

Kansas Department of Revenue

Expenditure	Actual FY 2015	Approved FY 2016	Approved FY 2017
All Funds:			
State Operations	\$ 85,469,133	\$ 89,018,241	\$ 92,146,546
Aid to Local Units	30,919,155	21,137,994	6,554,381
Other Assistance	2,835,700	2,276,701	184,103
<i>Subtotal - Operating</i>	<u>\$ 119,223,988</u>	<u>\$ 112,432,936</u>	<u>\$ 98,885,030</u>
Capital Improvements	-	-	-
TOTAL	<u><u>\$ 119,223,988</u></u>	<u><u>\$ 112,432,936</u></u>	<u><u>\$ 98,885,030</u></u>
State General Fund:			
State Operations	\$ 13,902,557	\$ 13,058,476	\$ 16,903,064
Aid to Local Units	-	-	-
Other Assistance	180,731	21,045	-
<i>Subtotal - Operating</i>	<u>\$ 14,083,288</u>	<u>\$ 13,079,521</u>	<u>\$ 16,903,064</u>
Capital Improvements	-	-	-
TOTAL	<u><u>\$ 14,083,288</u></u>	<u><u>\$ 13,079,521</u></u>	<u><u>\$ 16,903,064</u></u>
Percent Change:			
Operating Expenditures			
All Funds	5.1 %	(5.7)%	(12.0)%
State General Fund	(1.7)	(7.1)	29.2
FTE Positions	944.0	941.7	973.7
Non-FTE Unclass. Perm. Pos.	128.0	152.3	152.3
TOTAL	<u><u>1,072.0</u></u>	<u><u>1,094.0</u></u>	<u><u>1,126.0</u></u>

The approved budget for the Kansas Department of Revenue in FY 2016 is \$112.4 million, including \$13.1 million from the State General Fund, which is an all funds decrease of \$6.8 million, or 5.7 percent, and a State General Fund decrease of \$1.0 million, or 7.1 percent, below FY 2015 actual expenditures. 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 approved budget for the Kansas Department of Revenue for FY 2017 is \$98.9 million, including \$16.9 million from the State General Fund, which is an all funds decrease of \$13.5 million, or 12.0 percent, below the FY 2016 approved budget. The approved amount is a State General Fund increase of \$3.8 million, or 29.2 percent, above the FY 2016 approved budget. The all funds decrease is attributable to reduced contractual service and aid to local units expenditures, specifically the discontinuation of distribution to local units from the Oil and Gas Valuation Depletion Trust Fund. The State General Fund increase is primarily attributable to salary and wage increases, specifically \$2.4 million for 27.0 new FTE positions in the tax operations division to enhance delinquent tax debt collections.

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	FY 2016			FY 2017		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate/Request	\$ 12,579,521	\$ 113,561,383	920.7	\$ 15,137,182	\$ 100,731,555	920.7
Governor's Changes:						
1. Ethanol Incentive Payment Reduction	\$ -	\$ (1,628,447)	-	\$ -	\$ (3,500,000)	-
2. Delinquent Debt Collection/Account Resolution Enhancement	500,000	500,000	21.0	2,400,000	2,400,000	48.0
3. SGF Operating Budget Reductions	-	-	-	(1,000,000)	(1,000,000)	-
4. Motor Vehicle Registration Changes	-	-	-	-	(562,000)	-
5. GBA No. 1, Item 18 MSA Compliance Compact with Tribal Nations	-	-	-	450,000	450,000	3.0
Total Governor's Recommendation	\$ 13,079,521	\$ 112,432,936	941.7	\$ 16,987,182	\$ 98,519,555	971.7
Change from Agency Est.	\$ 500,000	\$ (1,128,447)	21.0	\$ 1,850,000	\$ (2,212,000)	51.0
Percent Change from Agency Est.	4.0 %	(1.0)%	2.3 %	12.2 %	(2.2)%	5.5 %
Legislative Action:						
6. KPERS Death and Disability Reduction	\$ -	\$ -	-	\$ (84,118)	\$ (324,366)	-
7. Motor Vehicle Registration Changes	-	-	-	-	562,000	-
8. HB 2289	-	-	-	-	127,841	2.0
TOTAL APPROVED	\$ 13,079,521	\$ 112,432,936	941.7	\$ 16,903,064	\$ 98,885,030	973.7
Change from Gov. Rec.	\$ 0	\$ 0	0.0	\$ (84,118)	\$ 365,475	2.0
Percent Change from Gov. Rec.	0.0 %	0.0 %	0.0 %	(0.5)%	0.4 %	0.2 %
Change from Agency Est.	\$ 500,000	\$ (1,128,447)	21.0	\$ 1,765,882	\$ (1,846,525)	53.0
Percent Change from Agency Est.	4.0 %	(1.0)%	2.3 %	11.7 %	(1.8)%	5.8 %

1. The Governor deleted \$1.6 million, all from special revenue funds, in FY 2016 and \$3.5 million, all from special revenue funds, for FY 2017 to reduce expenditures from the Qualified Agricultural Ethyl Alcohol Producer Fund. The agency paid out roughly \$1.8 million in production incentives in FY 2016; which represents the last payment from the fund unless a new ethanol plant were to become operational before July 1, 2018. The Governor's action reduces expenditures by \$1.6 million in FY 2016, reduces expenditures by \$3.5 million in FY 2017 and transfers \$3.5 million from the fund to the State General Fund in FY 2017.
2. The Governor added \$500,000, all from the State General Fund, and 21.0 FTE positions in FY 2016 and \$2.4 million, all from the State General Fund, and 27.0 FTE positions (for a two-year total of 48.0 FTE) to enhance delinquent tax collection.
3. The Governor deleted \$1.0 million, all from the State General Fund, for general operating expenditure reductions for FY 2017.
4. The Governor deleted \$562,000, all from special revenue funds, for savings associated with the agency sending out a post-card in lieu of a vehicle registration renewal letter and application.
5. The Legislature concurred with Governor's Budget Amendment No, 1, Item 18 and added \$450,000, all from the State General Fund, and 3.0 FTE, to meet enforcement requirements of the Master Settlement Agreement (MSA) from the 1998 tobacco settlement for FY 2017.
6. The Legislature deleted \$324,366, including \$84,118 from the State General Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.
7. The Legislature added \$562,000, all from special revenue funds, to mail motor vehicle registration applications and deleted language prohibiting the Department of Revenue from expending any fund to mail motor vehicle registration applications for FY 2017.

8. The Legislature added \$127,841, all from special revenue funds, and 2.0 FTE positions for increased expenditures resulting from 2016 HB 2289. The bill permits the issue of lawful basis for the police encounter, during DUI stops, to be raised at the district court, the Department will be required to add two additional attorney FTE positions.