

House Budget Committee Report

Agency: Kansas Department of Revenue

Bill No. House Sub. for SB
161

Bill Sec. 35

Analyst: Dapp

Analysis Pg. No. 341

Budget Page No. 145

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,137,182	\$ 16,537,182	\$ 0
Other Funds	85,594,373	81,532,373	0
Subtotal	\$ 100,731,555	\$ 98,069,555	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 100,731,555	 \$ 98,069,555	 \$ 0
 FTE positions	 920.7	 968.7	 0.0
Non FTE Uncl. Perm. Pos.	152.3	152.3	0.0
TOTAL	1,073.0	1,121.0	0.0

Agency Request

The **agency** requests a revised estimate for FY 2017 expenditures of \$100,731,555, including \$15,137,182 from the State General Fund. The all funds request is a decrease of \$513,897, or less than 1.0 percent, below the amount approved by the 2015 Legislature, the State General Fund request is the same as the amount approved. The all funds decrease is primarily attributable to reduced aid to local units almost entirely as a result of reduced severance tax receipts from lower than expected oil and gas production due to falling prices, accompanied by reduced expenditures on commodities. These decreases are partially offset by increased expenditures on salaries and wages and capital outlay. The agency requests 920.7 FTE positions and 152.3 non-FTE unclassified permanent positions for a total of 1,073.0 positions, the same as the amount approved by the 2015 Legislature.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate for FY 2017 and further recommends the following: add \$2.4 million, all from the State General Fund, and 27.0 new FTE positions (48.0 total FTE including the 21.0 recommended in FY 2016) in the Tax Operations program to enhance delinquent tax debt collections; reduce expenditures from the Kansas Qualified Agricultural Ethyl Alcohol Producer Fund by \$3.5 million and transfer this amount to the State General Fund (there are no planned expenditures from this fund for FY 2017); reduce

expenditures from the State General Fund by \$1.0 million (continuation of \$1.0 million reduction made in FY 2016); and, reduce expenditures from the Division of Vehicles Operating Fund by \$562,000, transferring this amount to the State General Fund to allow the agency to send out postcards in lieu of vehicle registration notice letters.

House Action

There was no budgetary action taken during the budget committee meetings. The House Appropriations Committee and House Committee of the Whole on House Sub. for SB 161 concurred with the Governor's recommendation with no adjustments.

Senate Subcommittee Report

Agency: Kansas Department of Revenue **Bill No.** Senate Sub. for HB 2365 **Bill Sec. --**

Analyst: Dapp **Analysis Pg. No.** 341 **Budget Page No.** 145

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 15,137,182	\$ 16,537,182	\$ 0
Other Funds	85,594,373	81,532,373	0
Subtotal	<u>\$ 100,731,555</u>	<u>\$ 98,069,555</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 100,731,555</u></u>	<u><u>\$ 98,069,555</u></u>	<u><u>\$ 0</u></u>
FTE positions	920.7	968.7	0.0
Non FTE Uncl. Perm. Pos.	152.3	152.3	0.0
TOTAL	<u><u>1,073.0</u></u>	<u><u>1,121.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a revised estimate for FY 2017 expenditures of \$100,731,555, including \$15,137,182 from the State General Fund. The all funds request is a decrease of \$513,897, or less than 1.0 percent, below the amount approved by the 2015 Legislature, the State General Fund request is the same as the amount approved. The all funds decrease is

primarily attributable to reduced aid to local units almost entirely as a result of reduced severance tax receipts from lower than expected oil and gas production due to falling prices, accompanied by reduced expenditures on commodities. These decreases are partially offset by increased expenditures on salaries and wages and capital outlay. The agency requests 920.7 FTE positions and 152.3 non-FTE unclassified permanent positions for a total of 1,073.0 positions, the same as the amount approved by the 2015 Legislature.

Governor's Recommendation

The **Governor** concurs with the agency's revised estimate for FY 2017 and further recommends the following: add \$2.4 million, all from the State General Fund, and 27.0 new FTE positions (48.0 total FTE including the 21.0 recommended in FY 2016) in the Tax Operations program to enhance delinquent tax debt collections; reduce expenditures from the Kansas Qualified Agricultural Ethyl Alcohol Producer Fund by \$3.5 million and transfer this amount to the State General Fund (there are no planned expenditures from this fund for FY 2017); reduce expenditures from the State General Fund by \$1.0 million (continuation of \$1.0 million reduction made in FY 2016); and, reduce expenditures from the Division of Vehicles Operating Fund by \$562,000, transferring this amount to the State General Fund to allow the agency to send out postcards in lieu of vehicle registration notice letters.

Senate Action

There was no budgetary action taken during the subcommittee meetings. The Senate Ways and Means Committee and Senate Committee of the Whole on Senate Sub. for HB 2365 concurred with the Governor's recommendation with no adjustments.

Conference Action House Sub. for SB 161 and House Sub. for SB 249

The Conference Committee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$324,366, including \$84,118 from the State General Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017. (House Sub. for SB 161)
2. Add \$562,000, all from special revenue funds, to mail motor vehicle registration applications for FY 2017. (House Sub. for SB 161)
3. Add \$127,841, all from special revenue funds, and 2.0 FTE positions for increased expenditures resulting from HB 2289. (House Sub. for SB 249)
4. Concur with GBA No. 1, Item 18, to add \$450,000 and 3.0 FTE positions, all from the State General Fund, for MSA compliance compact with Tribal Nations for FY 2017. (House Sub. for SB 249)

	Governor's Recommendation FY 2017	Legislative Action	Legislative Approved FY 2017	Governor's Veto FY 2017	Final Legislative Approved FY 2017
All Funds					
State Operations	\$ 91,781,071	\$ 365,475	\$ 92,146,546	\$ 0	\$ 92,146,546
Aid to Local Units	6,554,381	0	6,554,381	0	6,554,381
Other Assistance	184,103	0	184,103	0	184,103
Subtotal- Operations	\$ 98,519,555	\$ 365,475	\$ 98,885,030	\$ 0	\$ 98,885,030
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 98,519,555</u>	<u>\$ 365,475</u>	<u>\$ 98,885,030</u>	<u>\$ 0</u>	<u>\$ 98,885,030</u>
State General Fund					
State Operations	\$ 16,987,182	\$ (84,118)	\$ 16,903,064	\$ 0	\$ 16,903,064
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Subtotal-Operating	\$ 16,987,182	\$ (84,118)	\$ 16,903,064	\$ 0	\$ 16,903,064
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 16,987,182</u>	<u>\$ (84,118)</u>	<u>\$ 16,903,064</u>	<u>\$ 0</u>	<u>\$ 16,903,064</u>
FTE Positions	968.7	5.0	973.7	0.0	973.7
Non-FTE Unclass. Perm. Pos.	152.3	0.0	152.3	0.0	152.3
TOTAL	<u>1,121.0</u>	<u>5.0</u>	<u>1,126.0</u>	<u>0.0</u>	<u>1,126.0</u>