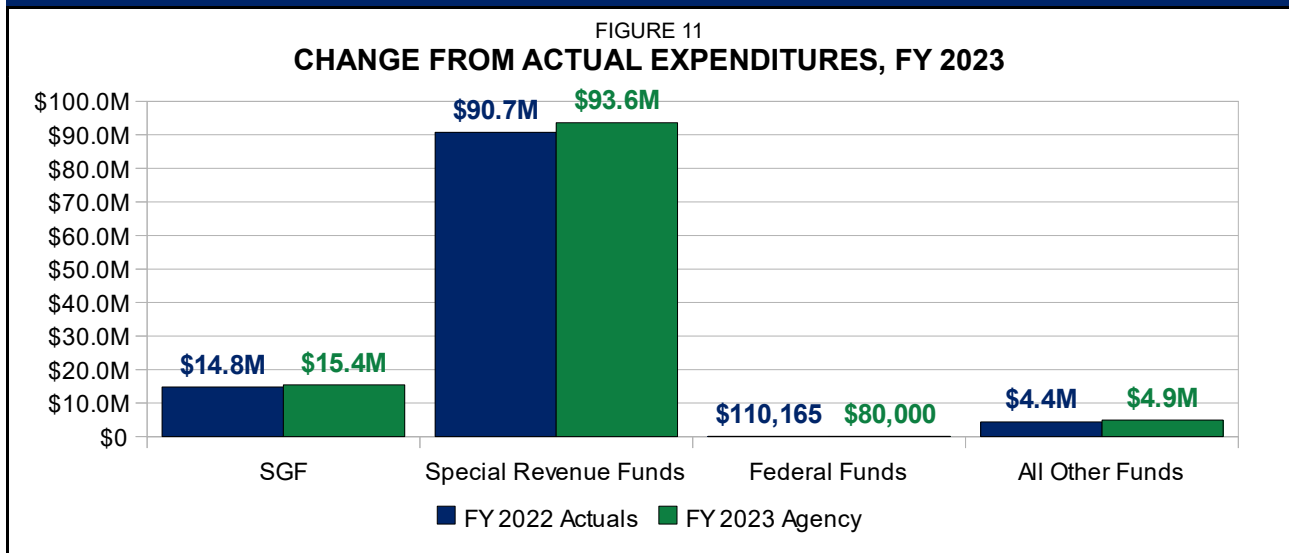
## **GOVERNOR'S RECOMMENDATION**

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The **Governor** concurs with the agency's FY 2023 revised estimate.

8. **NO CHANGES.** The Governor does not recommend any changes to the agency's FY 2023 revised estimate.

## FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The Kansas Department of Revenue estimates revised expenditures of \$114.0 million, including \$15.4 million SGF, in FY 2023. This is an all funds increase of \$4.0 million, or 3.7 percent, including an SGF increase of \$639,468, or 4.1 percent, above FY 2022 actual expenditures. The increase is largely due to increased salaries and wages and employer contributions for fringe benefits (\$6.2 million), as well as \$1.2 million for taxpayer notification costs. The amount is partially offset by decreases in computer programming expenditures (\$390,396), information system consulting (\$407,073), postage (\$408,689), and computer software maintenance (\$592,209).

The SGF increase is primarily attributable to increased salaries and wages and employer contributions for fringe benefits for employees within the Tax Administration program.



## FY 2024 ANALYSIS

FIGURE 12  
**SUMMARY OF BUDGET REQUEST, FY 2024**

	SGF	Special Revenue Funds	All Funds	FTE
<b>Agency Revised Estimate, FY 2023</b>	\$ 15,412,798	\$ 98,632,006	\$ 114,044,804	1,057.2
<b>Agency Request:</b>				
1. Enhancement—License Plate Replacement Costs	\$ -	\$ 25,250,000	\$ 25,250,000	--
2. Special County Mineral Production Tax Fund	-	(499,000)	(499,000)	--
3. Salaries and Wages Fringe Benefits	605,437	36,441	641,878	--
4. Division of Taxation Software		(425,085)	(425,085)	--
5. All Other Adjustments		(132,165)	(132,165)	--
<i>Subtotal—Agency Estimate</i>	\$ 16,018,235	\$ 122,862,197	\$ 138,880,432	1,057.2
<b>Governor’s Recommendation:</b>				
6. Enhancement—License Plate Replacement Costs	\$ -	\$ (12,625,000)	\$ (12,625,000)	--
<b>TOTAL</b>	\$ 16,018,235	\$ 110,237,197	\$ 126,255,432	1,057.2

### AGENCY REQUEST

The **agency** requests \$138.9 million, including \$16.0 million SGF, for FY 2024. The request is an all funds increase of \$24.8 million, or 21.8 percent, including an SGF increase of \$605,437, or 3.9 percent, above the FY 2023 revised estimate.

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

1. **ENHANCEMENT—LICENSE PLATE REPLACEMENT COSTS.** The agency requests \$25.3 million, all from special revenue funds, for a complete replacement of the standard Ad Astra license plate for FY 2024. The total amount requested includes \$13.9 million for production costs and \$11.4 million for mailing costs.
2. **SPECIAL COUNTY MINERAL PRODUCTION TAX FUND.** The agency deletes \$499,000, all from the Special County Mineral Production Tax Fund, to adjust the transfer amount for the consensus revenue estimates.
3. **SALARIES AND WAGES FRINGE BENEFITS.** The agency requests the addition of \$641,878, including \$605,437 SGF, for salaries and wages expenditures. The addition is primarily for employer contributions for group health insurance.
4. **DIVISION OF TAXATION SOFTWARE.** The agency deletes \$425,085, all from special revenue funds, due to one-time expenditures for the new software that will assist in accurate returns in FY 2023. The remaining \$57,000 is expected to be included in the agency’s request for ongoing maintenance.
5. **ALL OTHER ADJUSTMENTS.** The agency deletes \$132,165, all from special revenue funds, for FY 2024.

## **GOVERNOR'S RECOMMENDATION**

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The **Governor** recommends FY 2024 expenditures of \$126.3 million, including \$16.0 million SGF. This is an all funds decrease of \$12.7 million, or 9.1 percent, below the agency's FY 2024 request.

6. **ENHANCEMENT—LICENSE PLATE REPLACEMENT COSTS.** The Governor does not recommend the agency's enhancement request for \$25.3 million for a complete replacement of the standard Ad Astra license plate for FY 2024. The Governor recommends transferring \$12.6 million from the State Highway Fund to the agency for replacing all embossed licensed plates (not digitally produced). Additionally, the Governor recommends that federal American Rescue Plan Act (ARPA) funds be used, if available.

## ENHANCEMENT REQUEST REPLACEMENT OF STANDARD LICENSE PLATE

The agency requests an enhancement of \$25.3 million for a complete replacement of the standard Ad Astra license plate for FY 2024. This amount includes \$13.9 million for production costs and \$11.4 million for mailing costs.

The current Ad Astra plate design was issued in 2008. Pursuant to KSA 8-132, a new plate was to be issued in 2013, unless extended by the Director of Vehicles. The Director of Vehicles has extended the plate annually since 2013. In 2018, the Division switched to digital license plate production. This new method creates license plates on demand and replaced the mass production of embossed plates. Digitally produced plates are mailed to the owner's home, usually within 10-14 days of vehicle registration.

A replacement of the standard plate is being requested due to the diminishing readability of the Ad Astra plates. The reflectivity of sheeting decreases by 50.0 percent after five years, making the plates difficult to read, especially at night. The agency indicates such readability challenges are a safety concern for law enforcement.

<b>STANDARD LICENSE PLATE REPLACEMENT</b>		
Item	Agency Request	Governor Recommendation
Ad Astra License Plate Replacement	\$ 25,250,000	\$ 12,625,000
<b>TOTAL</b>	<b>\$ 25,250,000</b>	<b>\$ 12,625,000</b>

**The Governor does not recommend complete adoption of this request. The Governor recommends transferring \$12.6 million from the State Highway Fund to the agency for replacing all embossed licensed plates (not digitally produced). Additionally, the Governor recommends that federal American Rescue Plan Act (ARPA) funds be used, if available.**

## PROGRAM AND PERFORMANCE MEASURES OVERVIEW

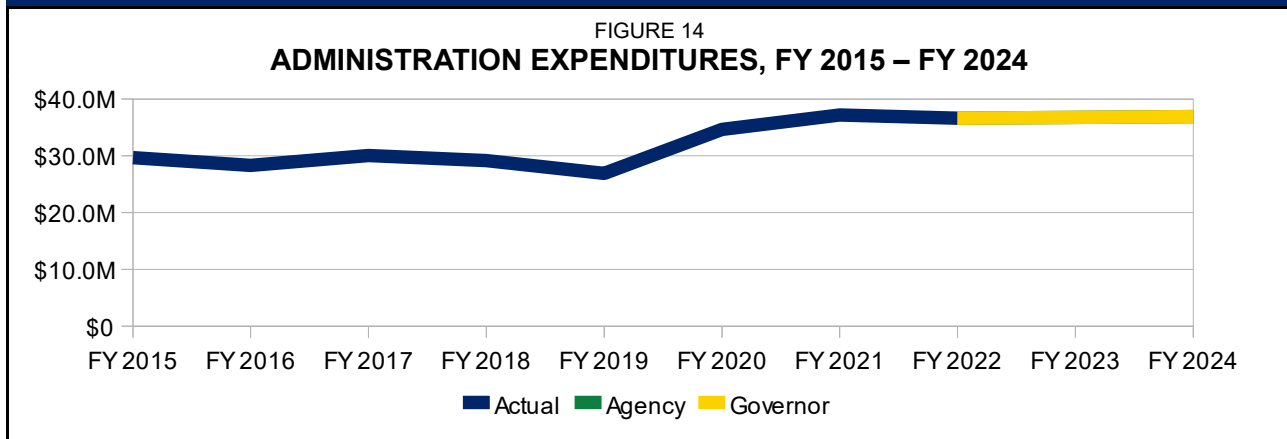
FIGURE 13  
**EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024**

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Expenditures:</b>					
Administration	\$ 36,632,017	\$ 36,755,660	\$ 36,755,660	\$ 36,901,537	\$ 36,901,537
Aid to Local Units	4,394,844	6,105,710	6,105,710	5,606,710	5,606,710
Alcoholic Beverage Control	3,059,453	3,415,876	3,415,876	3,432,663	3,432,663
Motor Vehicles	34,905,314	34,715,820	34,715,820	60,187,274	47,562,274
Property Valuation	4,229,413	4,708,847	4,708,847	4,730,568	4,730,568
Tax Administration	26,778,166	28,342,891	28,342,891	28,021,680	28,021,680
<b>TOTAL</b>	<b><u>\$ 109,999,207</u></b>	<b><u>\$ 114,044,804</u></b>	<b><u>\$ 114,044,804</u></b>	<b><u>\$ 138,880,432</u></b>	<b><u>\$ 126,255,432</u></b>
<b>FTE Positions:</b>					
Administration	273.3	273.2	273.2	273.2	273.2
Aid to Locals	-	-	-	-	-
Alcoholic Beverage Control	38.8	36.8	36.8	36.8	36.8
Motor Vehicles	352.2	352.6	352.6	352.6	352.6
Property Valuation	35.1	35.1	35.1	35.1	35.1
Tax Administration	349.8	359.5	359.5	359.5	359.5
<b>TOTAL</b>	<b><u>1,049.2</u></b>	<b><u>1,057.2</u></b>	<b><u>1,057.2</u></b>	<b><u>1,057.2</u></b>	<b><u>1,057.2</u></b>

### **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 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 (OITS) for server and network operations, system enhancements and development, and statewide disaster recovery operations; and maintains the agency 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 15  
**ADMINISTRATION, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Percent of fiscal notes completed within five working days	80.0 %	89.0 %	83.0 %	80.0 %	80.0 %
2. Number of final fiscal notes completed	372	292	319	225	225
<b>Output Measure:</b>					
3. Administrative tax appeals docketed*	279	406	311.7	500	500
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 6,322,692	\$ 5,650,290		\$ 3,512,520	\$ 3,544,063
Federal Funds	140,519	-		-	-
All Other Funds	30,753,706	30,981,727		33,243,140	33,357,474
<b>TOTAL</b>	<u>\$ 37,216,917</u>	<u>\$ 36,632,017</u>		<u>\$ 36,755,660</u>	<u>\$ 36,901,537</u>
<b>Percentage Change:</b>					
SGF	(11.4) %	(10.6) %		(37.8) %	0.9 %
All Funds	4.6 %	(1.6) %		0.3 %	0.4 %
FTE Positions	273.2	273.2		273.2	273.2

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

## BUDGET ANALYSIS

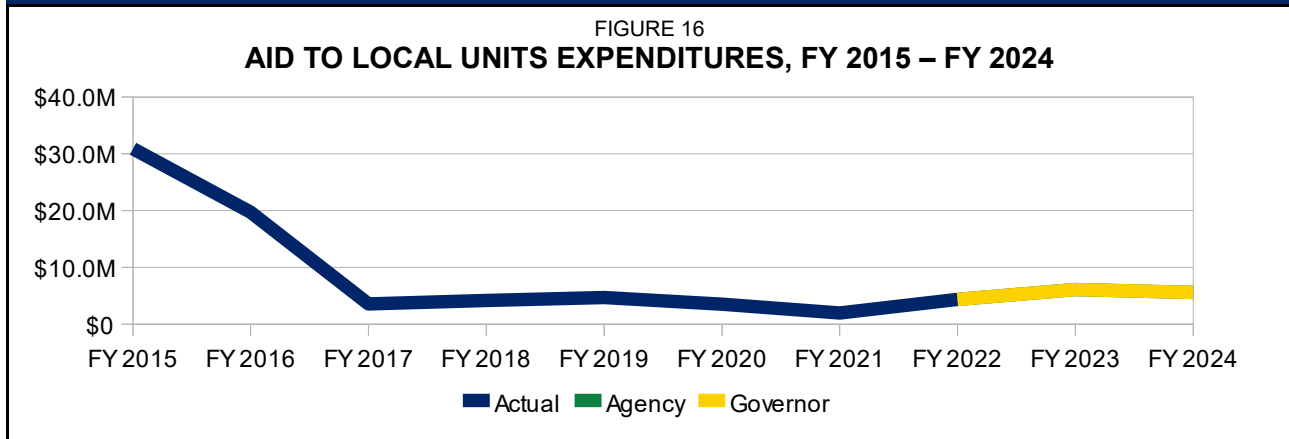
### FY 2024 BUDGET

The agency requests Administration program expenditures of \$36.9 million, including \$3.5 million SGF, for FY 2024. The request is an all funds increase of \$145,877, or 0.4 percent, including an SGF increase of \$31,543, or 0.9 percent, above the FY 2023 revised estimate.

The increases are primarily for longevity pay and employer contributions for group health insurance.

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

## AID TO LOCAL UNITS



**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 Local Units 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 17  
**AID TO LOCAL UNITS, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Percentage of aid payments distributed on schedule	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	1,993,678	4,394,844		6,105,710	5,606,710
<b>TOTAL</b>	<u>\$ 1,993,678</u>	<u>\$ 4,394,844</u>		<u>\$ 6,105,710</u>	<u>\$ 5,606,710</u>
<b>Percentage Change:</b>					
SGF	-- %	--		--	--
All Funds	(44.0) %	120.4 %		38.9 %	(8.2) %
FTE Positions	--	--		--	--

## BUDGET ANALYSIS

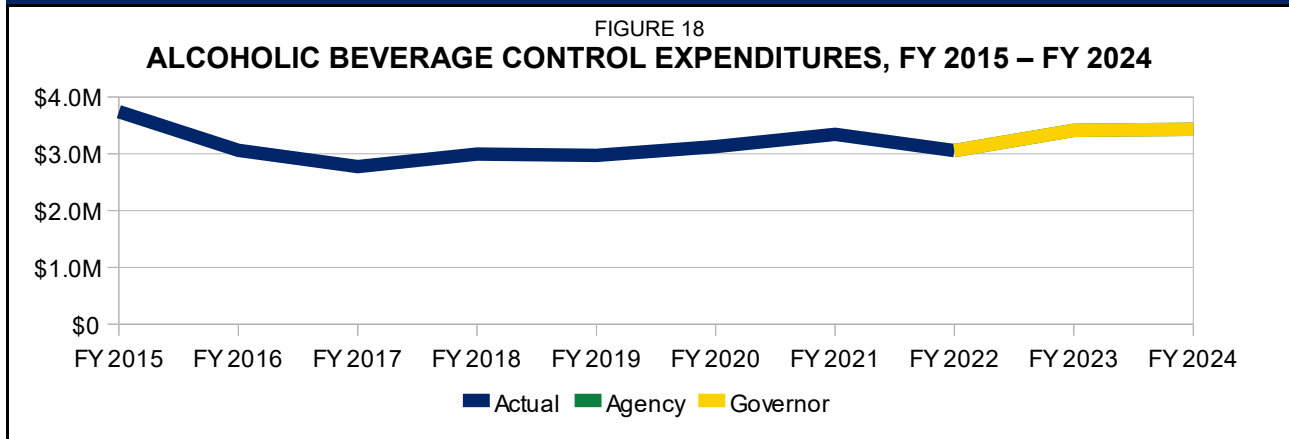
### FY 2024 BUDGET

The agency requests Aid to Local Units program expenditures of \$5.6 million, all from special revenue funds, which is a decrease of \$499,000, or 8.2 percent, below the FY 2023 revised estimate. The decrease is attributable to

revised estimates for the Special County Mineral Production Tax Fund.

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

# 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 filing 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 19  
**ALCOHOLIC BEVERAGE CONTROL, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Number of random controlled buys performed for the sale of alcohol to underage persons	291	922	539	950	950
2. Compliance rate for the controlled buys for the sale of alcohol to underage persons	84.0 %	83.0 %	84.0 %	85.0 %	85.0 %
3. ABC regulation cost per licensee*	\$ 545.47	\$ 455.68	\$ 506.02	\$ 509.83	\$ 512.34
<b>Output Measure:</b>					
4. Liquor enforcement tax violations*	24	30	24.7	30	30
5. Liquor drink tax violations*	119	203	142.3	200	200
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	12,047	53,738		50,000	50,000
All Other Funds	3,329,486	3,005,715		3,365,876	3,382,663
<b>TOTAL</b>	<u>\$ 3,341,533</u>	<u>\$ 3,059,453</u>		<u>\$ 3,415,876</u>	<u>\$ 3,432,663</u>
<b>Percentage Change:</b>					
SGF	-- %	--		--	--
All Funds	6.8 %	(8.4) %		11.6 %	0.5 %
FTE Positions	39.8	38.8		36.8	36.8

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

## BUDGET ANALYSIS

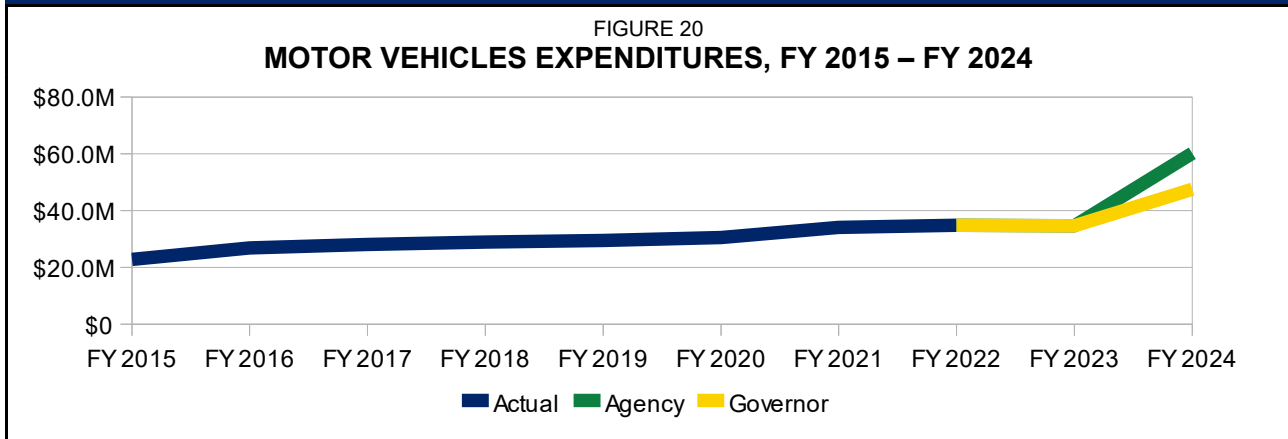
### FY 2024 BUDGET

The agency requests Alcoholic Beverage Control expenditures of \$3.4 million, all from special revenue funds, which is an increase of \$16,787, or 0.5 percent, above the FY 2023 revised estimate. The increase is attributable to

employer contributions for group health insurance, partially offset by a decrease in KPERS employer contributions.

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

## 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 needs 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 oversized/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 21  
**MOTOR VEHICLES, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Average wait time at ten largest driver's license offices	09 min. 15 sec.	07 min. 05 sec.	08 min. 56 sec.	09 min. 40 sec.	09 min. 30 sec.
2. Cost per registered vehicle*	\$ 3.33	\$ 2.98	\$ 3.30	\$ 3.45	\$ 11.68
3. Cost per active credential*	\$ 10.44	\$ 9.81	\$ 10.12	\$ 10.53	\$ 10.44
<b>Output Measure:</b>					
4. Number of licenses/ID cards processed*	613,500	625,000	596,566	\$ 638,000	\$ 640,000
5. Percentage of online/mobile app renewals process at county treasurers*	27.6 %	30.3 %	29.9 %	30.5 %	30.5 %
<b>Financing</b>					
	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	34,070,507	34,905,314		34,715,820	47,562,274
<b>TOTAL</b>	<u>\$34,070,507</u>	<u>\$34,905,314</u>		<u>\$34,715,820</u>	<u>\$47,562,274</u>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	11.3 %	2.5 %		(0.5) %	37.0 %
FTE Positions	349.0	352.2		352.6	352.6

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

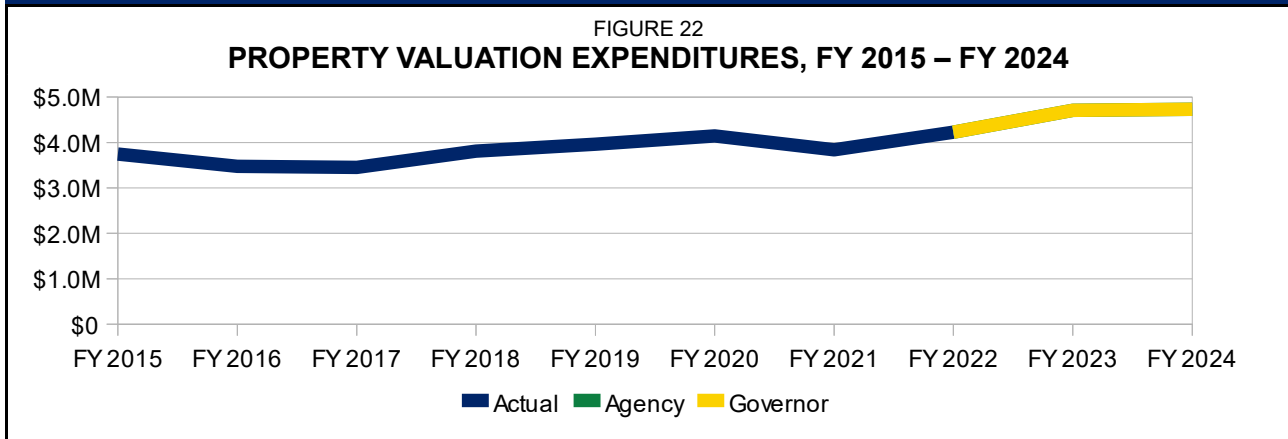
## BUDGET ANALYSIS

### FY 2024 BUDGET

The agency requests Motor Vehicles program expenditures totaling \$60.2 million, all from special revenue funds, which is an increase of \$25.5 million, or 73.4 percent, above the FY 2023 revised estimate. The increase is primarily attributable to the agency's enhancement request for complete replacement of the standard license plate.

The **Governor** recommends FY 2024 expenditures of \$47.6 million, all from special revenue funds, for the Motor Vehicles program. This is a decrease of \$12.6 million, or 21.0 percent, below the agency's FY 2024 request. This decrease is primarily attributable to the Governor not fully recommending the agency's enhancement request for replacement of the standard license plate in full.

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

FIGURE 23  
**PROPERTY VALUATION, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Percent of residential valuations meeting state appraisal compliance standards*	99.0 %	92.0 %	96.7 %	90.0 %	99.0 %
2. Percent of commercial valuations meeting state appraisal compliance standards	80.0 %	53.0 %	76.7 %	50.0 %	95.0 %

FIGURE 23  
**PROPERTY VALUATION, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
3. Tax dollars generated from distribution to counties based on assessed value (in millions)*	\$ 654.2	\$ 680.4	\$ 652.5	\$ 707.6	\$ 735.9
<b>Output Measure:</b>					
4. Number of counties with qualified appraisers	98	103	102	105	105
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 612,817	\$ 606,766		\$ 1,278,430	\$ 1,523,594
Federal Funds	-	-		-	-
All Other Funds	3,227,482	3,622,647		3,430,417	3,206,974
<b>TOTAL</b>	<u>\$ 3,840,299</u>	<u>\$ 4,229,413</u>		<u>\$ 4,708,847</u>	<u>\$ 4,730,568</u>
<b>Percentage Change:</b>					
SGF	(50.7) %	(1.0) %		110.7 %	19.2 %
All Funds	(7.4) %	10.1 %		11.3 %	0.5 %
FTE Positions	35.1	35.1		35.1	35.1

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

## BUDGET ANALYSIS

### FY 2024 BUDGET

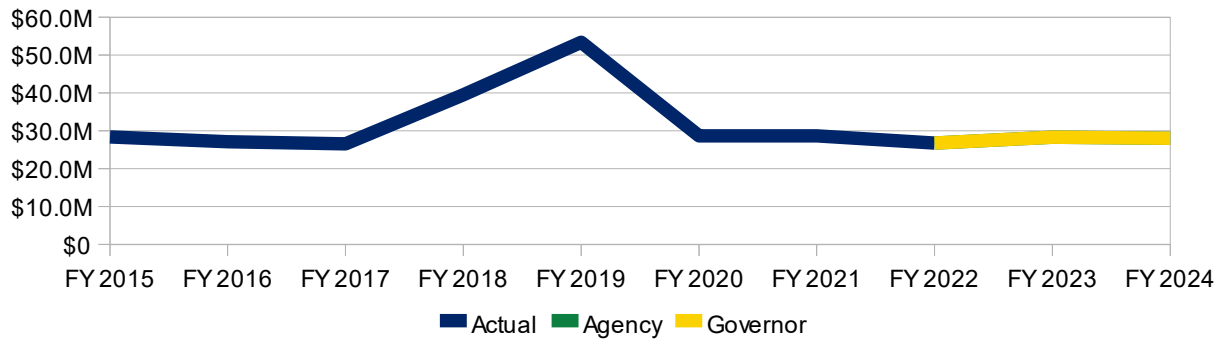
The agency requests Property Valuation program expenditures of \$4.7 million, including \$1.5 million SGF, for FY 2024. The request includes an all funds increase of \$21,721, or 0.5 percent, including an SGF increase of \$245,164, or 19.2 percent, above the FY 2023 revised estimate. The all funds increase is attributable to increased employer contributions for group health insurance. The SGF increase is

related to the exhaustion of the available balance in the Vehicle Information Processing System (VIPS)/CAMA Fee Fund for FY 2024.

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

## TAX ADMINISTRATION

### TAX ADMINISTRATION EXPENDITURES, FY 2015 – FY 2024



**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 24  
**TAX ADMINISTRATION, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Percent of written correspondence resolved within 30 days*	97.0 %	81.0 %	88.3 %	85.0 %	85.0 %
2. Compliance rate for random controlled buys for the sale of cigarette/tobacco products to minors	93.0 %	93.0 %	93.7 %	90.0 %	90.0 %
3. Delinquent tax collections (in millions)	\$ 206.9	\$ 213.6	\$ 194.4	\$ 210.0	\$ 210.0
4. Delinquent tax accounts receivable turnover ratio*	0.78	0.70	0.61	0.75	0.75
<b>Output Measure:</b>					
5. Individual income tax returns filed*	1,819,361	1,595,337	1,636,397	1,650,000	1,650,000
6. Sales and use tax returns filed*	802,944	791,012	775,769	795,000	795,000
7. Percentage of electronically filed individual income tax return refunds issued within 14 days of receipt*	94.0 %	97.0 %	95.0 %	97.0 %	97.0 %
<b>Financing</b>	<b>Actual FY 2021</b>	<b>Actual FY 2022</b>		<b>Governor FY 2023</b>	<b>Governor FY 2024</b>
SGF	\$ 8,312,786	\$ 8,517,274		\$ 10,621,848	\$ 10,950,578
Federal Funds	47,335	56,428		30,000	30,000
All Other Funds	20,359,540	18,204,898		17,691,043	17,041,102
<b>TOTAL</b>	<b>\$28,719,661</b>	<b>\$26,778,600</b>		<b>\$28,342,891</b>	<b>\$28,021,680</b>
<b>Percentage Change:</b>					
SGF	12.2 %	2.5 %		24.7 %	3.1 %
All Funds	4.9 %	(6.8) %		5.8 %	(1.1) %
FTE Positions	353.0	349.8		359.5	359.5

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

## BUDGET ANALYSIS

The agency requests Tax Administration program expenditures of \$28.0 million, including \$11.0 million SGF, for FY 2024. The request is an all funds decrease of \$321,211, or 1.1 percent, below the FY 2023 revised estimate.

This includes an SGF increase of \$328,730, or 3.1 percent, above the FY 2023 revised estimate.

This change is attributable to increased salaries and wages fringe benefits expenditures, partially offset by reductions in

building space and software expenditures. Outdated software is being replaced with software that will assist with ensuring returns are processed correctly when tax laws change.

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