

Kansas Department of Revenue

Expenditure	Actual FY 2021	Approved FY 2022	Approved FY 2023
All Funds:			
State Operations	\$ 107,160,904	\$ 104,898,595	\$ 107,318,512
Aid to Local Units	1,993,678	2,662,790	3,491,210
Other Assistance	12,200	-	-
<i>Subtotal - Operating</i>	<u>\$ 109,166,782</u>	<u>\$ 107,561,385</u>	<u>\$ 110,809,722</u>
Capital Improvements	-	-	-
TOTAL	<u>\$ 109,166,782</u>	<u>\$ 107,561,385</u>	<u>\$ 110,809,722</u>
State General Fund:			
State Operations	\$ 15,245,875	\$ 14,800,068	\$ 15,387,060
Aid to Local Units	-	-	-
Other Assistance	2,420	-	-
<i>Subtotal - Operating</i>	<u>\$ 15,248,295</u>	<u>\$ 14,800,068</u>	<u>\$ 15,387,060</u>
Capital Improvements	-	-	-
TOTAL	<u>\$ 15,248,295</u>	<u>\$ 14,800,068</u>	<u>\$ 15,387,060</u>
Percent Change:			
Operating Expenditures			
All Funds	4.1 %	(1.5)%	3.0 %
State General Fund	(4.5)	(2.9)	4.0
FTE Positions	1,049.2	1,049.2	1,049.2

The approved budget for the Kansas Department of Revenue in FY 2022 is \$107.6 million, including \$14.8 million SGF. This is an all funds decrease of \$1.6 million, or 1.5 percent, and an SGF decrease of \$448,227, or 2.9 percent, below FY 2021 actual expenditures. The reductions are primarily in contractual services and capital outlay. The contractual services reduction is in information technology (IT) consulting and tied to completion of the channel management upgrade project. The capital outlay reduction is similarly tied to the channel management upgrade project and is due to reduced IT equipment expenditures.

These reductions are partially offset by an increase of \$816,810 in salaries and wages and \$669,112 for aid to local units of government. The salaries and wages increase is contained in the Tax Administration Program and is largely related to a reduction in shrinkage.

The approved budget for the Kansas Department of Revenue for FY 2023 is \$110.8 million, including \$15.4 million SGF. The budget is an all funds increase of \$3.2 million, or 3.0 percent, and an SGF increase of \$586,992, or 4.0 percent, above the FY 2022 approved budget. These increases are attributable to the 5.0 percent salary increase for most state employees (\$2.7 million, including \$525,864 SGF) and expenditures from the Taxpayer Notification Fund used to reimburse printing and postage costs for counties to send out notices with the revenue neutral rate beginning in tax year 2022 (\$1.2 million). These increases are partially offset by a reduction in the estimate for the Special County Mineral Production Tax Fund transfer (\$316,050), reductions in IT systems consulting with the conclusion of the channel management upgrade project (\$220,000), and reduced contract counsel expenditures in the *Bicknell* litigation (\$250,000).

In addition to the expenditure adjustments above, the approved budget also includes the transfer of \$1.0 million from the SGF to the Division of Vehicles Modernization Fund due to the elimination of the Division of Vehicles Modernization surcharge. The appropriations bill also includes language prohibiting the Kansas Department of Revenue from imposing sales tax on video streaming providers providing subscriber access only to a content library for FY 2023.

Kansas Department of Revenue

	FY 2022			FY 2023		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate	\$ 14,800,068	\$ 107,561,385	1,049.2	\$ 14,800,558	\$ 106,875,289	1,049.2
Governor's Changes:						
1. Food Sales Tax Administration	\$ 287,531	\$ 287,531	-	\$ 525,864	\$ 525,864	8.0
2. Vehicle Modernization Surcharge	-	-	-	-	-	-
3. Taxpayer Notification Costs	-	-	-	-	1,190,710	-
<i>Subtotal - Governor's Recommendation</i>	<u>\$ 15,087,599</u>	<u>\$ 107,848,916</u>	<u>1,049.2</u>	<u>\$ 15,326,422</u>	<u>\$ 108,591,863</u>	<u>1,057.2</u>
Change from Agency Est.	\$ 287,531	\$ 287,531	-	\$ 525,864	\$ 1,716,574	8.0
Percent Change from Agency Est.	1.9 %	0.3 %	-- %	3.6 %	1.6 %	0.8 %
Legislative Action:						
4. Appropriate Funds	\$ -	\$ -	-	\$ -	\$ -	-
5. Motor Fuel Tax Refund	-	-	-	-	-	-
6. Sales Tax Refund	-	-	-	-	-	-
7. Streaming Services Taxation	-	-	-	(18)	(18)	-
8. Salary Increase	-	-	-	586,520	2,743,741	-
9. Food Sales Tax Administration	(287,531)	(287,531)	-	(525,864)	(525,864)	(8.0)
TOTAL APPROVED	<u>\$ 14,800,068</u>	<u>\$ 107,561,385</u>	<u>1,049.2</u>	<u>\$ 15,387,060</u>	<u>\$ 110,809,722</u>	<u>1,049.2</u>
Change from Gov. Rec.	\$ (287,531)	\$ (287,531)	-	\$ 60,638	\$ 2,217,859	(8.0)
Percent Change from Gov. Rec.	(1.9)%	(0.3)%	0.0 %	0.4 %	2.0 %	(0.8)%
Change from Agency Est.	\$ -	\$ -	-	\$ 586,502	\$ 3,934,433	-
Percent Change from Agency Est.	-- %	-- %	0.0 %	4.0 %	3.7 %	0.0%

1. The Governor added \$287,531 SGF in FY 2022 and \$525,864 SGF and 8.0 FTE positions for FY 2023 for administrative implementation costs for eliminating the food sales tax.
2. The Governor added language to eliminate the \$4.00 Division of Vehicles Modernization Surcharge on July 1, 2022. To fund expenditures from the Division of Vehicles Modernization Fund, the Governor recommended transferring \$1.0 million to this fund from the SGF for FY 2023.
3. The Governor added \$1.2 million, all from special revenue funds, for postage to fund the taxpayer notification costs for property tax requirements contained in 2021 SB 13 for FY 2023.
4. The Legislature appropriated the Kansas Historic Site Fund and the Gage Park Improvement Authority Sales Tax Fund established in Senate Sub. for HB 2239 for FY 2023.
5. The Legislature paid \$29,457 from the Motor Fuel Tax Refund Fund for a claim against the State for taxes paid on fuel used for school buses and off-highway uses including farming in FY 2022.
6. The Legislature paid \$47,789 from the Sales Tax Refund Fund for a claim against the State for reimbursement of overages resulting from the excess prepayment of sales taxes to OneNeck IT solutions in FY 2022.
7. The Legislature deleted \$17.99 SGF, reviewed the agency policy on taxation of streaming service, and added language stating that no expenditures shall be made to tax an internet-based subscription service providing subscriber access only to a content library for FY 2023.
8. The Legislature added \$2.7 million, including \$586,520 SGF, for a 5.0 percent salary increase for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.
9. The Legislature deleted \$287,531 SGF in FY 2022 and \$525,864 SGF and 8.0 FTE positions for FY 2023 for administrative implementation costs for eliminating the food sales tax.