

STATE BOARD OF TAX APPEALS

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 807,964	\$ 1,044,804	\$ 835,504	\$ 1,157,536	\$ 816,466	\$ 1,157,536	\$ 816,347
Other Funds	899,492	827,852	1,005,193	844,799	1,023,154	916,597	1,094,834
TOTAL	\$ 1,707,456	\$ 1,872,656	\$ 1,840,697	\$ 2,002,335	\$ 1,839,620	\$ 2,074,133	\$ 1,911,181
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,707,456	\$ 1,872,656	\$ 1,840,697	\$ 2,002,335	\$ 1,839,620	\$ 2,074,133	\$ 1,911,181
Percentage Change:							
Operating Expenditures							
State General Fund	(16.1) %	29.3 %	3.4 %	10.8 %	(2.3) %	0.0 %	(0.0) %
All Funds	(15.0)	9.7	7.8	6.9	(0.1)	3.6	3.9
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.0	17.0	17.0	17.0	17.0	17.0	17.0

AGENCY OVERVIEW

The mission of the State Board of Tax Appeals (BOTA) 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, using all available technology and human resources to best meet the needs of the public.

Regular Division. The Board's regular division has broad jurisdiction to hear and decide tax matters including property tax appeals, appeals from final determinations of the Department of Revenue, tax grievances, applications for exemption from property tax, county-wide 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

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** approved a supplemental appropriation of \$200,000 from the State General Fund to meet a shortfall in the projected revenue of the BOTA Filing Fee Fund in FY 2004.

The **2004 Legislature** also appropriated \$279,220 from the BOTA Filing Fee Fund to finance a portion of the Board's expenditures for FY 2005. To meet its targeted goal, the Board revised its filing fee schedule in October 2004 to increase the

that are appraised at two million dollars or less. This division also may hear appeals from the Department of Revenue, Division of Taxation, if the amount of tax in controversy does not exceed fifteen thousand dollars.

Statutory Authority. The Kansas State Board of Tax Appeals is a specialized board within the executive branch of state government. The Board's predecessor in authority was the Kansas Court of Tax Appeals. The State Court of Tax Appeals was established on July 1, 2008, pursuant to House Bill 2018.

The Board of Tax Appeals 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 that it is not affiliated with the Kansas Department of Revenue or any other taxing authority. The Board of Tax Appeals is a neutral decision-making body.

amount of revenue generated in the BOTA Filing Fee Fund. The Board increased the scope and the amount of filing fees for cases filed with the Regular Division and implemented filing fees for certain types of cases filed with the Small Claims Division.

The **2008 Legislature** passed 2008 Senate Sub. for HB 2018 which renamed the State Board of Tax Appeals to the State Court of Tax Appeals and created a Chief Hearing Officer position. The Legislature also appropriated \$165,000, all from

the State General Fund, for the new position and the reconfiguration of the office workspace and furniture.

The **2010 Legislature** increased the Board of Tax Appeals Filing Fee Fund for FY 2010 and FY 2011. For 2010 the Legislature added \$18,000 and increased the expenditure limitation on the agency's Filing Fee Fund from \$589,299 to \$607,299. For 2011 the Legislature added \$33,000 and increased the agency's Filing Fee Fund from \$648,777 to \$681,777. The expenditure limitation increase for both FY 2010 and FY 2011 was used to offset reductions in the agency's State General Fund appropriation and was used to fund agency operations.

The **2010 Legislature** deleted \$33,986, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency estimates** FY 2015 operating expenditures of \$1,872,656, including \$1,044,804 from the State General Fund. The revised estimate is an increase of \$24,300, or 1.3 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the Governor's allotment plan that

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$1,840,697, including \$835,504 from the State General Fund. The recommendation is an overall decrease of

The **2011 Legislature** added \$325,000, all from the State General Fund to restore a portion of the Board of Tax Appeal's FY 2012 State General Fund reduction of \$625,000.

The **2011 Legislature** added language authorizing the Board of Tax Appeals to study the necessary statutory changes needed to raise filing fees for FY 2013.

The **2014 Legislature** passed House Sub. for SB 231 which made a number of changes in the power, duties, and functions of the State Court of Tax Appeals (COTA), especially with regard to property tax valuation appeals. The bill renamed that body the State Board of Tax Appeals (BOTA); made several changes with respect to how property may be valued for taxation purposes; and lowered the interest rate on delinquent property taxes.

included a KPERS employer contribution rate reduction and a 4.0 percent SGF reduction. However, the agency requests an increase of \$185,000, or 21.5 percent, from the State General Fund to offset reduced revenue collected from the BOTA Filing Fee Fund due to changes included in House Sub. for SB 231.

\$31,959, or 1.7 percent, including \$209,300 from the State General Fund, below the agency's revised FY 2015 estimate. The recommendation is a decrease of \$7,659, or 0.4 percent,

below the amount approved by the 2014 Legislature. The decrease is attributable to the Governor's December 2014 allotment, specifically a 4.0 percent (6 month) State General

Fund allotment and a reduction to the KPERS employer contribution rate.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of \$2,002,335, including \$1,157,536 from the State General Fund. The request is an all funds increase of \$129,679 or 6.9 percent, including a State General Fund increase of \$112,732 or 10.8 percent, above the agency's revised 2015 estimate. The increase is attributable to increased contractual service expenditures due to changes included in House Sub. for SB 231 where neither the agency's staff attorneys, nor any employees of the Board, can be used to conduct small claims hearings. As

a result, the agency will contract hearing officers for these proceedings. This increase in contractual service expenditures is partially offset by decreased expenditures salary and wages and commodities. Included in the agency's State General Fund request is \$185,000 to offset reduced revenue collected from the BOTA Filing Fee Fund due to changes included in House Sub. for SB 231. **Absent the enhancement**, the agency requests \$1,702,335, including \$857,536 from the State General Fund.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$1,839,620, including \$816,466 from the State General Fund. The recommendation is an all funds decrease of \$162,715 or 8.1 percent, including \$341,070, or 29.5 percent, from the State General Fund, below the agency's FY 2016 request. The decrease is attributable to the Governor's

recommended 4.0 percent State General Fund operating reduction. Additionally, the Governor recommends a reduction of \$13,414, including \$6,769 from the State General Fund, to reduce employer contributions for state employee health insurance.

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of \$2,074,133, including \$1,157,536 from the State General Fund. The request is an increase of \$71,798, or 3.6 percent, all from special revenue funds, above the the agency's FY 2016 request. The increase is attributable to salaries and wages,

specifically expenses related to the 27th pay period that occurs in the fiscal year. **Absent the enhancement**, the agency requests \$1,774,133, including \$857,536 from the State General Fund.

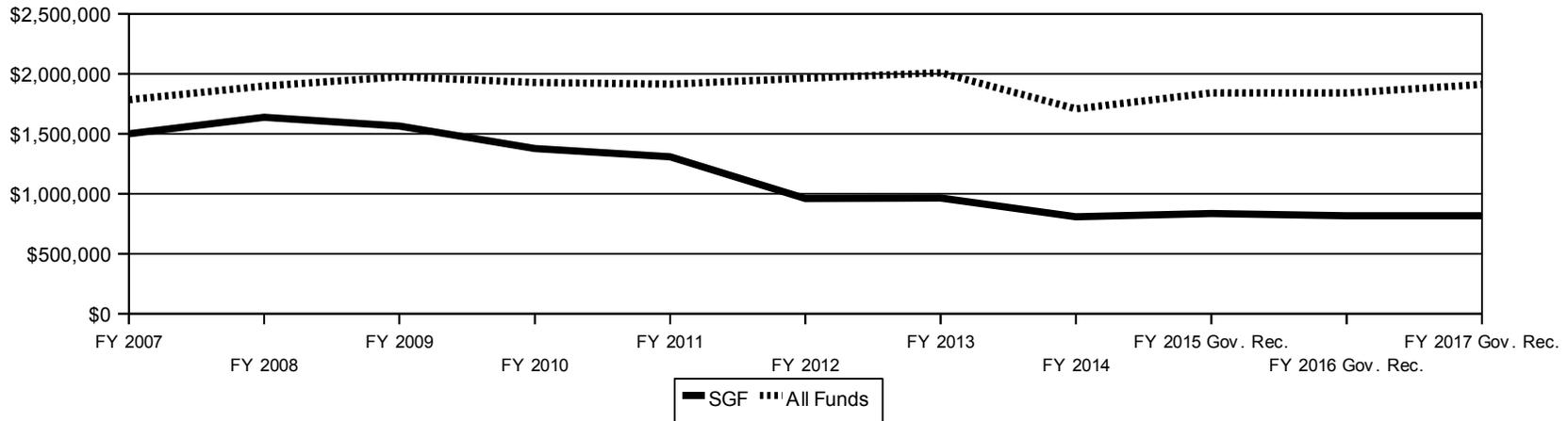
FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$1,911,181, including \$816,347 from the State General Fund. The recommendation is an all funds decrease of \$162,952 or 7.9 percent, including \$341,189, or 29.5 percent, from the State General Fund, below the agency's FY 2017 request. The decrease is attributable to the Governor's

recommended 4.0 percent State General Fund operating reduction. Additionally, the Governor recommends a reduction of \$13,651, including \$6,888 from the State General Fund, to reduce employer contributions for state employee health insurance.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 1,499,439	9.9 %	\$ 1,783,698	6.5 %	26.0
2008	1,637,235	9.2	1,897,939	6.4	26.0
2009	1,563,323	(4.5)	1,974,612	4.0	26.0
2010	1,376,801	(11.9)	1,927,453	(2.4)	26.0
2011	1,307,773	(5.0)	1,913,712	(0.7)	18.0
2012	960,625	(26.5)	1,962,678	2.6	18.0
2013	963,272	0.3	2,008,930	2.4	18.0
2014	807,964	(16.1)	1,707,456	(15.0)	18.0
2015 Gov. Rec.	835,504	3.4	1,840,697	7.8	17.0
2016 Gov. Rec.	816,466	(2.3)	1,839,620	(0.1)	17.0
2017 Gov. Rec.	816,347	(0.0)	1,911,181	3.9	17.0
Eleven-Year Change	\$ (683,092)	(45.6)%	\$ 127,483	7.1 %	(9.0)

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 1,707,456	\$ 1,872,656	\$ 2,002,335	\$ 129,679	6.9 %	\$ 1,840,697	\$ 1,839,620	\$ (1,077)	-- %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,420,437	\$ 1,559,294	\$ 1,549,890	\$ (9,404)	(0.6) %	\$ 1,544,531	\$ 1,536,476	\$ (8,055)	(0.5)%
Contractual Services	278,226	298,859	442,673	143,814	48.1	281,663	293,372	11,709	4.2
Commodities	8,793	14,503	9,772	(4,731)	(32.6)	14,503	9,772	(4,731)	(32.6)
Capital Outlay	0	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,707,456	\$ 1,872,656	\$ 2,002,335	\$ 129,679	6.9 %	\$ 1,840,697	\$ 1,839,620	\$ (1,077)	(0.1)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,707,456	\$ 1,872,656	\$ 2,002,335	\$ 129,679	6.9 %	\$ 1,840,697	\$ 1,839,620	\$ (1,077)	(0.1)%
Financing:									
State General Fund	\$ 807,964	\$ 1,044,804	\$ 1,157,536	\$ 112,732	10.8 %	\$ 835,504	\$ 816,466	\$ (19,038)	(2.3)%
BOTA Filing Fee Fund	896,345	823,421	840,799	17,378	2.1	1,000,762	1,019,154	18,392	1.8
Duplicating Fee Fund	3,147	4,431	4,000	(431)	(9.7)	4,431	4,000	(431)	(9.7)
TOTAL	\$ 1,707,456	\$ 1,872,656	\$ 2,002,335	\$ 129,679	6.9 %	\$ 1,840,697	\$ 1,839,620	\$ (1,077)	(0.1)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 2,002,335	\$ 2,074,133	\$ 71,798	3.6 %	\$ 1,839,620	\$ 1,911,181	\$ 71,561	3.9 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 1,549,890	\$ 1,616,072	\$ 66,182	4.3 %	\$ 1,536,476	\$ 1,602,421	\$ 65,945	4.3 %
Contractual Services	442,673	447,879	5,206	1.2	293,372	298,578	5,206	1.8
Commodities	9,772	10,182	410	4.2	9,772	10,182	410	4.2
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 2,002,335	\$ 2,074,133	\$ 71,798	3.6 %	\$ 1,839,620	\$ 1,911,181	\$ 71,561	3.9 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 2,002,335	\$ 2,074,133	\$ 71,798	3.6 %	\$ 1,839,620	\$ 1,911,181	\$ 71,561	3.9 %
Financing:								
State General Fund	\$ 1,157,536	\$ 1,157,536	\$ 0	0.0 %	\$ 816,466	\$ 816,347	\$ (119)	(0.0)%
BOTA Filing Fee Fund	840,799	912,597	71,798	8.5	1,019,154	1,090,834	71,680	7.0
Duplicating Fee Fund	4,000	4,000	0	0.0	4,000	4,000	0	0.0
TOTAL	\$ 2,002,335	\$ 2,074,133	\$ 71,798	3.6 %	\$ 1,839,620	\$ 1,911,181	\$ 71,561	3.9 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$859,804 for the State Board of Tax Appeals in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

This adjustment changes the FY 2015 approved State General Fund to \$835,504. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

- A reduction of \$24,300 as the result of the Governor's December 9th State General Fund allotment.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 835,504	\$ 1,044,804	\$ 209,300	\$ 835,504	\$ 0
All Other Funds	1,012,852	827,852	(185,000)	1,005,193	(7,659)
TOTAL	<u>\$ 1,848,356</u>	<u>\$ 1,872,656</u>	<u>\$ 24,300</u>	<u>\$ 1,840,697</u>	<u>\$ (7,659)</u>
FTE Positions	17.0	17.0	0.0	17.0	0.0

The **agency estimates** FY 2015 operating expenditures of \$1,872,656, including \$1,044,804 from the State General Fund. The revised estimate is an increase of \$24,300, or 1.3 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the Governors allotment plan that included a KPERS employer contribution rate reduction and a 4.0 percent SGF reduction. However, the agency requests an increase of \$185,000, or 21.5 percent, from the State General Fund to offset reduced revenue collected from the BOTA Filing Fee Fund due to changes included in House Sub. for SB 231.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of \$1,559,294, including \$750,376 from the State General Fund in FY 2015. The all funds request is an increase of \$21,742, or 1.4 percent and a State General Fund an increase of \$32,542, or 1.4 percent, above the amount approved by the 2014 Legislature. The change is attributable to anticipated loss of revenue in the BOTA Filing Fee Fund.

- **Contractual Services** expenditures of \$298,859, including \$294,428 from the State General Fund, in FY 2015. The all funds request is an increase of \$2,558, or 0.9 percent, including a State General Fund increase of \$169,099, or 134.9 percent, above the amount approved by the 2014 Legislature. The change is attributable to anticipated loss of revenue in the BOTA Filing Fee Fund.
- **Commodities** expenditures of \$14,503, all from special revenue funds in FY 2015, which is the same amount approved by the 2014 Legislature.

The **Governor** recommends FY 2015 operating expenditures of \$1,840,697, including \$835,504 from the State General Fund. The revised estimate is the same amount approved by the 2014 Legislature. The recommendation is an all funds decrease of \$31,959, or 1.7 percent, including \$209,300, or 20.0 percent, from the State General Fund, below the agency's revised FY 2015 estimate. The decrease is attributable to the Governor's December 2014 allotment, specifically a 4.0 percent (6 month) State General Fund allotment and a reduction to the KPERS employer contribution rate.

Supplemental Detail

Supplementals	FY 2015 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Shift from Special Revenue Fund to State General Fund	\$ 185,000	\$ 0	0.0	\$ 0	\$ 0	0.0
TOTAL	\$ 185,000	\$ 0	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$185,000 from the State General Fund for operating expenditures in FY 2015. The increase is to offset revenue reductions from the Board of Tax Appeals Filing Fee due to changes made in House Sub. for SB 231 in which all

governmental entities, not-for-profits valued under \$100,000 and residential appeals are exempt from filing fees.

The **Governor** does not recommend any supplementals.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a \$278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling \$280.0 million which reduced

expenditures by \$60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional \$219.9 million. The adjustments included in the \$219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	\$ (7,104)	\$ (7,104)	0.0
Reduce SGF funding by 4.0 percent	(17,196)	(17,196)	0.0
TOTAL	<u>\$ (24,300)</u>	<u>\$ (24,300)</u>	<u>0.0</u>

**Kansas Public Employees Retirement System (KPERS)
Reduction:**

A reduction of \$7,104 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional \$7,659

from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of \$14,763.

**4.0 percent reduction to Cabinet-level and other SGF
funded agencies:**

A reduction of \$17,196, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by using the salary of the vacant Board Member to cover the FY 2015 reduction.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 2,002,335	\$ 1,839,620	\$ (162,715)
FTE Positions	17.0	17.0	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 112,732	\$ (19,038)	
All Other Funds	16,947	17,961	
TOTAL	<u>\$ 129,679</u>	<u>\$ (1,077)</u>	
<i>Percent Change:</i>			
State General Fund	10.8 %	(2.3) %	
All Other Funds	2.0	1.8	
TOTAL	<u>6.9 %</u>	<u>(0.1) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of \$2,002,335, including \$1,157,536 from the State General Fund. The request is an all funds increase of \$129,679 or 6.9 percent, including a State General Fund increase of \$112,732 or 10.8 percent, above the agency's revised 2015 estimate. The increase is attributable to increased contractual service expenditures due to changes included in House Sub. for SB 231 where neither the agency's staff attorneys, or any employees of

the Board, can be used to conduct small claims hearings. As a result, the agency will contract hearing officers for these proceedings. This increase in contractual service expenditures is partially offset by decreased expenditures salary and wages and commodities. **Absent the enhancement**, the agency requests \$1,702,335, including \$857,536 from the State General Fund.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of \$1,549,890, including \$782,038 from the State General Fund, for salaries and wages for FY 2016. The request is an all funds decrease of \$9,404, or 0.6 percent, and a State General Fund increase of \$31,662, or 4.2 percent, above the approved by the agency's revised FY 2015 estimate.
- **Contractual Services** expenditures of \$442,673, including \$375,498 from the State General Fund, for contractual services for FY 2016. The request is an all funds increase of \$143,814, or 48.1 percent, and a State General Fund increase of \$81,070, or 27.5 percent, above the agency's revised FY 2015 estimate. The increase is attributable to increased rent expenses and contract hearing officers to conduct small claims hearings as required by House Sub. for SB 231.

Absent the enhancement, the agency requests \$327,673 for contractual services in FY 2016.

- **Commodities** expenditures of \$9,772, all from special revenue funds, for commodities for FY 2016. The request is a decrease of \$4,731, or 32.6 percent, below the agency's revised FY 2015 estimate. The decrease is attributable to one time expense incurred in FY 2015 to turn the agency's conference into a hearing room for appeals that occur via telephone.

The **Governor** recommends FY 2016 operating expenditures of \$1,839,620, including \$816,466 from the State General Fund. The recommendation is an all funds decrease of \$162,715 or 8.1 percent, including \$341,070, or 29.5 percent, from the State General Fund, below the agency's revised FY 2015 estimate. The decrease is attributable to the Governor's recommendation to not fund the enhancement and applying a 4.0 percent State General Fund operating reduction. Additionally, the Governor recommends a reduction of \$13,414, including \$6,769 from the State General Fund, to reduce employer contributions for state employee health insurance.

Enhancements Detail

Enhancements	FY 2016 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Contracted Hearing Officers	\$ 115,000	\$ 115,000	0.0	\$ 0	\$ 0	0.0
Shift from Special Revenue Fund to State General Fund	185,000	0	0.0	0	0	0.0
TOTAL	\$ 300,000	\$ 115,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$300,000, all from the State General Fund. The enhancement request includes \$115,00 for contracted hearing officers in FY 2016. House Sub. for SB 231, passed by the 2014 Legislature, precludes the agency from having its staff attorneys, or any employee of the Board, from conducting small claims hearings. The agency had allocated \$35,000 for contracted hearing officers in FY 2016 to supplement agency staff. The agency estimates more than 1,400 appeals would not be heard without additional funding for

contracted hearing officers. The enhancement request includes \$185,000 State General fund to offset revenue reductions from the Board of Tax Appeals Filing Fee due to changes made in House Sub. for SB 231 in which all governmental entities, not-for-profits valued under \$100,000 and residential appeals are exempt from filing fees.

The **Governor** does not recommend any enhancements.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 2,074,133	\$ 1,911,181	\$ (162,952)
FTE Positions	17.0	17.0	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ (119)	
All Other Funds	71,798	71,680	
TOTAL	<u>\$ 71,798</u>	<u>\$ 71,561</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	(0.0) %	
All Other Funds	8.5	7.0	
TOTAL	<u>3.6 %</u>	<u>3.9 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of \$2,074,133, including \$1,157,536 from the State General Fund. The request is an increase of \$71,798, or 3.6 percent, all from special revenue funds, above the the agency's FY 2016 request. The increase is attributable to salaries and wages, specifically the 27th pay period that occurs in the fiscal year. **Absent the enhancement**, the agency requests \$1,774,133, including \$857,536 from the State General Fund.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of \$1,616,072, including \$816,977 from the State General Fund. The request is an all funds increase of \$66,182, or 4.3 percent, above the FY 2016 request. The increase is attributable to expenses related to an additional pay period that occurs in FY 2017.

- **Contractual Services** expenditures of \$447,859, including \$340,559 from the State General Fund. The request is an all funds increase of \$5,206, or 1.2 percent, above and a State General Fund decrease of \$34,939, of 9.3 percent, below the FY 2016 request. The State General Fund decrease is attributable to increased expenditures from the BOTA Filing Fee Fund. **Absent the enhancement**, the agency requests \$332,879 for contractual services in FY 2017.
- **Commodities** expenditures of \$10,182, all from special revenue fund, for FY 2017. The request is an increase of \$410, or 4.2 percent, above the

agency's FY 2016 request. The increase is attributable to increased expenditures on data processing supplies and gasoline.

The **Governor** recommends FY 2017 operating expenditures of \$1,911,181, including \$816,347 from the State General Fund. The recommendation is an all funds decrease of \$162,952 or 7.9 percent, including \$341,189, or 29.5 percent, from the State General Fund, below the agency's FY 2016 request. The decrease is attributable to the Governor's recommendation to not fund the enhancement and applying a 4.0 percent State General Fund operating reduction. Additionally, the Governor recommends a reduction of \$13,651, including \$6,888 from the State General Fund, to reduce employer contributions for state employee health insurance.

Enhancements Detail

Enhancements	FY 2017 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Contracted Hearing Officers	\$ 115,000	\$ 115,000	0.0	\$ 0	\$ 0	0.0
Shift from Special Revenue Fund to State General Fund	185,000	0	0.0	0	0	0.0
TOTAL	\$ 300,000	\$ 115,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests enhancements totaling \$300,000 from the State General Fund for FY 2017. The enhancement request includes \$115,00 for contracted hearing officers in FY 2016. House Sub. for SB 231, passed by the 2014 Legislature, which precludes the agency from having staff attorneys, or any employee of the Board, from conducting small claims hearings. The agency had allocated \$35,000 for contracted hearing

officers in FY 2016 to supplement agency staff. The agency estimates more than 1,400 appeals would not be heard without additional funding for contracted hearing officers. The enhancement request includes \$185,000 to offset revenue reductions from the Board of Tax Appeals Filing Fee due to changes made in House Sub. for SB 231 in which all

governmental entities, not-for-profits valued under \$100,000 and residential appeals are exempt from filing fees.

The **Governor** does not recommend any enhancements.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$4,832, including \$2,268 from the State General Fund, and affects 17 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$7,280, including \$3,673 from the State General Fund, and FY 2017 longevity payments total \$7,440, including \$3,761 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$13,414, including \$6,769 from the State General Fund for FY 2016. This is a reduction of \$6,888, including \$13,651 from the State General Fund, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	57.8 %	44.4 %	55.8 %	42.7 %
BOTA Filing Fee Fund	41.2	54.6	43.2	56.3
Duplicating Fee Fund	1.0	1.0	1.0	1.0
TOTAL	100.0 %	100.0 %	100%	100%

Note: Percentages may not add due to rounding.

Board of Tax Appeals Filing Fee Fund

The 2003 Legislature increased the amount of funding the agency received through special revenue funds by creating the BOTA Filing Fee Fund. The agency is required to charge and collect filing fees established by the agency. The fees are

collected when any tax protest, tax grievance, tax exemption, or any other original proceeding is filed with the Kansas Board of Tax Appeals.

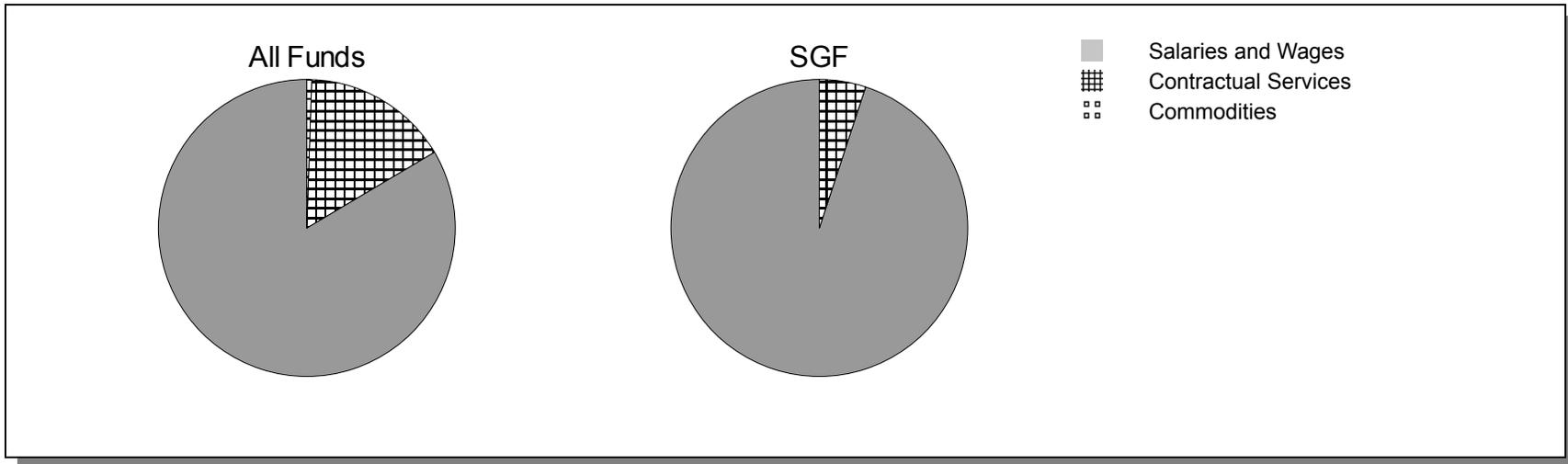
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 692,012	\$ 879,644	\$ 879,644	\$ 955,200	\$ 777,859	\$ 1,013,378	\$ 657,682
Revenue	1,083,977	898,977	898,977	898,977	898,977	898,977	898,977
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 1,775,989	\$ 1,778,621	\$ 1,778,621	\$ 1,854,177	\$ 1,676,836	\$ 1,912,355	\$ 1,556,659
Less: Expenditures	896,345	823,421	1,000,762	840,799	1,019,154	912,597	1,090,834
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 879,644</u>	<u>\$ 955,200</u>	<u>\$ 777,859</u>	<u>\$ 1,013,378</u>	<u>\$ 657,682</u>	<u>\$ 999,758</u>	<u>\$ 465,825</u>
Ending Balance as Percent of Expenditures	98.1%	116.0%	77.7%	120.5%	64.5%	109.6%	42.7%
Month Highest Ending Balance	June \$ 879,644	July \$ 1,020,387	July \$ 873,470	July \$ 1,146,240	July \$ 762,331	July \$ 1,216,053	July \$ 628,506
Month Lowest Ending Balance	November \$ 311,796	November \$ 501,397	March \$ 682,693	November \$ 573,120	March \$ 562,366	March \$ 628,294	March \$ 390,586

BOARD OF TAX APPEALS FEE SCHEDULE

Fee Schedule	Filing Fee
Regular Division	
Valuation Appeals: Equalization & Protests (Real and Personal Property)	
Real Property: Single-family residential property & farmsteads	\$ Exempt
Not-for-profit organization if valued less than \$100,000	Exempt
Properties valued at \$250,000 or less	125.00
Properties valued at \$250,001 through \$1,000,000	200.00
Properties valued at \$1,000,001 through \$5,000,000	300.00
Properties valued at \$5,000,001 through \$10,000,000	400.00
Properties valued at Greater than \$10,000,000	500.00
Personal Property: Single-family residential mobile or manufactured homes	Exempt
All other Personal Property	150.00
Division of Property Valuation (State Assessed Property)	
\$250,000 or less at issue	125.00
\$250,001 and up to \$1,000,000	200.00
\$1,000,001 through \$5,000,000	300.00
\$5,000,001 through \$10,000,000	400.00
Greater than \$10,000,000	500.00
Division of Taxation: Homestead property tax & food sales tax refunds	
\$1,000 or less at issue	100.00
\$1,001 and less than \$10,000	150.00
\$10,001 and less than \$100,000	300.00
Greater than \$100,000	500.00
Small Claims & Expedited Hearings Division	
Equalization & Protests: Single-family residential property, farmstead or mobile/manufactured homes	
Not-for-profit organization if value is less than \$100,000	Exempt
\$250,000 or less	100.00
\$250,001 through \$1,000,000	150.00
\$1,000,001 through \$3,000,000	200.00
Division of Taxation: Homestead property tax & food sales tax refunds	
\$500 or less at issue	Exempt
\$500 but less than \$10,001	50.00
\$10,001 through \$14,999	150.00

PROGRAM DETAIL

EXPENDITURES BY CATEGORY-- GOVERNOR'S FY 2016 RECOMMENDATION



Category	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	\$ 1,536,476	83.5 %	\$ 775,269	95.0 %
Contractual Services	293,372	15.9	41,197	5.0
Commodities	9,772	0.5	0	0.0
TOTAL	\$ 1,839,620	100.0 %	\$ 816,466	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

<u>Program</u>	<u>Actual FY 2014</u>	<u>Agency Est. FY 2015</u>	<u>Gov. Rec. FY 2015</u>	<u>Agency Req. FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Req. FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Administration	17.0	17.0	17.0	17.0	17.0	17.0	17.0
TOTAL	17.0	17.0	17.0	17.0	17.0	17.0	17.0

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2014</u>	<u>Actual FY 2014</u>	<u>Gov. Rec. FY 2015</u>	<u>Gov. Rec. FY 2016</u>	<u>Gov. Rec. FY 2017</u>
Total filings	8,088	6,711	7,785	7,785	7,785
Clearance rate (outgoing cases divided by incoming cases)	100.0%	100.0%	100.0%	100.0%	100.0%
Number of days to close commercial appeals in the Regular Division	140	94	130	130	130
Average number of days between the appeal hearing and decision in small claims proceedings	20	21	21	21	21