

# STATE BOARD OF TAX APPEALS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 692,967	\$ 848,966	\$ 848,966	\$ 798,281	\$ 798,281
Other Funds	851,905	1,013,375	1,013,375	1,077,173	1,077,173
<b>TOTAL</b>	<b>\$ 1,544,872</b>	<b>\$ 1,862,341</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 1,875,454</b>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 1,544,872</b>	<b>\$ 1,862,341</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 1,875,454</b>

## Percentage Change:

Operating Expenditures					
State General Fund	(14.2) %	22.5 %	22.5 %	(6.0) %	(6.0) %
All Funds	(9.5)	20.5	20.5	0.7	0.7
FTE Positions	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
<b>TOTAL</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>

## 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 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 HB 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.

## **MAJOR ISSUES FROM PRIOR YEARS**

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 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 expenditures from 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 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.

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.

## BUDGET SUMMARY AND KEY POINTS

**FY 2016 – Current Year.** The **agency** requests a revised estimate of FY 2016 operating expenditures of \$1,862,341, including \$848,966 from the State General Fund. The request is the same as the amount approved by the 2015 Legislature. The agency requests 17.0 FTE positions, which is also the same amount approved by the 2015 Legislature.

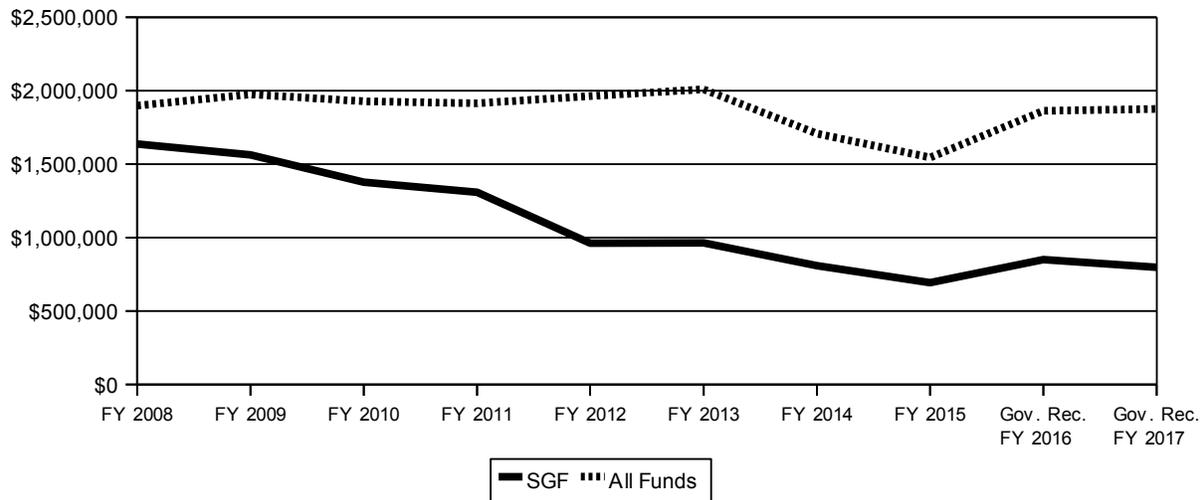
The **Governor** concurs with the agency's revised estimate in FY 2016. The Governor further recommends a transfer of \$100,000 from the agency's Filing Fee Fund to the State General Fund.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate of FY 2017 operating expenditures of \$1,875,454, including \$798,281 from the State General Fund. The request is the same as the amount approved by the 2015 Legislature. The agency requests 17.0 FTE positions, which is also the same amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's revised estimate for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	692,967	(14.2)	1,544,872	(9.5)	17.0
2016 Gov. Rec.	848,966	22.5	1,862,341	20.5	17.0
2017 Gov. Rec.	798,281	(6.0)	1,875,454	0.7	17.0
Ten-Year Change Dollars/Percent	\$ (838,954)	(51.2)%	\$ (22,485)	(1.2)%	(9.0)

## Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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
<b>By Program:</b>									
Administration	\$ 1,544,872	\$ 1,862,341	\$ 1,875,454	\$ 13,113	0.7 %	\$ 1,862,341	\$ 1,875,454	\$ 13,113	0.7 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 1,223,144	\$ 1,412,297	\$ 1,458,994	\$ 46,697	3.3 %	\$ 1,412,297	\$ 1,458,994	\$ 46,697	3.3 %
Contractual Services	306,343	392,651	382,621	(10,030)	(2.6)	392,651	382,621	(10,030)	(2.6)
Commodities	11,777	15,393	15,839	446	2.9	15,393	15,839	446	2.9
Capital Outlay	3,608	42,000	18,000	(24,000)	(57.1)	42,000	18,000	(24,000)	(57.1)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,544,872	\$ 1,862,341	\$ 1,875,454	\$ 13,113	0.7 %	\$ 1,862,341	\$ 1,875,454	\$ 13,113	0.7 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 1,544,872</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 13,113</b>	<b>0.7 %</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 13,113</b>	<b>0.7 %</b>
<b>Financing:</b>									
State General Fund	\$ 692,967	\$ 848,966	\$ 798,281	\$ (50,685)	(6.0) %	\$ 848,966	\$ 798,281	\$ (50,685)	(6.0) %
Duplicating Fee Fund	2,223	4,000	4,000	0	0.0	4,000	4,000	0	0.0
BOTA Filing Fee Fund	849,682	1,009,375	1,073,173	63,798	6.3	1,009,375	1,073,173	63,798	6.3
<b>TOTAL</b>	<b>\$ 1,544,872</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 13,113</b>	<b>0.7 %</b>	<b>\$ 1,862,341</b>	<b>\$ 1,875,454</b>	<b>\$ 13,113</b>	<b>0.7 %</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$806,429 for the State Board of Tax Appeals in FY 2016. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$142,537, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016; and
- A reduction of \$100,000, as the result of the Governor’s July 30th, 2015 State General Fund allotment.

These adjustments change the FY 2016 approved State General Fund to \$848,966. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount.

<b>CHANGE FROM APPROVED BUDGET</b>					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 848,966	\$ 848,966	\$ 0	\$ 848,966	\$ 0
All Other Funds	1,013,375	1,013,375	0	1,013,375	0
<b>TOTAL</b>	<b>\$ 1,862,341</b>	<b>\$ 1,862,341</b>	<b>\$ 0</b>	<b>\$ 1,862,341</b>	<b>\$ 0</b>
FTE Positions	17.0	17.0	0.0	17.0	0.0

The **agency** requests FY 2016 operating expenditures of \$1,862,341, including \$848,966 from the State General Fund. The request is the same as the amount approved by the 2015 Legislature. The agency requests 17.0 FTE positions, which is also the same amount approved by the 2015 Legislature. The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of \$1,412,297, including \$681,675 from the State General Fund, in FY 2016. The all funds request is a decrease of \$104,440, or 6.9 percent, and a State General Fund decrease of \$83,634, or 10.9 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on unclassified regular wages and associated fringe benefits, partially offset by an increase in classified regular wages.

- **Contractual Services** expenditures of \$392,651, including \$125,291 from the State General Fund, in FY 2016. The all funds request is an increase of \$99,356, or 33.9 percent, including a State General Fund increase of \$84,171, or 204.7 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on contracted hearing officers and temporary staff, as these costs fluctuate according to caseloads.
- **Commodities** expenditures of \$15,393, all from special revenue funds, in FY 2016, which is an increase of \$5,621, or 57.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on software licensing expenditures and office supplies.
- **Capital Outlay** expenditures of \$42,000, all from the State General Fund, in FY 2016, which is an increase of \$42,000, or 100.0 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on the planned replacement of the agency's case management system.

The **Governor** concurs with the agency's revised estimate in FY 2016. The Governor further recommends a transfer of \$100,000 from the agency's Filing Fee Fund to the State General Fund.

### Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

<b>GOVERNOR'S ALLOTMENTS</b>			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
July Special Allotment			
Lapse Reappropriation	\$ (100,000)	\$ (100,000)	0.0
<b>TOTAL</b>	<b><u>\$ (100,000)</u></b>	<b><u>\$ (100,000)</u></b>	<b><u>0.0</u></b>

### July Allotment

As a result of the Governors Special State General Fund allotment of \$100,000 the agency will carry over \$42,537 of unspent and unencumbered State General Fund monies from FY 2015 to FY 2016. The funds will be used for the replacement of the agency's case management system.

## B. FY 2017 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$798,281 for the State Board of Tax Appeals for FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 798,281	\$ 798,281	\$ 0	\$ 798,281	\$ 0
All Other Funds	1,077,173	1,077,173	0	1,077,173	0
<b>TOTAL</b>	<b>\$ 1,875,454</b>	<b>\$ 1,875,454</b>	<b>\$ 0</b>	<b>\$ 1,875,454</b>	<b>\$ 0</b>
FTE Positions	17.0	17.0	0.0	17.0	0.0

The **agency** requests a revised estimate of FY 2017 operating expenditures of \$1,875,454, including \$798,281 from the State General Fund. The request is the same as the amount approved by the 2015 Legislature. The agency requests 17.0 FTE positions, which is also the same amount approved by the 2015 Legislature. The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of \$1,458,994, including \$713,933 from the State General Fund, for FY 2017. The all funds request is a decrease of \$107,712, or 6.9 percent, and a State General Fund decrease of \$78,042, or 9.9 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on unclassified regular wages and associated fringe benefits, partially offset by an increase in classified regular wages.
- **Contractual Services** expenditures of \$382,621, including \$84,288 from the State General Fund, for FY 2017. The all funds request is an increase of \$84,055 or 28.2 percent, including a State General Fund increase of \$78,042, or 1,249.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on contracted hearing officers and temporary staff, as these costs fluctuate according to caseloads.
- **Commodities** expenditures of \$15,839, all from special revenue funds, for FY 2017, which is an increase of \$5,657, or 55.6 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on software licensing expenditures and office supplies.
- **Capital Outlay** expenditures of \$18,000, all from special revenue funds, for FY 2017, which is an increase of \$18,000, or 100.0 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased

expenditures on computer hardware and expenditures related to the agency's case management system.

The **Governor** concurs with the agency's revised estimate for FY 2017.

## Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	42.6 %	42.6%
Duplicating Fee Fund	0.2	0.2
BOTA Filing Fee Fund	57.2	57.2
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

**Note:** Details may not add to totals due to rounding.

## Board of Tax Appeals Filing Fee Fund Analysis

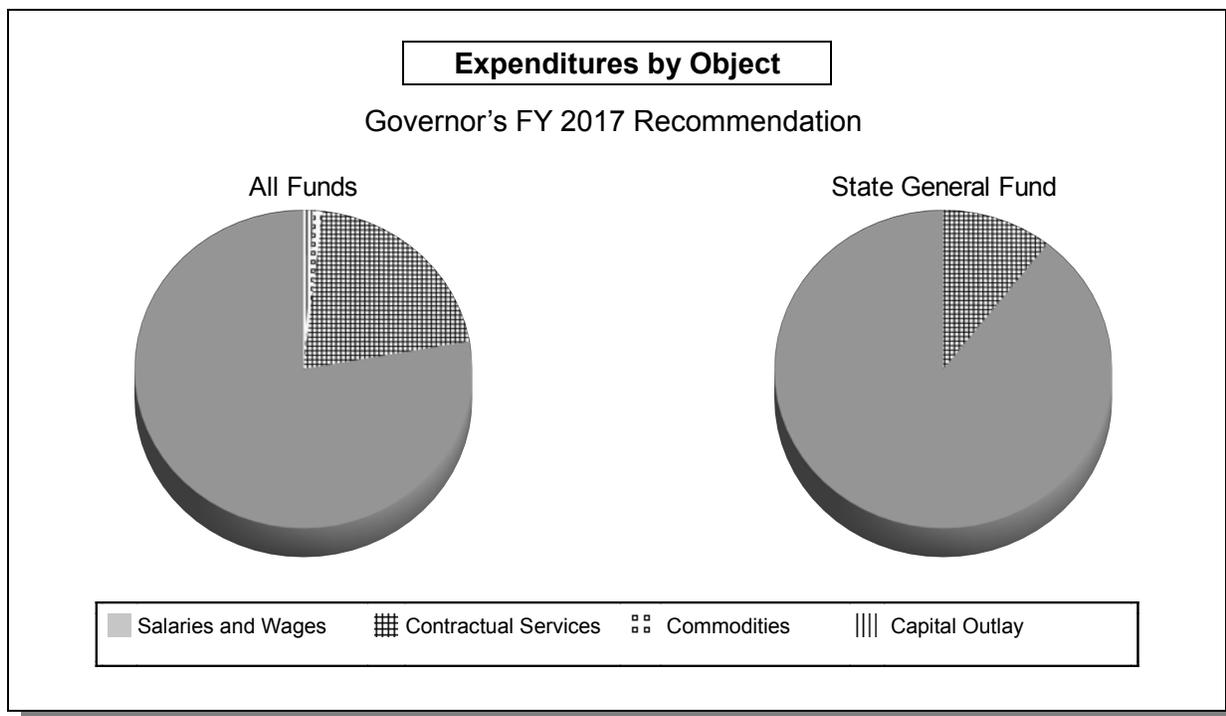
The 2003 Legislature increased the amount of funding the agency received through special revenue funds by creating the BOTA Filing Fee Fund. The agency is required to charge and collect filing fees established by the agency. The fees are collected when any tax protest, tax grievance, tax exemption, or any other original proceeding is filed with the Kansas Board of Tax Appeals.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 879,914	\$ 1,137,922	\$ 1,137,922	\$ 1,128,547	\$ 1,028,547
Revenue	1,107,690	1,000,000	1,000,000	1,000,000	1,000,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 1,987,604	\$ 2,137,922	\$ 2,137,922	\$ 2,128,547	\$ 2,028,547
Less: Expenditures	849,682	1,009,375	1,009,375	1,073,173	1,073,173
Transfers Out	0	0	100,000	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,137,922</u>	<u>\$ 1,128,547</u>	<u>\$ 1,028,547</u>	<u>\$ 1,055,374</u>	<u>\$ 955,374</u>
Ending Balance as Percent of Expenditures	133.9%	111.8%	101.9%	98.3%	89.0%
Month Highest Ending Balance	June <u>\$ 1,137,922</u>	June <u>\$ 1,128,547</u>	July <u>\$ 1,114,858</u>	July <u>\$ 1,104,051</u>	July <u>\$ 1,004,051</u>
Month Lowest Ending Balance	August \$ 787,611	March \$ 967,732	March \$ 967,732	January \$ 869,319	January \$ 868,319

**BOARD OF TAX APPEALS FEE SCHEDULE**

Fee Schedule	Filing Fee
<b>Regular Division</b>	
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 through \$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
<b>Small Claims &amp; Expedited Hearings Division</b>	
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 and less at issue	Exempt
\$500 but less than \$10,001	50.00
\$10,001 through \$14,999	150.00

# OBJECT DETAIL



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 1,458,994	77.8 %	\$ 713,993	89.4 %
Contractual Services	382,621	20.4	84,288	10.6
Commodities	15,839	0.8	0	--
Capital Outlay	18,000	1.0	0	--
<b>TOTAL</b>	<b>\$ 1,875,454</b>	<b>100.0 %</b>	<b>\$ 798,281</b>	<b>100.0 %</b>

**FTE POSITIONS BY PROGRAM FY 2015 – FY 2017**

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

**PERFORMANCE MEASURES**

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Total filings	7,785	7,948	8,462	8,462
Clearance rate (outgoing cases divided by incoming cases)	100.00%	143.60%	100.00%	100.00%
Average number of days to close commercial appeals in the Regular Division	130	131	120	120
Average number of days between the appeal hearing and decision in small claims proceedings	21	46	45	45