

Approved: 1/11/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p. m. on January 10, 1995 in Room 514-S of the Capitol.

All members were present except:

Representative Bradley, excused
Representative Gross, excused

Committee staff present: Alan Conroy, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Susan Duffy, Executive Manager, Kansas Department of Revenue
John LaFaver, Secretary of the Kansas Department of Revenue

Others attending: See attached list

Chairperson Jennison opened the meeting and welcomed all in attendance. The Chair introduced the members of his staff and thanked the Committee members for accepting the responsibility of participating on the Appropriations Committee.

Alan Conroy, Legislative Research Department, introduced himself and the fiscal analysts who will be serving the Committee and presented a brief background on each analyst (Attachment 1).

Jim Wilson, Revisor of Statutes, introduced himself and Mike Corrigan, who will be serving the Committee from the offices of the Revisor of Statutes.

John LaFaver, Secretary of Revenue, reviewed his background and said that he started working with the New Mexico legislature in 1970 as a fiscal analyst. In 1974 he started working as a fiscal analyst for the State of Montana. Since 1980, Mr. LaFaver has been working various posts with the executive branch. Mr. LaFaver pledged his personal support and the support of the Department of Revenue to providing any information he possibly can to the Appropriations Committee.

Susan Duffy, Executive Manager, Kansas Department of Revenue, briefed the Committee on various changes currently underway in the Department. She said the Department completed its first Strategic Business Plan in February 1994. The plan will be updated on a yearly basis and provides the guidance and input for the budget, information technology plan and quality improvement proposals. The second plan is almost complete and she anticipates delivering it to the Committee in February. Ms. Duffy touched on the mission statement, vision, objectives, and strategies of the Department and explained the functions of the various divisions of the Department. She also explained the current status of several lawsuits against the state such as the military refund project, *Peden v. State of Kansas*, and the property valuation case. The scope of the Kansas Tax 2000 Project was reviewed by Ms. Duffy. She said that by taking a holistic approach, technology will be applied where it makes sense to automate functions, the taxpayer's requirements will be met, and the work force will be retrained to provide service to taxpayers (Attachment 2).

Chairperson Jennison distributed copies of the 1995 House Appropriations Subcommittees (Attachment 3).

The meeting adjourned at 3:00 p.m.

The next meeting is scheduled for January 11, 1995.

Alan Conroy (4407)

- 252 Governor
- 422 Legislative Coordinating Council
- 425 Legislative Research Department
- 428 Legislature
- 446 Lieutenant Governor
- 540 Division of Post Audit
- 579 Revisor of Statutes

Laura Howard (4418)

- 367 Kansas State University
- 367 KSU Veterinary Medical Center
- 367 KSU-Agricultural Extension
- 368 KSU-Salina
- 682 University of Kansas
- 683 University of Kansas Medical Center
- 715 Wichita State University
- 561 Board of Regents

Don Cawby (3923)

- 319 Youth Center at Topeka
- 325 Youth Center at Beloit
- 355 Youth Center at Atchison
- 258 Grain Inspection Department
- 391 Wheat Commission
- 234 Fire Marshal
- 100 Board of Barbering
- 149 Board of Cosmetology
- 204 Mortuary Arts Board
- 700 Board of Veterinary Medical Examiners
- 118 Civil Air Patrol

Tim Colton (4181)

- 628 Mental Health and Retardation Services (a Division of SRS)
- 039 Department on Aging
- 046 Board of Agriculture
- 373 Kansas State Fair Board
- 359 Kansas Arts Commission
- 288 State Historical Society
- 280 Highway Patrol
- 488 Optometry Board

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 House Appropriations Cmte
 Attachment 1

Julian Efrid (3535)

- 276 Department of Transportation
- 565 Department of Revenue
- 365 Public Employees Retirement System
- 450 Kansas Lottery
- 553 Racing Commission
- Budget Data Coordinator

Pat Mah (4405)

- 264 Department of Health and Environment
- 331 Insurance Department
- 270 Health Care Stabilization Fund Board of Governors
- 206 EMS Board
- 543 Real Estate Appraisal Board
- 549 Real Estate Commission
- 016 Abstracters Board
- 562 Board of Tax Appeals

Russell Mills (4420)

- 710 Department of Wildlife and Parks
- 055 Animal Health Department
- 246 Fort Hays State University
- 379 Emporia State University
- 385 Pittsburg State University
- 034 Adjutant General
- 709 Kansas Water Office
- 634 State Conservation Commission

Eric Milstead (3184)

- 300 Department of Commerce and Housing
- 360 Kansas, Inc.
- 371 Kansas Technology Enterprise Corp.
- 296 Department of Human Resources
- 565 Homestead Property Tax Refunds
- 482 Board of Nursing
- 604 School for the Blind
- 610 School for the Deaf

Patricia Pierron (4429)

- 363 Kansas Neurological Institute
- 507 Parsons State Hospital
- 713 Winfield State Hospital
- 434 State Library
- 102 Behavioral Sciences Regulatory Board
- 105 Board of Healing Arts
- 167 Dental Board
- 531 Board of Pharmacy
- 247 Commission on Govt. Standards & Conduct
- 622 Secretary of State

Kathy Porter (4419)

- 173 Department of Administration
- 176 Kansas Development Finance Authority
- 677 Judicial Branch
- 349 Judicial Council
- 328 Board of Indigent Defense Services
- 670 State Treasurer
- 028 Accountancy Board
- 083 Attorney General -- KBI

Carolyn Rampey (4404)

- 652 Department of Education
- 036 Council on Vocational Education
- 663 Board of Technical Professions
- 082 Attorney General
- 122 Citizens Utility Ratepayer Board
- 143 Kansas Corporation Commission
- 266 Hearing Aids Examiners

Leah Robinson (4447)

- 521 Department of Corrections
- 177 Ellsworth Correctional Facility
- 195 El Dorado Correctional Facility
- 313 Hutchinson Correctional Facility
- 400 Lansing Correctional Facility
- 408 Larned Correctional Facility
- 581 Norton Correctional Facility
- 660 Topeka Correctional Facility
- 712 Winfield Correctional Facility
- 626 Sentencing Commission
- 147 Ombudsman of Corrections
- 523 Parole Board

Paul West (4409)

- 628 Department of SRS (except the Division of Mental Health and Retardation Services)
- 140 Corporation for Change
- Coordinator, Joint Committee on State Building Construction
- Coordinator, Economic Development Initiatives Fund

Susan Wiegers (3183)

- 410 Larned State Hospital
- 494 Osawatomic State Hospital
- 555 Rainbow Mental Health Facility
- 664 Topeka State Hospital
- 694 Commission on Veterans Affairs/Soldiers Home
- 454 Consumer Credit Commission
- 625 Securities Commissioner
- 094 Bank Commissioner
- 159 Department of Credit Unions
- 058 Commission on Human Rights

Characters Board (Mah/4405)
 Chancery Board (Porter/4419)
 Chief of State (Mills/4420)
 Administration, Department of (Porter/4419)
 Aging, Department on (Colton/4181)
 Agriculture, Board of (Colton/4181)
 Animal Health Department (Mills/4420)
 Attorney General (Rampey/4404)
 Attorney General -- KBI (Porter/4419)

Bank Commissioner (Wiegiers/3183)
 Barbering, Board of (Cawby/3923)
 Behavioral Sciences Regulatory Board (Pierron/4429)
 Budget Data Coordinator (Efird/3535)
 Building Construction Coordinator (West/4409)

Citizens Utility Ratepayer Board (Rampey/4404)
 Civil Air Patrol (Cawby/3923)
 Commerce and Housing, Department of (Milstead/3184)
 Commission on Veterans Affairs/Soldiers Home (Wiegiers/3183)
 Commission on Human Rights (Wiegiers/3183)
 Consumer Credit Commission (Wiegiers/3183)
 Corporation for Change (West/4409)
 Corrections, Department of (Robinson/4447)
 Cosmetology, Board of (Cawby/3923)
 Credit Unions, Department of (Wiegiers/3183)

Dental Board (Pierron/4429)

Economic Development Initiatives Fund Coordinator (West/4409)
 Education, Department of (Rampey/4404)
 El Dorado Correctional Facility (Robinson/4447)
 Ellsworth Correctional Facility (Robinson/4447)
 Emergency Medical Services Board (Mah/4405)
 Emporia State University (Mills/4420)

Fire Marshal (Cawby/3923)
 Fort Hays State University (Mills/4420)

Fiscal Standards and Conduct, Commission on (Pierron/4429)
 Governor (Conroy/4407)
 Grain Inspection Department (Cawby/3923)

Healing Arts, Board of (Pierron/4429)
 Health and Environment, Department of (Mah/4405)
 Health Care Stabilization Fund Board of Governors (Mah/4405)
 Hearing Aids Examiners (Rampey/4404)
 Highway Patrol (Colton/4181)
 Homestead Property Tax Refunds (Milstead/3184)
 Human Resources, Department of (Milstead/3184)
 Hutchinson Correctional Facility (Robinson/4447)

Indigent Defense Services, Board of (Porter/4419)
 Insurance Department (Mah/4405)

Judicial Council (Porter/4419)
 Judicial Branch (Porter/4419)

Kansas State University (Howard/4418)
 Kansas Corporation Commission (Rampey/4404)
 Kansas Arts Commission (Colton/4181)
 Kansas Development Finance Authority (Porter/4419)
 Kansas State Fair Board (Colton/4181)
 Kansas Lottery (Efird/3535)
 Kansas Neurological Institute (Pierron/4429)
 Kansas Technology Enterprise Corporation (Milstead/3184)
 Kansas Water Office (Mills/4420)
 Kansas, Inc. (Milstead/3184)
 KSU Veterinary Medical Center (Howard/4418)
 KSU-Agricultural Extension (Howard/4418)
 KSU-Salina (Howard/4418)

Lansing Correctional Facility (Robinson/4447)
 Larned Correctional Facility (Robinson/4447)
 Larned State Hospital (Wiegiers/3183)
 Legislative Coordinating Council (Conroy/4407)
 Legislative Research Department (Conroy/4407)
 Legislature (Conroy/4407)
 Lieutenant Governor (Conroy/4407)

Mental Health & Retardation Serv. (a Division of SRS) (Colton/4181)
 Mortuary Arts Board (Cawby/3923)

Norton Correctional Facility (Robinson/4447)
 Nursing, Board of (Milstead/3184)

Ombudsman of Corrections (Robinson/4447)
 Optometry Board (Colton/4181)
 Osawatomie State Hospital (Wiegiers/3183)

Parole Board (Robinson/4447)
 Parsons State Hospital (Pierron/4429)
 Pharmacy, Board of (Pierron/4429)
 Pittsburg State University (Mills/4420)
 Post Audit, Division of (Conroy/4407)
 Public Employees Retirement System (Efird/3535)

Racing Commission (Efird/3535)
 Rainbow Mental Health Facility (Wiegiers/3183)
 Real Estate Appraisal Board (Mah/4405)
 Real Estate Commission (Mah/4405)
 Regents, Board of (Howard/4418)
 Revenue, Department of (Efird/3535)
 Revisor of Statutes (Conroy/4407)

School for the Deaf (Milstead/3184)
 School for the Blind (Milstead/3184)
 Secretary of State (Pierron/4429)
 Securities Commissioner (Wiegiers/3183)
 Sentencing Commission (Robinson/4447)
 SRS, Dept. of (except Div. of MH/RS) (West/4409)
 State Treasurer (Porter/4419)
 State Library (Pierron/4429)
 State Historical Society (Colton/4181)
 State Conservation Commission (Mills/4420)

Tax Appeals, Board of (Mah/4405)
 Technical Professions, Board of (Rampey/4404)
 Topeka State Hospital (Wiegiers/3183)
 Topeka Correctional Facility (Robinson/4447)
 Transportation, Department of (Efird/3535)

University of Kansas Medical Center (Howard/4418)
 University of Kansas (Howard/4418)

Veterinary Medical Examiners, Board of (Cawby/3923)
 Vocational Education, Council on (Rampey/4404)

Wheat Commission (Cawby/3923)
 Wichita State University (Howard/4418)
 Wildlife and Parks, Department of (Mills/4420)
 Winfield State Hospital (Pierron/4429)
 Winfield Correctional Facility (Robinson/4447)

Youth Center at Atchison (Cawby/3923)
 Youth Center at Beloit (Cawby/3923)
 Youth Center at Topeka (Cawby/3923)

STATE OF KANSAS

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FAX (913) 296-7928

Department of Revenue
Administrative & Management Services Bureau

MEMORANDUM

TO: Robin Jennison, Chairman
House Appropriations Committee

FROM: Susan K. Duffy, Executive Manager
Kansas Department of Revenue

DATE: January 10, 1995

I appreciate the opportunity to address your committee today. There are a lot of changes currently underway in the Department of Revenue and I will highlight those today.

The Department completed its first Strategic Business Plan in February 1994. We have installed a strategic management process to begin achieving the vision the document provides. The plan will be updated on a yearly basis and provides the guidance and input for the budget, information technology plan and quality improvement proposals. The second plan is almost complete and we anticipate delivering it to you next month.

If I can provide any further information, please let me know.

SKD/sjg

1/10/95
House Appropriations Cmte
Attachment 2

MISSION

KDOR

**MISSION
STATEMENT**

The Mission of the Kansas Department of Revenue is to collect taxes and fees, administer Kansas law and provide key services to Kansans. To achieve this purpose, the Department will:

- Encourage and achieve the highest degree of voluntary compliance with Kansas laws.
- Provide assistance to Kansas citizens and other units of government in an efficient and courteous manner.
- Improve quality customer service and organizational performance.
- Enforce Kansas laws in a fair and firm manner.
- Foster the personal and professional growth of our associates, the employees of the Kansas Department of Revenue.
- Utilize progressive technology to improve productivity and efficiency.



VISION

Providing service for Kansans - fair, firm, responsive and professional.

To understand our Vision, it is important to consider the meaning behind the words.

Providing service for Kansans

We provide service for Kansans in two ways. The first is through direct contact with various customers - taxpayers, motor carriers, tax practitioners, liquor licensees, drivers, legislators, county officials and automobile registrants. The second is an indirect service to all Kansans. The revenues we collect help to fund many of the state-supported services and institutions that Kansans use, such as highways, public health and assistance, education and law enforcement.

Fair

It is very important that we treat all customers fairly. Specifically, we will provide clear explanations of the revenue laws and apply them in a consistent and reasonable manner.

Firm

We have the responsibility to effectively administer the laws enacted by the Kansas Legislature. To do this, we issue rules and regulations and develop operating procedures necessary to properly enforce Kansas laws. We will provide this administration in a clear, decisive manner.

Responsive

We will respond to our customers' questions, concerns and needs in a timely manner. Our goal is to have efficient, effective and understandable systems, without placing unnecessary bureaucratic burdens on the public.

Professional

Our goal is to be a professional organization with a well trained workforce, motivated and empowered to respond to the needs of Kansans. We encourage our workforce to be innovative. We will support our workforce with modern technologies and equipment which enable us to do the job right.



OBJECTIVES

The Department has established four primary Objectives, listed below. We believe that accomplishing these Objectives is essential to achieving our Vision of providing service for Kansans in a fair, firm, responsive and professional manner.

Improve customer service

Our customers deserve the finest service that can be provided. We also recognize that the needs of our customers are constantly changing. We will put processes in place that will enable us to understand and respond to the needs of our customers and stakeholders.

Maximize voluntary compliance

We will promote maximum voluntary compliance. Simplification, uniformity, education, assistance and enforcement are the key components to achieving the highest rate of voluntary compliance.

Develop quality business processes

We will fundamentally change the way we manage and operate our business. We will seek ways to continually improve the quality of our products and services, increase the satisfaction of our internal and external customers and reduce processing costs.

Sustain a skilled and motivated workforce

We will achieve quality service through a skilled, motivated and proactive workforce. Management will foster an environment where associates can develop their skills and participate in decision making activities. Each associate must have the proper tools, training and techniques to deliver quality customer service.

STRATEGIES

This section of the Strategic Business Plan defines the Strategies the Department of Revenue will employ to achieve its Objectives.

Identify and meet the needs, values and expectations of our customers

The Department has many different customers. To be successful, we will work with our customers to identify and respond to the varied issues which concern them.

Improve communication both internally and externally

We will anticipate and address topics that may be confusing or unclear. Effective methods of communication will be pursued and implemented. We must establish strong lines of communication internally so we can be effective externally. Effective communication promotes understanding.

Respond to customer requests in a timely manner

When a customer contacts the Department, our goal is to provide information or service as quickly as possible. This contact will leave a lasting impression and in a large part will define quality service. Our associates need to be able to respond accurately and timely to as many of these requests as possible.

Re-engineer department processes to meet customer expectations and statutory mandates

To provide our customers with the highest level of service, we will critically examine our operations. We will re-engineer our processes to ensure that they are focused on meeting and exceeding the needs and expectations of our stakeholders.

Take advantage of new technologies

We will explore and harness new technologies which will help deliver better service while reducing the overall cost of government. Properly implemented technologies will help eliminate inefficient paper-processing tasks, allowing our associates to focus on essential duties.

Treat information as an asset

Information is a tremendous resource. By collecting the correct information at the source and processing it as efficiently as possible, we will increase productivity and responsiveness. To help us make better business decisions, we will transform data into accessible and usable information.

Embrace the Kansas Quality Management (KQM) philosophy

The Department is one of the pilot agencies for implementing Kansas Quality Management (KQM). This quality improvement process provides for the improvement of goods and services delivered by the State. We will continue to implement KQM to ensure a lasting transformation of our culture and management system based on the principles of quality management.

Providing service for Kansans is the goal that is driving a quality revolution at the Kansas Department of Revenue.



STRATEGIES

Make it as simple as possible to comply with the law

Simplifying laws, regulations and forms will increase the level of compliance. We will make processes simple and understandable to the customer.

Establish uniform policies and procedures

It is imperative for the Department to be perceived as fair by the taxpayers. We believe if citizens are being treated in a fair and consistent manner, voluntary compliance will increase. We will ensure consistency by establishing uniform policies and procedures to govern the handling of each customer's concerns and by communicating these rules to all Department associates.

Provide education and assistance to customers

Delivering quality service to the citizens of Kansas means anticipating their requirements and providing necessary education and assistance. This strategy focuses on their need to know how to comply, why we require the things we do and who to talk to when they need assistance.

Increase enforcement efforts

We will direct our enforcement efforts toward businesses and individuals who fail to comply with the law. Because the perceived risk of being caught influences the level of voluntary compliance, we will actively pursue remedial actions called for by State law.

Promote policies which are fair, responsive and consistent

Treatment of associates in a fair and responsive manner is a prerequisite to providing quality customer service. We will involve associates in improving personnel policies and procedures.

Provide resources for superior workforce performance

We will provide associates with the tools, training and leadership to deliver quality customer service.

Instill ownership in the workplace

To instill confidence and pride in the workforce, we will create an environment where associates are committed to delivering quality service.

Department of Revenue—Summary of Actual and Budgeted Expenditures, FY 1992–1996

Category	FY 1992 Actual Expenditures	FY 1993 Actual Expenditures	FY 1994 Actual Expenditures	FY 1995 Rev. Agy. Est Expenditures	FY 1996 DOB Rec. Expenditures
Summary by funding source					
State General Fund	26,337,828	27,052,553	27,974,873	28,932,877	28,019,840
DOV Operating Fund	24,751,539	30,642,868	25,775,272	27,107,896	27,634,091
All Other Funds	13,611,198	13,492,273	14,214,559	14,649,474	13,435,691
	<u>64,700,565</u>	<u>71,187,694</u>	<u>67,964,704</u>	<u>70,690,247</u>	<u>69,089,622</u>
Summary by Budgetary Program					
Administrative Services (Secretariat)	20,827,626	20,856,624	20,538,873	21,014,893	20,671,834
Aid to Local Units	6,763,472	7,198,824	7,698,208	7,375,400	6,755,400
Alcoholic Beverage Control	2,216,748	2,195,662	2,190,431	2,315,548	2,298,535
Collections	3,300,522	3,066,382	3,113,391	3,182,241	3,206,282
Taxation	12,035,710	12,420,230	13,457,172	14,140,641	13,853,089
Property Valuation	6,579,248	7,008,514	7,550,301	8,080,107	7,993,416
Vehicles	12,977,239	18,441,458	13,416,328	14,581,417	14,311,066
	<u>64,700,565</u>	<u>71,187,694</u>	<u>67,964,704</u>	<u>70,690,247</u>	<u>69,089,622</u>
Summary by Object of Expenditure					
Salaries and Wages	35,388,364	36,499,236	38,485,025	40,974,072	40,858,520
Contractual Services	12,967,859	13,241,562	12,908,081	13,556,338	13,351,430
Commodities	2,594,749	6,083,605	2,687,260	2,501,654	2,571,181
Capital Outlay	1,439,700	2,664,551	878,106	782,783	53,091
Aid to Local Units	9,763,472	10,198,824	10,478,623	10,375,400	9,755,400
Grants, Claims & Shared Revenue	2,546,421	2,499,916	2,527,609	2,500,000	2,500,000
	<u>64,700,565</u>	<u>71,187,694</u>	<u>67,964,704</u>	<u>70,690,247</u>	<u>69,089,622</u>
FTE	1,228.5	1,258.0	1,261.0	1,260.0	1,258.0

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Office of the Secretary

The Chief Administrative Officer and Appointing Authority of the Department of Revenue is the Secretary of Revenue, who is appointed by and serves at the pleasure of the Governor.

The Secretary is responsible for the management of the Department's divisions: Taxation; Property Valuation; Vehicles; Alcoholic Beverage Control; and Collections. There are four Secretariat Service Bureaus: Legal; Research and Revenue Analysis; Administrative Services; and Personnel.

The Secretary's Office assists the Governor's and Legislature's staffs through policy development and economic forecasting. The Secretary provides revenue analysis through the development of simulation models; historical data analysis; analysis of economic trends, within the state, and the nation; and the effect of legislative action--on the national, state and county levels. The Secretary of Revenue serves as the contact point for the Department in its numerous interactions with local and county governments and their various entities.

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

The Alcoholic Beverage Control Program administers and enforces the Liquor Control Act, the Club and Drinking Establishment Act, the Cereal Malt Beverage and Malt Beverage Products Act, statutes prohibiting the sale or distribution of tobacco products to minors, and statutes relating to licensing and taxation of bingo games in Kansas. The Division: promulgates policies and procedures; ensures an orderly market for the distribution and sale of alcoholic beverages; conducts effective field enforcement activities, including auditing and inspection of bingo licensees; collects gallonage taxes; and conducts administrative hearings on violations. The Division includes the Department of Revenue's Criminal Tax Fraud Unit, that is responsible for investigating suspected illegal activity relating to the reporting and payment of drug, liquor, sales and other taxes collected by the Department. There are two bureaus within ABC: Licensing and Reporting; and Investigation and Inspection.

DIVISION OF COLLECTIONS

The Division of Collections is responsible for the collection of the Department's Accounts Receivable. The mission of the Division is to increase voluntary compliance with Kansas tax law through aggressive collection efforts, working with business and individual taxpayers who fail to pay their liability when due. The Division of Collections consists of two bureaus: Collections Processing and Enforcement; and Collections Legal.

DIVISION OF PROPERTY VALUATION

The Property Valuation Division has three general functions: 1) to value all state-appraised property; 2) to assist and supervise local county officials, appraisers, clerks, treasurers and others in performing their duties relating to the appraisal and taxation of real and personal property; and 3) to provide training and education for all county officials involved in the ad valorem taxation process.

In addition to these general functions, several specific duties and powers are necessary for carrying out the foregoing functions and responsibilities: 1) to confer with, advise, and direct those persons obligated under the law to make levies and assessments; 2) to direct proceedings, actions, and prosecutions to be instituted to enforce the orders and laws of assessment and taxation; 3) to require the attorney general, or county attorneys to assist in the prosecution of actions and proceedings for violations of the law with respect to assessment and taxation; 4) to require any public officer to report information as to the assessment of property, collection of taxes, receipts and expenditures of public property; 5) to require individuals, partnerships, companies, associations, joint-stock companies, and corporations to furnish information to enable the Director to ascertain value; 6) to summon witnesses from any part of the State and to cause the deposition of witnesses residing within or without the State in any matter which the Director shall have authority to investigate and determine; 7) to visit all of the counties of the State in order to investigate the works and methods of local assessors, boards of county commissioners, and county boards of equalization for their adherence to existing tax law; 8) to recommend and formulate such legislation as may be necessary of the prevention

of tax evasion and for the standardization of the accounting and auditing of receipts and disbursements of public funds by investigating the tax systems of other states and countries; 9) to furnish the Governor with assistance and information on the subjects of property tax administration, assessment, systemic improvements, and other recommended legislation; and 10) to ensure that all property shall be valued and assessed in the same manner, the Director can require any County Board of Equalization to raise or lower the valuation of the property, real or personal, in any township or city, and to raise or lower the valuation of the property of any person.

These responsibilities are carried out through four bureaus: Administration, State Appraised Property, County Appraised Property, and Compliance.

DIVISION OF TAXATION

The Division of Taxation administers and enforces virtually all Kansas state taxes. Included are: individual and corporate income; retail sales and use; inheritance; minerals; motor fuels; and excise taxes, as those on cigarettes, tires, water, and alcoholic beverages. In addition, the Division administers sales and transient guest taxes that have been enacted by local units of government. The Division is administered by the Director of Taxation, and is divided into four major units: Income and Inheritance Tax Bureau; Business Tax Bureau; Taxpayer Assistance and Audit Services Bureau.

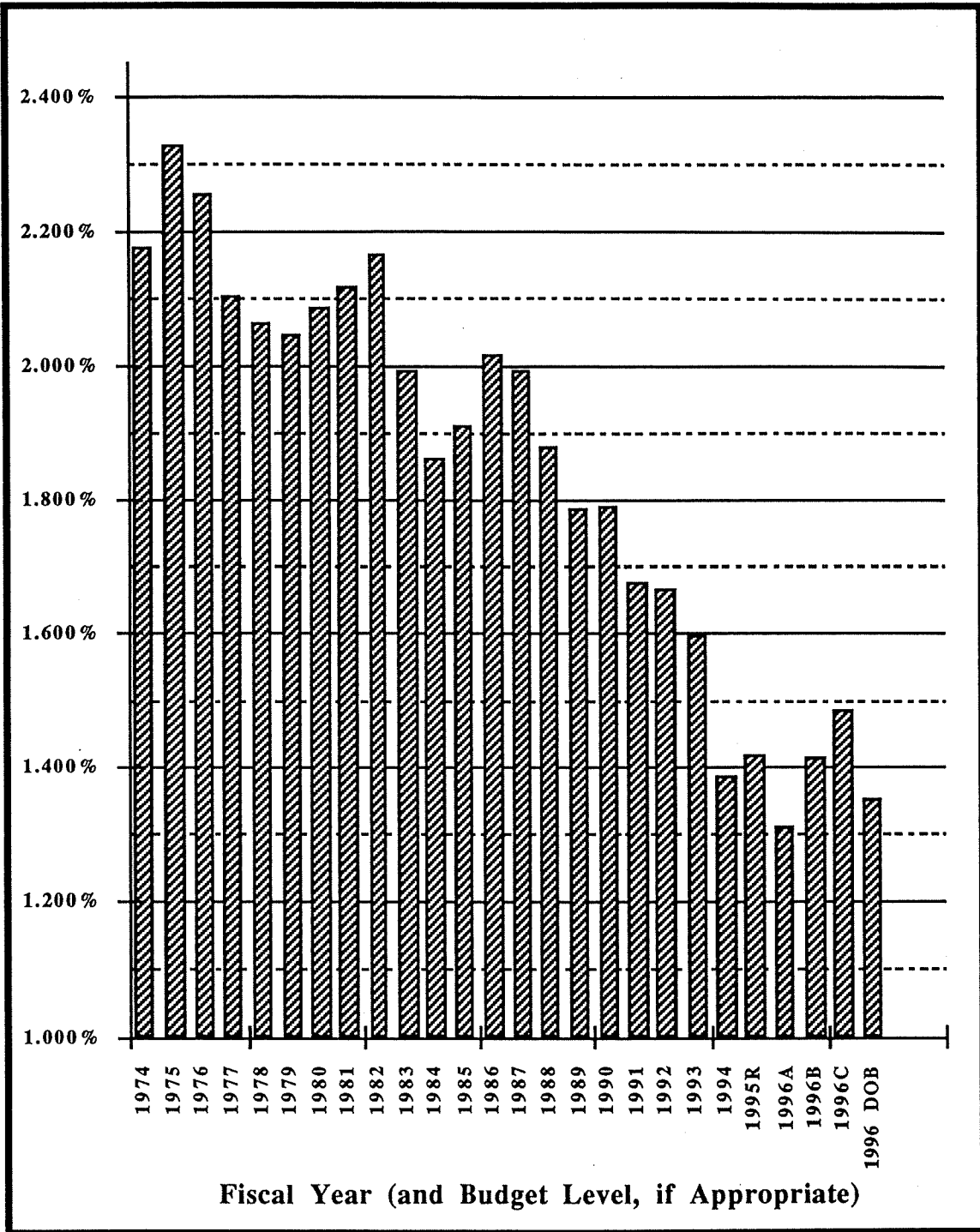
The Director of Taxation exercises jurisdiction over the administration and enforcement of most Kansas state tax laws and local sales taxes. The Director is responsible for the operation of the Division of Taxation as well as the administrative appeals process available to taxpayers. The Director serves as the hearing officer for formal hearings.

DIVISION OF MOTOR VEHICLES

The Motor Vehicle Division administers and enforces Kansas motor vehicle laws in two principal areas: Motor Vehicle Titles and Registration; and Driver License Issuance and Driver Control.

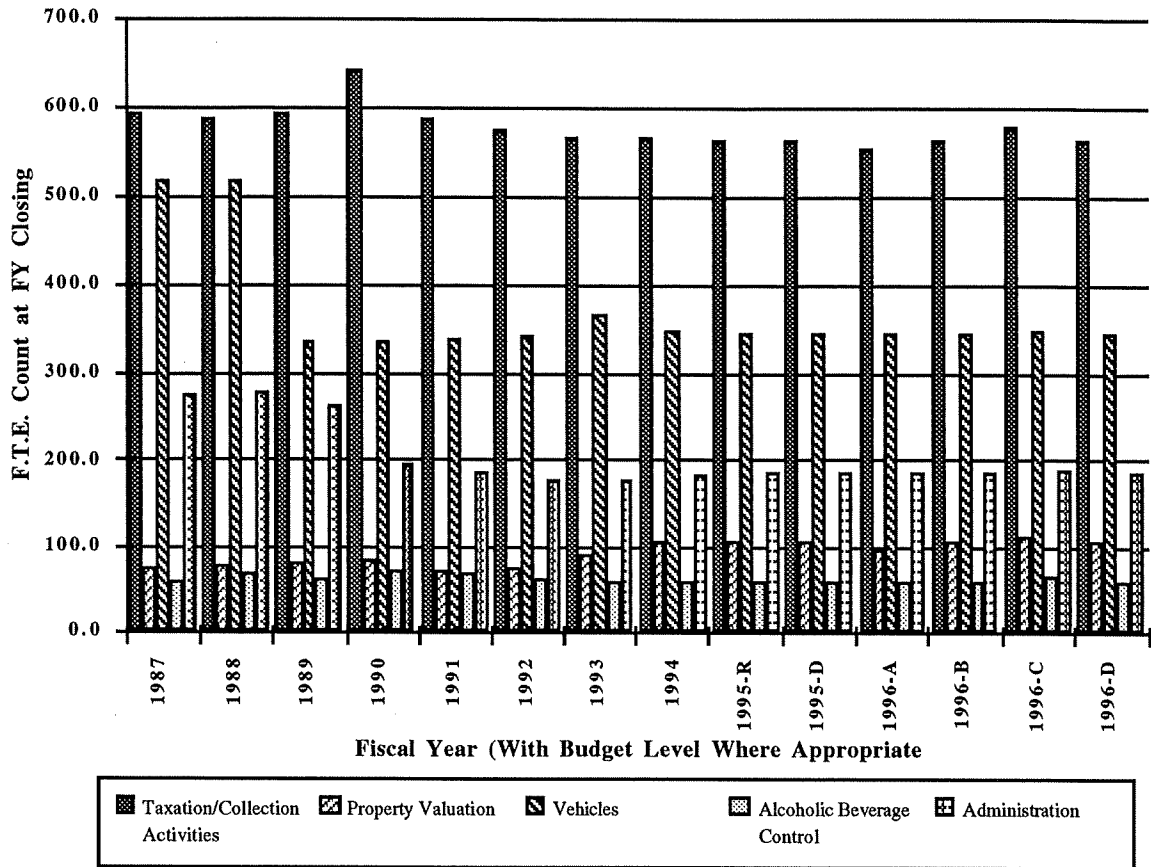
Activities of the Director of Vehicle's Office include interpreting laws, rules and regulations; promulgating policies and procedures; coordinating the collection of fees; and maintenance of records. The Director coordinates individual cases before the Medical Advisory Board on persons who have physical or mental conditions that could impair their driving ability; coordinates the Dealer Review Board in the administration and enforcement of the Kansas Uniform Manufacturers and Vehicle Dealers Registration Act; and conducts administrative hearings arising out of complaints and appeals.

DEPARTMENT OF REVENUE
Expenditures for State Operations
as a Percentage of Taxes and Fees Received



Fiscal Year (and Budget Level, if Appropriate)

**DEPARTMENT OF REVENUE—FTE Counts by
Function and Fiscal Year**



2-15

Military Refund Project Overview

The first payment from the Military refund project was mailed December 20, 1994. The amount refunded to taxpayers in the first of three payments was \$14,315,005. Additional payments will be made July 1, 1995 and July 1, 1996. The total amount refunded is \$52,412,546 less fees and expenses.

Background

A class action lawsuit was initiated April 17, 1989 by Military Retirees claiming their military retirement benefits should be exempt from income tax. The Supreme Court ruled in their favor. All military retirement benefits were tax exempt after 1991. The class action suit against the State of Kansas requested refunds on taxes paid on or on account of military retirement benefits in tax years 1984 through 1991.

The 1994 Legislature passed HB 3068, requiring the state to issue refunds to military retirees for tax years 1984 through 1991. The bill stipulated that a settlement agreement be approved by the Shawnee County District Court resolving the income tax refunds. Payments of refunds would represent a "final and complete" settlement. A stipulated agreement was entered into on June 15, 1994 between the State of Kansas and the counsel for the Military Retirees. Judge Adrian J. Allen, Div. 4 Shawnee Co. District Court, approved the settlement on August 25, 1994.

Refund Calculation Process

Under the settlement agreement, the Kansas Department of Revenue and the Class Counsel were instructed to jointly administer the calculation and payment of refunds according to the agreement. The Department worked closely with the plaintiffs' attorneys to identify eligible taxpayers. Seventy-six permanent and temporary tax examiners worked 17,000 hours to calculate refunds for 18,501 taxpayers from 101,622 returns over a 27 week period. The average amount of refund per return was \$516.00 and the average amount per taxpayer in total was \$2,907.00.

The project is well within the costs allotted for the refund calculation. Substantial savings were made by designing a computerized spreadsheet in-house to calculate not only the tax refund but also the interest. A review and corrections process was implemented to assure accuracy.

Military Refund Facts
Dates, Amounts, and Expenses

Total Tax Refunds	\$45,349,521
Interest Refund	<u>7,063,025</u>
Total Refund	\$52,412,546
Less Attorney's Fees	<u>(9,434,398)</u>
Balance	\$42,978,148
First Refund payment (12/20/94)	\$14,315,005
Second Payment date	July 1, 1995
Third Payment date	July 1, 1996
Last day for filing of claims	February 29, 1996
Expenses to date for Revenue	\$339,572.68
Estimated Legal Publication expenses	19,607.90

Current Status

Some taxpayers have expressed objections to their refund amount. The Department along with associates from the Plaintiff's attorneys office are reviewing these accounts and preparing correspondence for each objection received. As additional information is received from taxpayers refunds are being calculated.

Additional Tasks and Requirements

- Identify additional taxpayers
- Respond to inquiries
- Prepare for processing second and third payments
- Identify deceased taxpayers' heirs
- Identifying taxpayer liabilities created before or after a divorce or marriage.
- Divorced taxpayers--identifying and locating spouses, divorce settlement agreements and deceased, divorced spouses.
- Search for current addresses for returned refund checks. Approximately 600 checks have been returned as undeliverable.

Peden v. State of Kansas, et. al. ("Singles" Issue)

Background

On April 14, 1993, Eric C. Peden, a single attorney, filed this action in Shawnee County District Court on behalf of himself and other similarly situated taxpayers. The plaintiff alleged that K.S.A. 79-32,110 violates the Equal Protection Clause of the 14th Amendment to the U.S. Const. And Art. 11 §2 of the Kansas Constitution to the extent that the income tax rates charged to unmarried taxpayers exceed the highest income tax rates charged to taxpayers filing under the status of "married filing jointly." The petition sought relief in the form of a declaratory judgment pursuant to K.S.A. 60-1701, injunctive relief pursuant to 42 U.S.C. §1983, and income tax refunds for tax years 1988 through 1992.

On January 4, 1994, following a Motion to Dismiss filed by the Defendants, the court dismissed the plaintiff's claims for income tax refunds holding that the plaintiff's administrative remedies are full and adequate and must be exhausted. In addition, the court also refused to certify the lawsuit as a class action and ruled that class certification was not necessary because the relief sought by the plaintiff would produce the same result as formal class-wide relief. That is, declaring the statute unconstitutional for one plaintiff would declare the statute unconstitutional for all members of the purported class.

Both parties then filed Motions for Summary Judgment. On September 7, 1994, the court issued a Memorandum Decision on granting the plaintiff's motion for summary judgment. The court held that single filers are subjected to income tax rates that are higher than the highest rates applicable to married individuals filing a joint return and there was no rational basis to support this discriminatory system of taxation. A journal entry incorporating the findings in this Memorandum Decision was subsequently filed on November 4, 1994.

Current Status

The defendants filed a Notice of Appeal with the district court on November 4, 1994. Because the court ruled a Kansas statute unconstitutional, K.S.A. 60-2101(b) provides that the appeal shall be filed directly with the Kansas Supreme Court. The issues on appeal include whether the court erred in finding no rational basis to support the constitutionality of K.S.A. 79-21,110 and whether the court erred in granting injunctive relief pursuant to 42 U.S.C. §1983 without any determination that an injunction is appropriate in this case.

The income tax statute at issue in this appeal, K.S.A. 79-32,110 was significantly changed by the Kansas Legislature in 1988. Prior to 1988, Kansas income tax rates for joint filers and single filers were the same although the brackets were different. At that time, married couples filing jointly paid about 74% of the total amount of Kansas income taxes collected while individuals filing singly paid about 26%. When changes were made to the income tax statutes in 1988, the state tried to retain the same proportional burden between married individuals filing jointly and single filers. This was accomplished through differential rates for married individuals filing jointly and all others. When the income tax statutes were changed in 1992, the differential in rates between married joint filers and other filers increased.

An estimate of the potential refund liability (not including interest) is \$16 million per year or \$48 million dollars for the three open tax years. If the ruling is that the single filer rates for each bracket must be identical to the brackets for married individuals, then the tax refund liability is \$50 million per year or \$150 million for the three year period. Based on the Department's interpretation of the Court ruling, we believe that the estimated tax amount would be \$48 million plus interest.

State, ex rel. Stephan v. Kansas Department of Revenue,
(Shawnee County District Court Case No. 92-CV-796)

Background:

On June 15, 1992, Attorney General Robert T. Stephan filed the above referenced case in Shawnee District Court against the Kansas Department of Revenue, the Secretary of Revenue, the Director of Property Valuation, and the State Treasurer, alleging that real property was not valued uniformly and equally as required by art. 11, sec. 1 of the Kansas Constitution. The Attorney General sought an injunction compelling defendants Kansas Department of Revenue and Director of Property Valuation to implement statewide reappraisal so that real property throughout the state shall be valued uniformly and equally as required by art. 11, sec. 1 of the Kansas Constitution. The Attorney General also sought to enjoin all defendants from collecting and receiving any property taxes under K.S.A. 79-6a01, K.S.A. 79-6b04 and the School Finance Act.

On June 30, 1992, the parties agreed to an order of the court for corrective action. The order for corrective action required the Kansas Department of Revenue and the Director of Property Valuation to:

1. Devote all necessary resources to the development of a valid sales ratio study;
2. Continue and expand county audits to insure that the appraisal process was being implemented properly;
3. Test the effectiveness of the Computer Assisted Mass Appraisal System ("KSCAMA");
4. Establish minimum educational standards for the training of county personnel performing "appraisal analysis functions";
5. Review all existing directives regarding property appraisal;
6. Develop a plan to address and correct any appraisal and uniformity deficiencies;

7. Develop proposal for ongoing educational curriculum in conjunction with Board of Regents institutions and junior colleges;
8. Evaluate the possibility of developing commercial and industrial benchmarks; and
9. Work with county officials to develop and standardize a data base that will provide statistical information.

The Court retained continuing jurisdiction and required status reports on six month intervals. The next written report to the Judge will be made in February 1995.

In the ensuing months a number of counties petitioned the district court to intervene in the case. The district court denied all such motions to intervene, holding that the counties did not have a substantial interest in the subject matter of the litigation, and the counties appealed to the Kansas Supreme Court. On July 3, 1993, the Kansas Supreme Court sustained the district court's denial of the counties' motions to intervene in *State ex re. Stephan v. Kansas Dept. of Revenue*, 253 Kan. 412, 856 P.2d 151 (1993). The Kansas Supreme Court concluded that county officials were not primarily responsible for administering the tax laws and, therefore, were not proper parties to the litigation.

In July 1993, the parties agreed to a journal entry setting forth a plan to correct existing appraisal problems on or before January 1, 1998. The plan requires the Kansas Department of Revenue and the Director of Property Valuation to:

1. Require all counties, on or before January 1, 1998, to attain generally acceptable statistical standards for all real property classified as residential and commercial and industrial;
2. Required that the determination of whether the forgoing generally acceptable statistical standards had been met be measured by the official 1998 appraisal/sales ratio study required by K.S.A. 79-1485 *et seq.*, to be completed on or about March 1, 1999;

3. Ordered the defendants to allocate primary resources to correcting existing problems with commercial and industrial real property appraisals, including the development of a capitalization rate study by specific commercial property types, the development of a statewide cost index study; the development of a statewide land valuation study, the definition of homogeneous commercial property regions throughout the state for purposes of analyzing specific cost, income, and sales information, the development of a statewide income and expense study and the development of statewide sales data base of commercial property sales by type;
4. Ordered by the Director of Property Valuation to pursue legislative funding for the development of an expert commercial and industrial property appraisal staff and/or legislative funding to contract with expert commercial and industrial property appraiser to assist county appraisers in the appraisal of commercial and industrial property throughout the state.

The order provides that if any county does not meet the Court's standards, the Director of Property Valuation shall file a complaint with the State Board of Tax Appeals ("BOTA"), as provided in K.S.A. 79-1413a and K.S.A. 79-1479, requesting BOTA order the reappraisal of such county and to further order the Director of Property Valuation to assume control of the office of county appraiser of such county until the Court's standards are achieved.

The court retained continuing jurisdiction of this lawsuit.

CURRENT STATUS OF THE ORDER FOR CORRECTIVE ACTION REQUIREMENTS

REQUIREMENT:

1. Devote all necessary resources to the development of a valid sales ratio study;

STATUS: Initial Phase: 100% complete Current Status: On-going

Resources have been allocated and procedures have been established to conduct an on-going annual sales ratio study.

REQUIREMENT:

2. Continue and expand county audits to insure that the appraisal process was being implemented properly;

STATUS: Initial Phase: 100% complete Current Status: On-going

Developed and established substantial compliance criteria. All 105 counties are audited each year for substantial compliance. In-depth audits are performed on counties who are noncompliant for 2 or more years.

REQUIREMENT:

3. Test the effectiveness of the Computer Assisted Mass Appraisal System ("KSCAMA");

STATUS: Initial Phase: 100% complete Current Status: 100% complete

KSCAMA was tested in 1992 using Ellis County data. Values computed by the system during the test met the last set of standards used to determine county compliance. The system was again tested in 1994 as part of the Legislative Post Audit of KSCAMA. The audit concluded the system is capable of generating the sophisticated mathematical analyses necessary to value properties annually.

REQUIREMENT:

4. Establish minimum educational standards for the training of county personnel performing "appraisal analysis functions";

STATUS: Initial Phase: 100% complete Current Status: On-going

The Division with the support of the Kansas County Appraisers Association will introduce legislation in the 1995 session to amend K.S.A. 79-1411b to give the Director more specific statutory authority in regards to setting minimum educational standards for county appraisal personnel. Upon passage of the amended bill, a directive requiring county staff to attend a minimum of 90 hours of appraisal education during a four year period will be drafted.

REQUIREMENT:

5. Review all existing directives regarding property appraisal;

STATUS: Initial Phase: 100% complete Current Status: 100% complete

On November 3, 1992 all existing directives were rescinded. A new series of directives were issued. These remain in effect and are updated as needed.

REQUIREMENT:

6. Develop a plan to address and correct any appraisal and uniformity deficiencies;

STATUS: Initial Phase: 100% complete Current Status: On-going

On March 1, 1993, a detailed plan was submitted to the Court. The judge accepted the plan and work continues towards meeting each proposed solution.

REQUIREMENT:

7. Develop proposal for ongoing educational curriculum in conjunction with Board of Regents institutions and junior colleges;

STATUS: Initial Phase: 100% complete Current Status: On-going

The Division developed the proposal for an associate degree in appraisal/assessment. Independence Community College is the host site to the program. 35 students were enrolled for the 1994 Fall semester. Negotiations are underway which would expand the program to Butler County Community College and Garden City Community College in the Spring/Summer of 1995. Plans are also underway to broadcast programming statewide through the use of interactive video.

REQUIREMENT:

8. Evaluate the possibility of developing commercial and industrial benchmarks;

STATUS: Initial Phase: 30% complete Current Status: On-going

Currently the Division is developing benchmarks for the smaller counties in-house. The Division is seeking \$360,000 to contract for benchmark studies of the larger counties.

REQUIREMENT:

9. Work with county officials to develop and standardize a data base that will provide statistical information.

STATUS: Initial Phase: 20% complete Current Status: On-going

The ratio study section has begun collecting information which will be used to build a foundation for specialized commercial/industrial data bases. The use of a computer bulletin board service for making this information available to Kansas counties has also been explored.

2.26

CURRENT STATUS OF THE JOURNAL ENTRY PLAN

REQUIREMENT:

1. Require all counties, on or before January 1, 1998, to attain generally acceptable statistical standards for all real property classified as residential and commercial and industrial;

STATUS: Initial Phase: 15% complete Current Status: Ongoing

Developed and established substantial compliance criteria. All 105 counties are audited each year for substantial compliance. In-depth audits are performed on counties who are noncompliant for 2 or more years.

REQUIREMENT:

2. Required that the determination of whether the forgoing generally acceptable statistical standards had been met be measured by the official 1998 appraisal/sales ratio study required by K.S.A. 79-1485 *et seq.*, to be completed on or about March 1, 1999;

STATUS: Initial Phase: 15% complete Current Status: Ongoing

The Division conducts an annual statewide ratio study. A detailed comparison is made between years. Since the journal entry was made regarding this case the 1992 and 1993 ratio studies have been published. The 1992 ratio study was used to determine the ratio statistics portion of the 1993 substantial compliance report. The 1993 ratio study was used to determine the ratio statistics portion of the 1994 substantial compliance report. The statistics indicate that in 1993, 70 counties were in compliance. In 1994, the number of counties in compliance increased to 84. (See attachment for more detailed information)

REQUIREMENT:

3. Ordered the defendants to allocate primary resources to correcting existing problems with commercial and industrial real property appraisals, including the

development of a capitalization rate study by specific commercial property types, the development of a statewide cost index study; the development of a statewide land valuation study, the definition of homogeneous commercial property regions throughout the state for purposes of analyzing specific cost, income, and sales information, the development of a statewide income and expense study and the development of statewide sales data base of commercial property sales by type;

STATUS: Initial Phase 10% Complete Current Status: Ongoing

In the FY 1996 budget, Level C, the Division requested \$125,000 to fund the development of a capitalization rate study; \$100,000 to develop a statewide cost index study; and \$135,000 to develop a statewide income and expense study. Division staff will be developing in-house a statewide land valuation study during 1995-1996. Staff is currently working on defining homogeneous commercial property regions. The state has been divided into 6 regions. Those regions are being further divided to establish homogeneous groupings of counties within the regions. Staff have also begun collecting information which will be used to build a foundation for specialized commercial/industrial data bases.

REQUIREMENT:

4. Ordered by the Director of Property Valuation to pursue legislative funding for the development of an expert commercial and industrial property appraisal staff and/or legislative funding to contract with expert commercial and industrial property appraiser to assist county appraisers in the appraisal of commercial and industrial property throughout the state.

STATUS: Initial Phase: 50% complete Current Status: Ongoing

The Division has been training existing staff in the valuation of commercial and industrial properties.

KANSAS TAX 2000 PROJECT

Background

K.S.A. 1993 Supp. 75-5147 authorized the Department of Revenue to pursue the development and purchase of automated tax systems and to pay for the systems including computer hardware and software from the increased revenues collected and attributable to such systems.

In spring 1992, the Department took a holistic approach to assessing our needs. We developed the "AS IS" for external forces as well as organization, processes and technology. Employing best practices and guiding principles we identified the "COULD BE" for strategy, process, organization and technology.

In the fall of 1993, we completed the request for information (RFI) process. Each (three) interested vendor spent one week in the Department and then responded with information. We learned about and compared different approaches to both reengineering and tax systems. Through the RFI process and other initiatives, the Department educated itself about reengineering methods and approaches, new technologies, the importance of organizational structure, change management and training as aspects of the project and the commitments the Department must make for a successful reengineering effort.

In spring 1994, the Kansas Tax 2000 project was organized through Administrative Directive # 90. This directive established a project management group. The first task of this group was to issue a request for proposal (RFP). This task was completed in August and responses were received from two vendors in September. The responses are being evaluated.

The evaluation process has included a review and comparison of the proposals, site visits to six locations and face-to-face conversations with over 10 clients of the vendors. Oral presentations of the proposals by the vendors have been completed. Formal negotiations will begin in late January 1995. Negotiations and contract development for similar projects have taken two to six months in other states.

Key Milestones Met August 12 to December 20, 1994

- August 12 Request for Proposal #30577 was issued to over forty prospective vendors.
- August 24 & 25 Completed tours of tax operations for prospective vendors.
- September 1 Returned pre-bid questions with answers to all prospective vendors.
- September 19 Received two proposals and several no responses from prospective vendors.
- September 20 to October 28 Reviewed proposals and completed preliminary evaluations.
- November 1 to November 15 Completed reference site visits of vendor engagements. We completed face to face visits with eight different taxing jurisdictions and one private company.
- November 16 to December 13 Continued review and evaluation of proposals and site visit information.
- December 14, 16, 19, & 20 Oral presentations of proposals by vendors.

Future Plans

- January 1995 Begin negotiations with vendors and receive best and final offer. Project start-up is estimated to occur two to four months after negotiations begin.

Scope of Kansas Tax 2000

The scope of the Kansas Tax 2000 project includes the refinement of our strategic business planning process, reengineering of our core business processes and realignment of the organization jobs and structure for tax administration in conjunction with the implementation of state-of-the-art technology.

Department management, through the development of a business integration assessment and a strategic business plan, have identified the following expected outcomes for Kansas Tax 2000.

- The Department will administer and enforce all tax statutes, regulations and policies.
- Planning at all levels of the organization will provide cohesive and coordinated direction for the future.
- Performance measures will be integrated throughout business processes.
- Supplier/Customer requirements will be fulfilled by the business processes.
- The culture will be based on trust, empowerment, open communication, principle-centered leadership, team-work, decision making, skill development, self-motivation, high performance and continuous improvement.
- The system will ensure quality data management which is demonstrated by these attributes:
 - accurate
 - timely
 - on-line, real time
 - easy access by users
 - intelligent, knowledgeable worker support systems
- Electronic processing will be the internal business process.
- External customers will be provided the methods to supply data and funds electronically.

The approach for this five to seven year project is to implement in stages by breaking the project down into smaller, more manageable parts. The first stage of the project will include updating the Department's strategic business plan, developing a strategic information technology plan, performing business process reengineering, developing a change plan, identifying alternatives and defining a general systems design. This phase is expected to take nine to 12 months.

The vendor is also expected to implement several mini-projects, termed **quick hits**, for the purpose of generating increased revenues for funding of the project. These initiatives must be consistent with the objectives of the Department and are expected to be implemented during the early months of the project.

The **second stage** of the project will consist of detail design for all business operations and implementation of at least one model tax type. The tasks associated with this stage of the project, in addition to the development of the automated tax system, include business process design; organizational design and development and job design; communication processes; physical infrastructure development; training curriculum and course development, data conversion and testing processes and computer hardware and software assessment and procurement. This phase is the largest and is expected to take 18 to 24 months.

The **third stage** of the project will consist of implementing the business processes, organizational structure and technology for all agreed upon tax types and post implementation support. This will be a planned, iterative process in which taxes will be implemented in a phased approach over an agreed time frame. This phase is expected to take 18 to 24 months and will be followed by 12 to 24 months of post implementation support.

All phases will follow a proven methodology for strategic planning, change management, business process reengineering and systems development and implementation. An experienced electronic data processing (EDP) auditor has been assigned to the project to ensure the required security and audit controls are built into the system.

The Kansas Tax 2000 project could have an affect on the state's computer systems. The magnitude of potential changes are not known at this time as the technical platform or processing environment has yet to be defined. The Department, with the assistance of the Department of Administration's Division of Information Systems and Communications (DISC) will be closely tracking and monitoring project activities. DISC representatives have been and will be working with the Department throughout the project.

Critical Success Factors

There are many factors that contribute to the success of a large scale project. One of the most important factors to ensure success of the Kansas Tax 2000 project is to have complete executive management support and commitment. Other critical success factors include maintaining a shared vision of the project outcomes, focusing on the customer needs and achieving quality results, taking a holistic approach to the project, incorporating effective change management and having a well-structured project management approach with integrated tools and techniques, and with necessary amounts of education and training. The project will be successful if the Department and the contractor use a partnership approach to managing the project. This means a seamless team using open communication and ensuring the project meets the strategic goals of both organizations.

Benefits of Kansas Tax 2000

This project is an opportunity for the Department to modernize tax administration and provide a foundation which can be built upon for years to come. This project achieves all of the strategic objectives established in the Strategic Business Plan. Some of the technology the Department is considering includes using workstations to provide desktop computing and graphical user interface in a client-server environment. We want to employ digitized imaging of tax documents for data capture and document storage and retrieval. We want to use electronic exchange of data and funds as much as possible. These technology features, along with streamlined processes and intensive employee training, will empower the worker on the front lines to serve the taxpayers at the point of contact.

Re-deployment will take workers whose jobs were automated and re-train them in revenue producing jobs, such as new enforcement programs which match outside information with registered taxpayers. Those not registered with the Department would be contacted and brought into compliance using a service-oriented approach. Other programs like matching will be used to increase revenues by enforcing existing statutes.

The financing structure provides an opportunity for the Department to enter into a relationship with a vendor as a business partner. The majority of the risk is born by the contractor. If the increased

revenues do not accrue, the contractor does not get paid. This incentive ensures that sound decisions will be made, that the services delivered by the vendor will be top quality and that vendor commitment will remain high throughout the entire project including post implementation support.

The revenue benefits to the state general fund are projected to be in excess of \$100 million over the life of the project.

This project will employ a detailed accounting system. We will use a cost/benefit decision-making process. All additional revenues attributable to the project will be tracked by tax type, taxpayer and specific transaction. We have contracted with an independent economist to issue opinions on the revenue tracking model. The legislation specifies that payment will be authorized only after joint consensus of increased revenues has been reached by the Directors of Legislative Research and Budget.

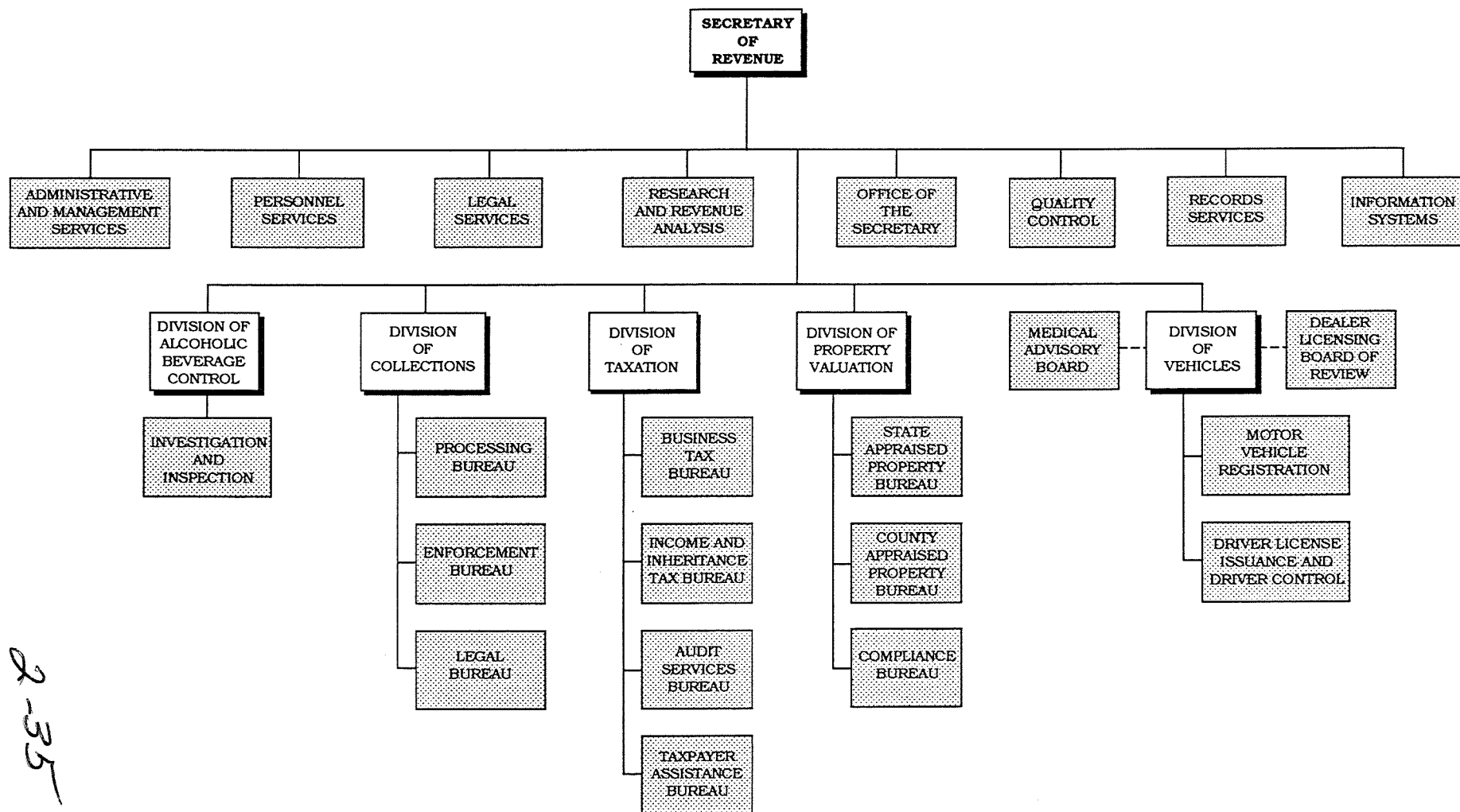
Kansas Tax 2000 project will allow for ease of maintenance and flexibility to respond to legislative changes. Our current systems cannot be maintained or modified to incorporate legislative changes in a timely manner.

By taking a holistic approach, technology will be applied where it makes sense to automate functions, the taxpayers' requirements will be met, and the work force will be retrained to provide service to taxpayers.

Our goal is to provide a less intrusive government by giving taxpayers what they need up front to comply with the tax laws and increase revenues significantly by encouraging voluntary compliance.

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE
 Fiscal Year 1995 Authorized

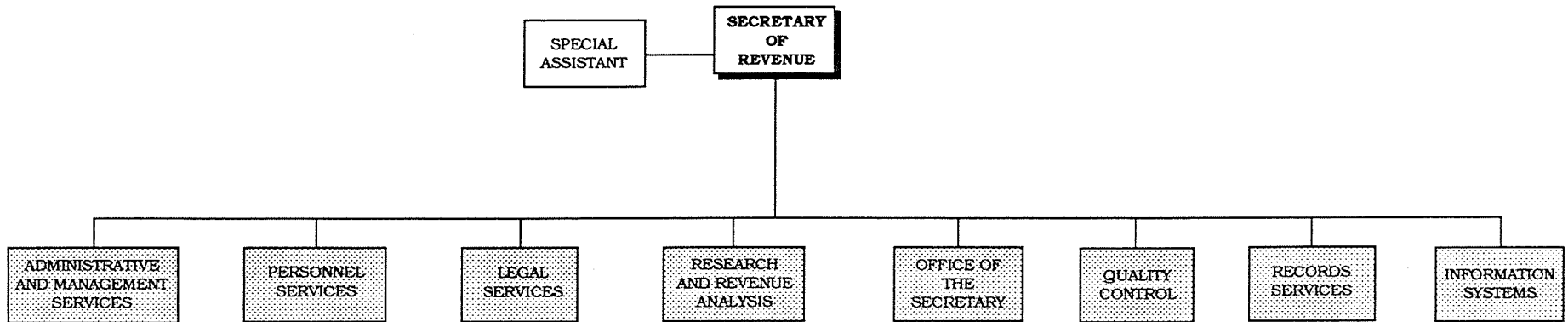
1,260.5 TOTAL POSITIONS (Authorized)



2-35

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE
Fiscal Year 1995 Authorized

Administrative Services

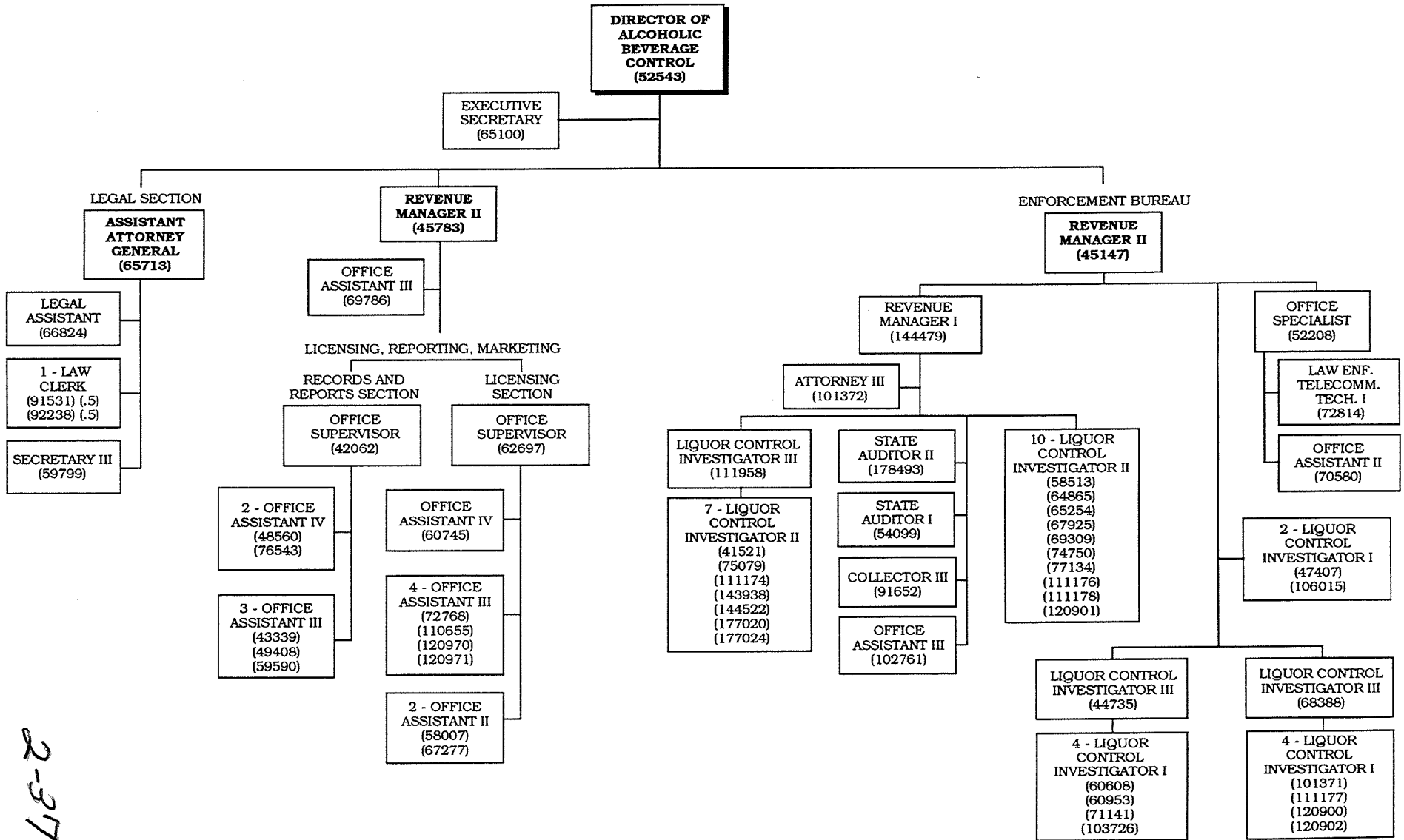


2-36

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Alcoholic Beverage Control Division
Division Administration (6401) - 22 Positions
Enforcement (6463) - 40 Positions
Fiscal Year 1995 Authorized

62 TOTAL POSITIONS

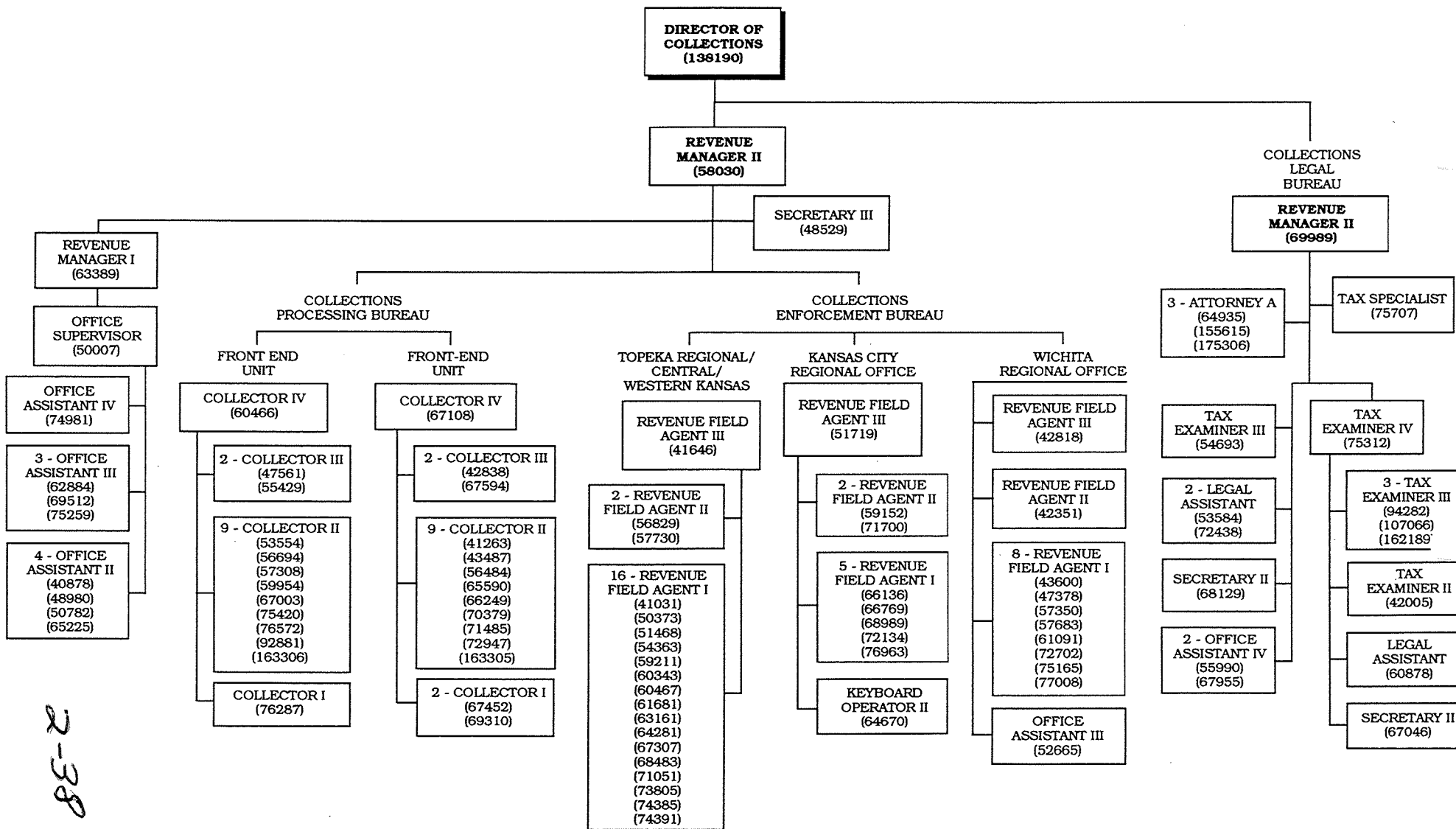


2-37

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Collections
 Division Administration (7001) - 1 Position
 Collections Enforcement (7011) - 39 Positions
 Collections Processing (7012) - 39 Positions
 Collections Legal (7013) - 18 Positions
 Fiscal Year 1995 Update

97 TOTAL POSITIONS

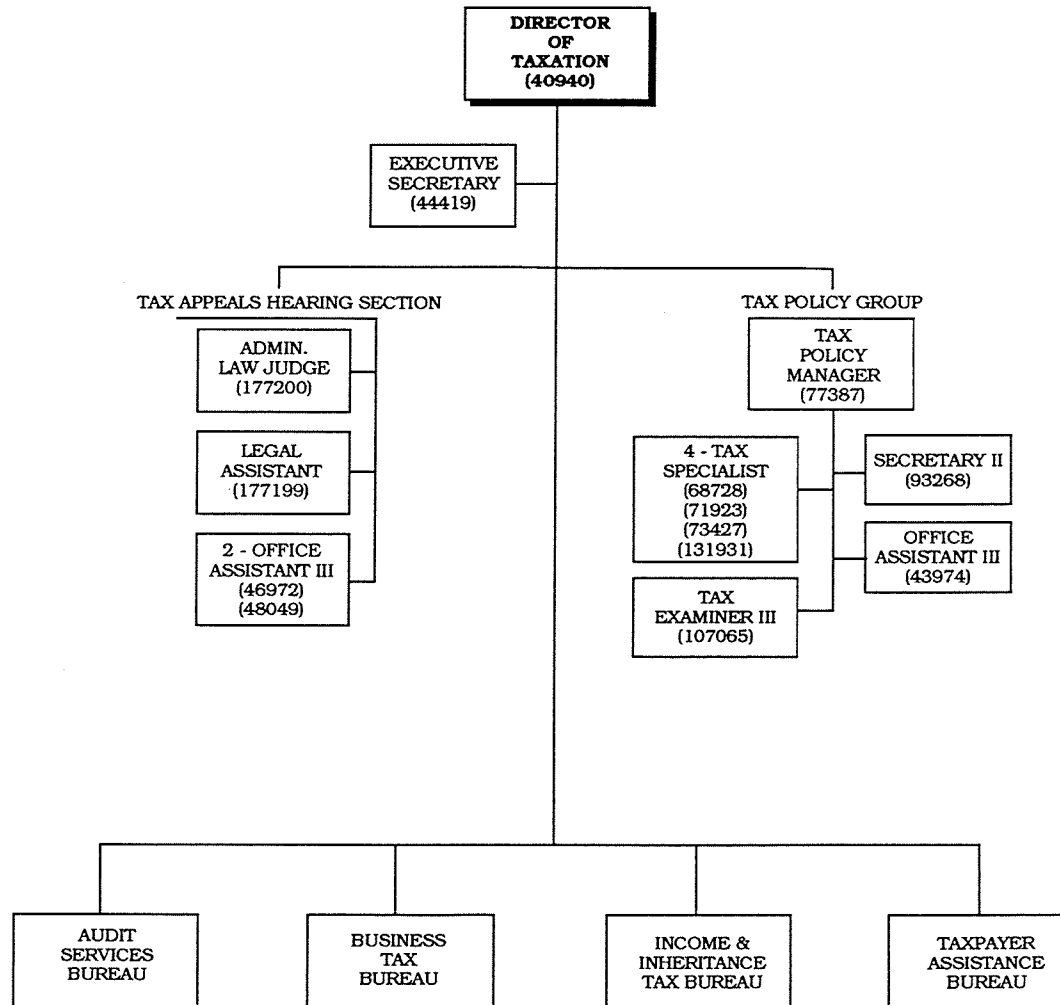


2-38

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

Division of Taxation
Division Administration (8501)
Fiscal Year 1995 Authorized

14 TOTAL POSITIONS

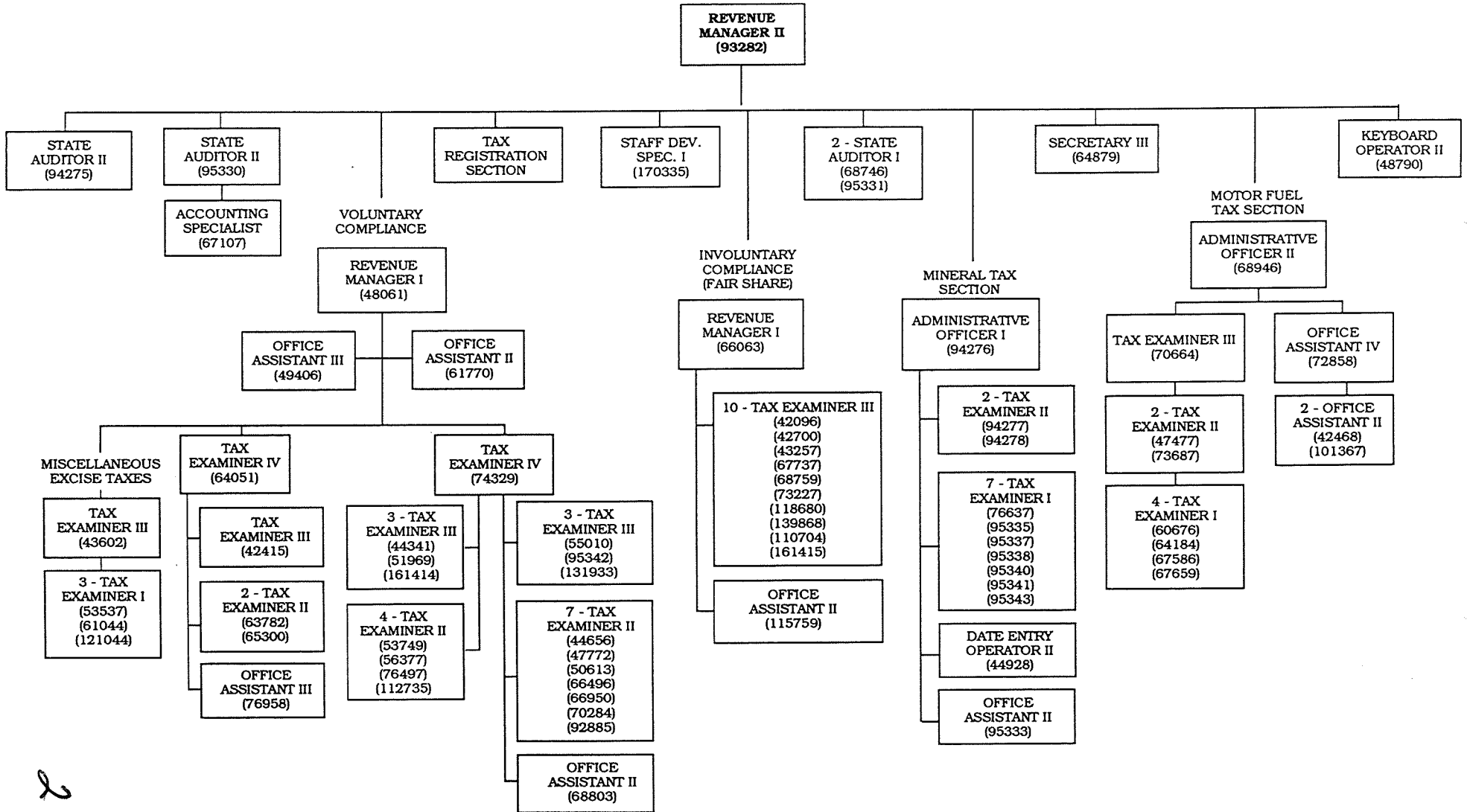


2-39

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Business Tax Bureau (8511)
Fiscal Year 1995 Update

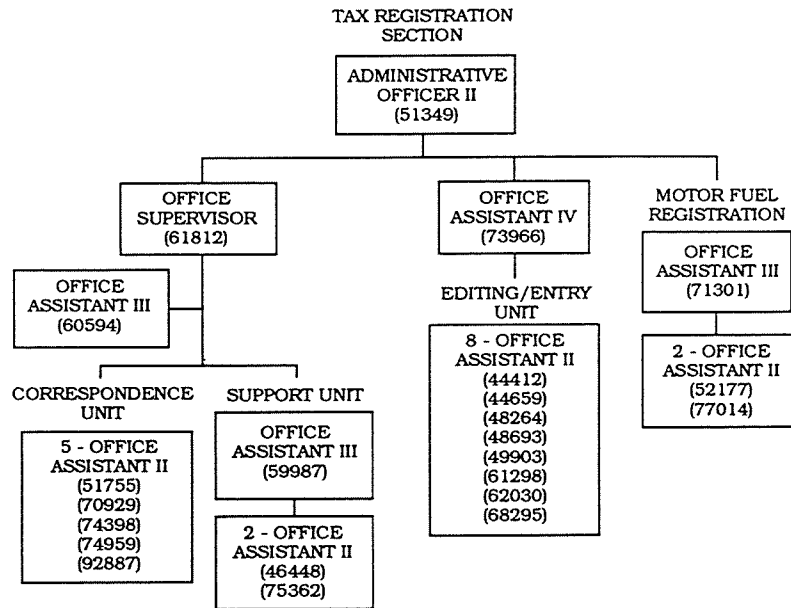
98 TOTAL POSITIONS



2-110

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

Business Tax Bureau (8511)
Tax Registration Section - 23 Positions
Fiscal Year 1995 Authorized

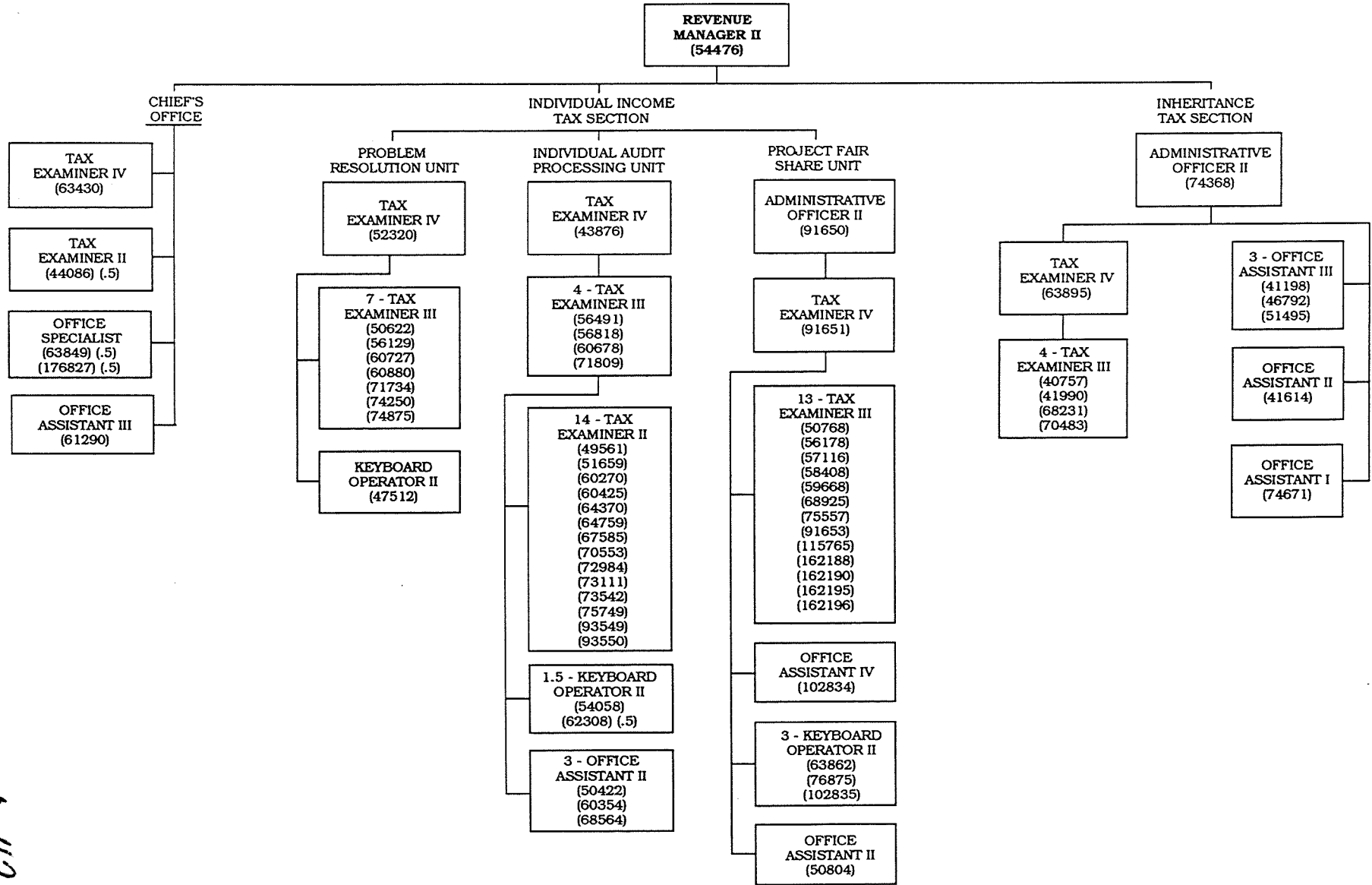


14-6

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Taxation
Income & Inheritance Tax Audit Bureau (8512)
Fiscal Year 1995 Update

68 TOTAL POSITIONS

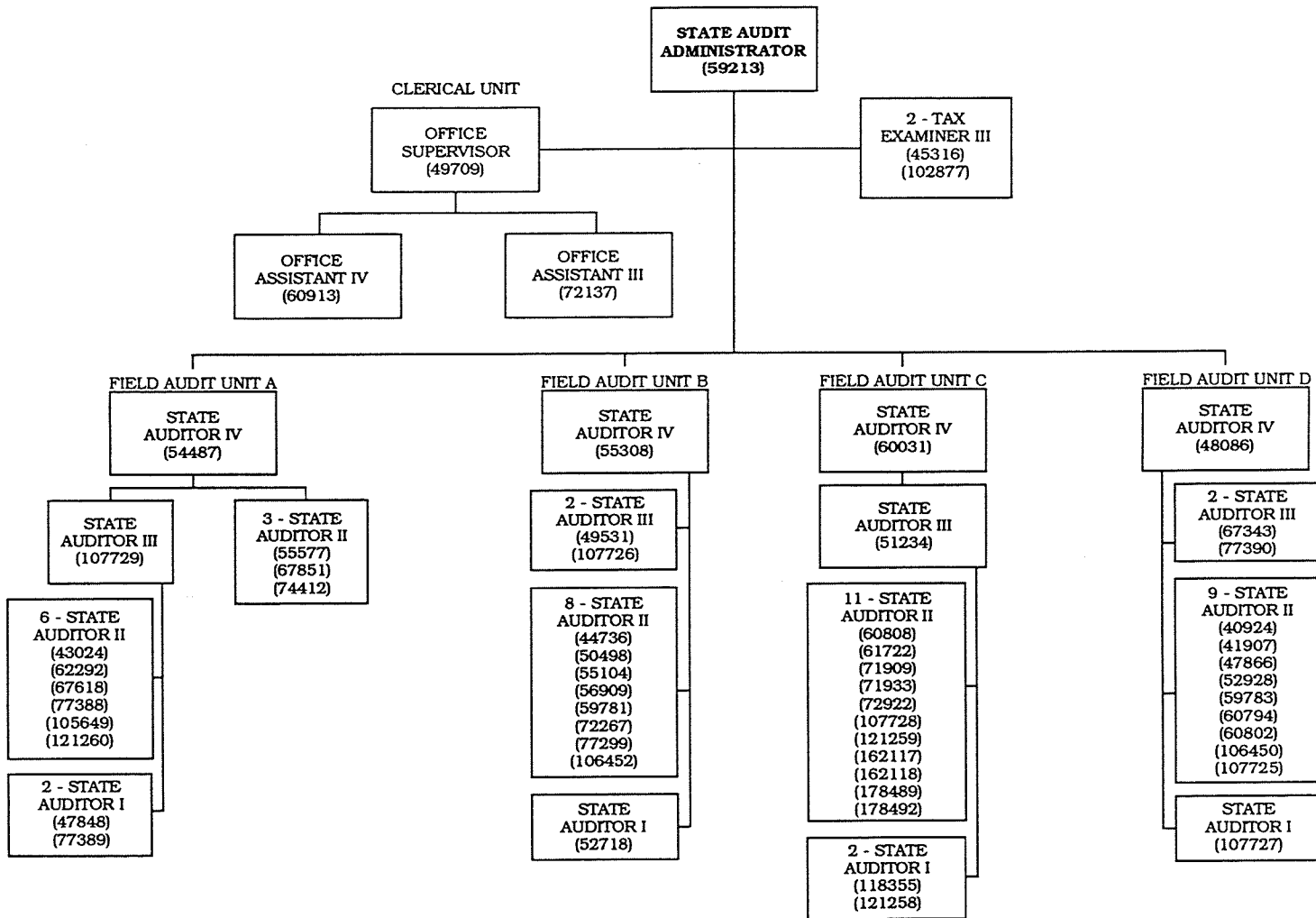


2-42

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Audit Bureau (8515)
Fiscal Year 1995 Update

59 TOTAL POSITIONS

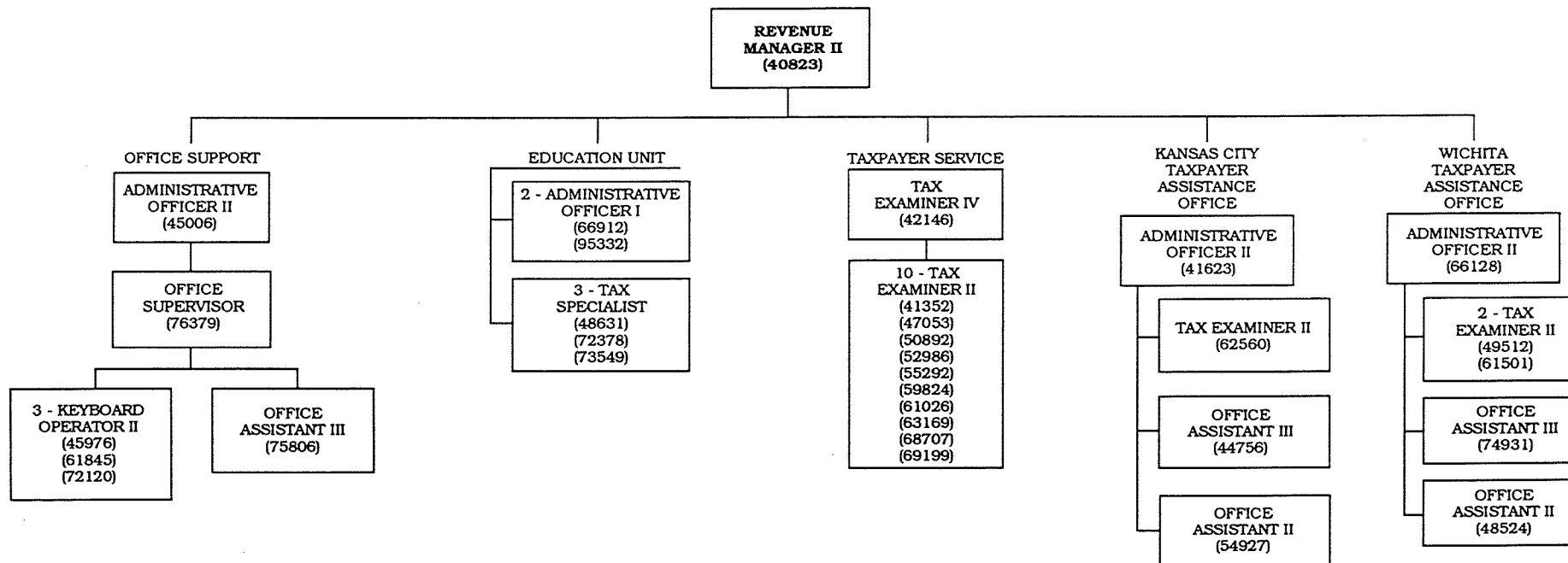


2-413

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

Taxpayer Assistance Bureau (8516)
Fiscal Year 1995 Authorized

32 TOTAL POSITIONS

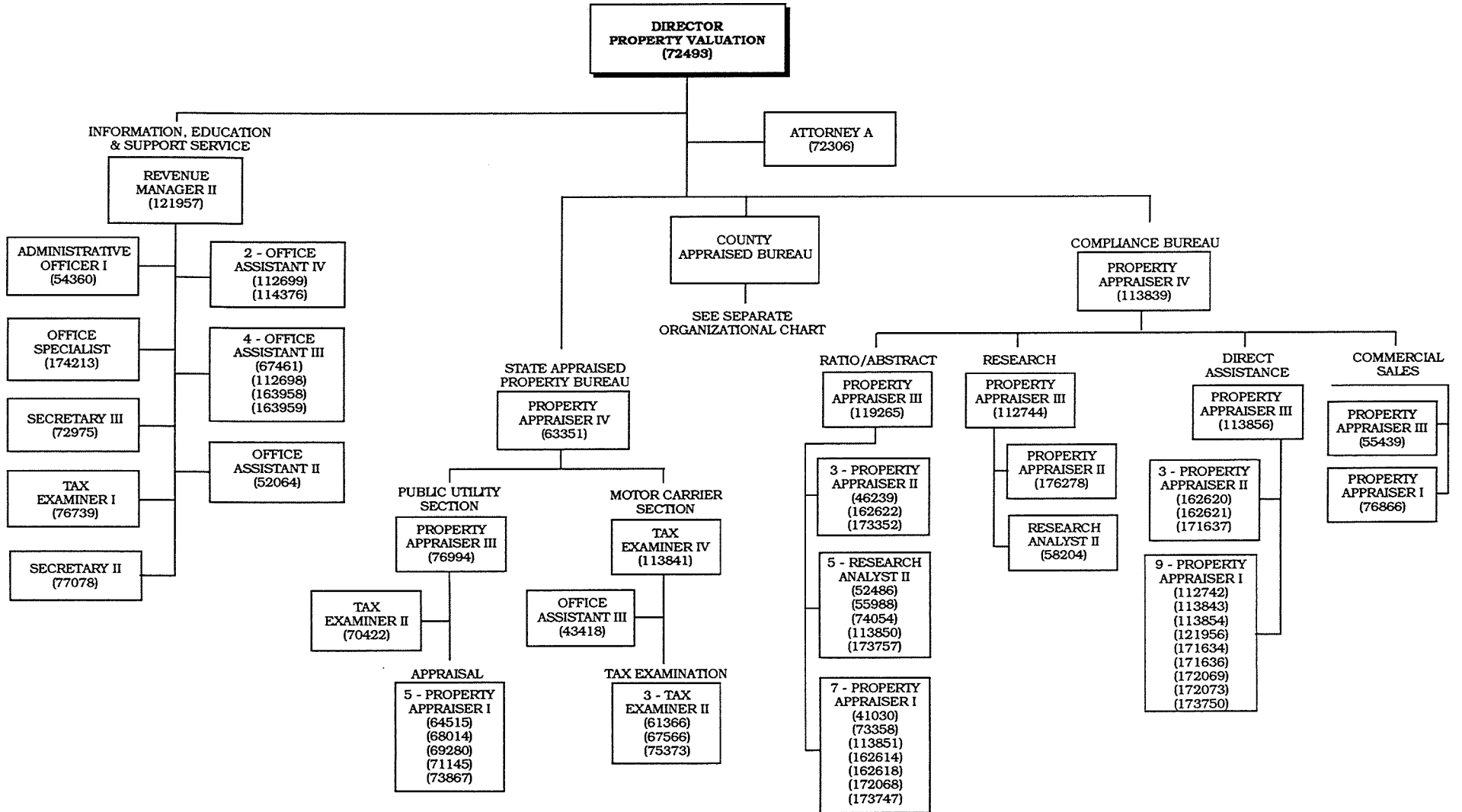


44-2

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Property Valuation
Administration (8601) - 15 Positions
State Appraised Bureau (8611) - 13 Positions
Compliance Bureau (8613) - 35 Positions
Fiscal Year 1995 Authorized

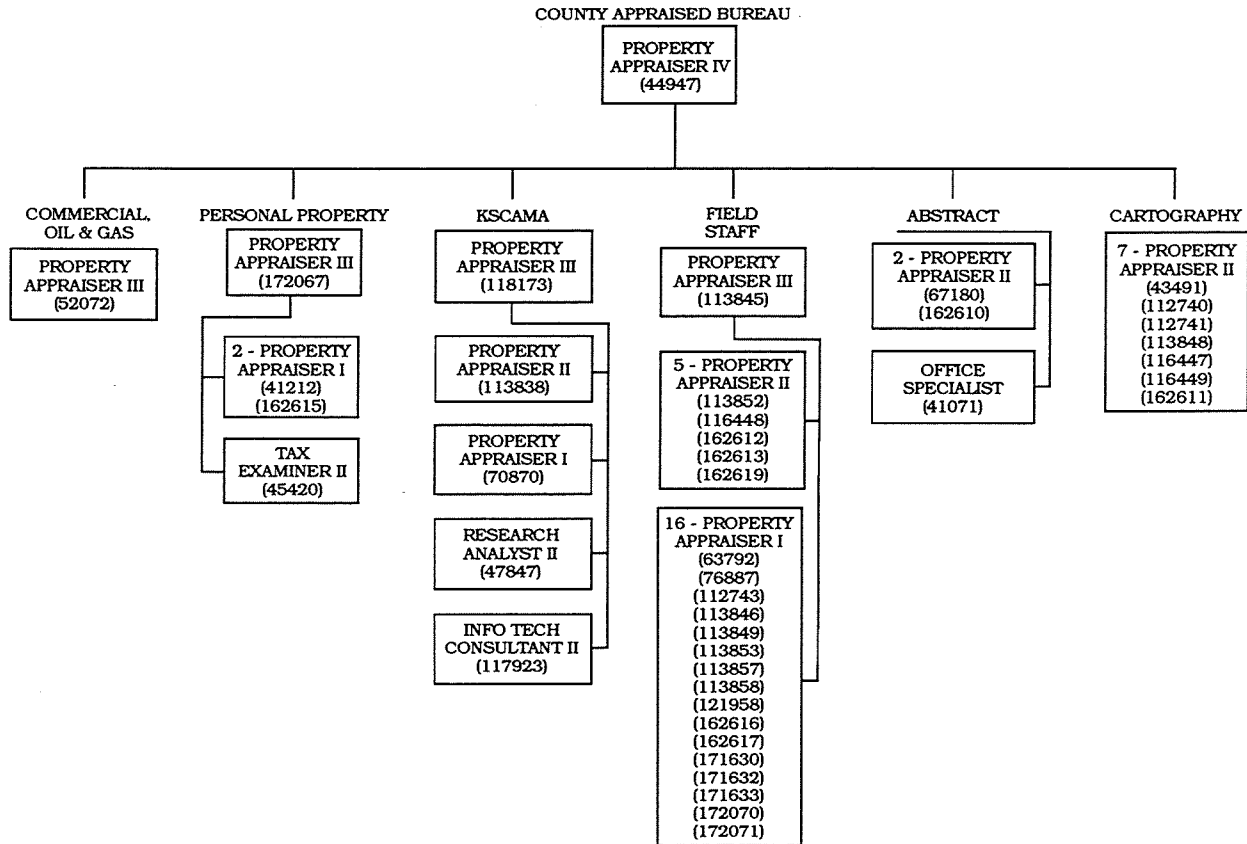
106 TOTAL POSITIONS



2-415

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE

Division of Property Valuation
County Appraised Bureau (8613) - 43 Positions
Fiscal Year 1995 Authorized

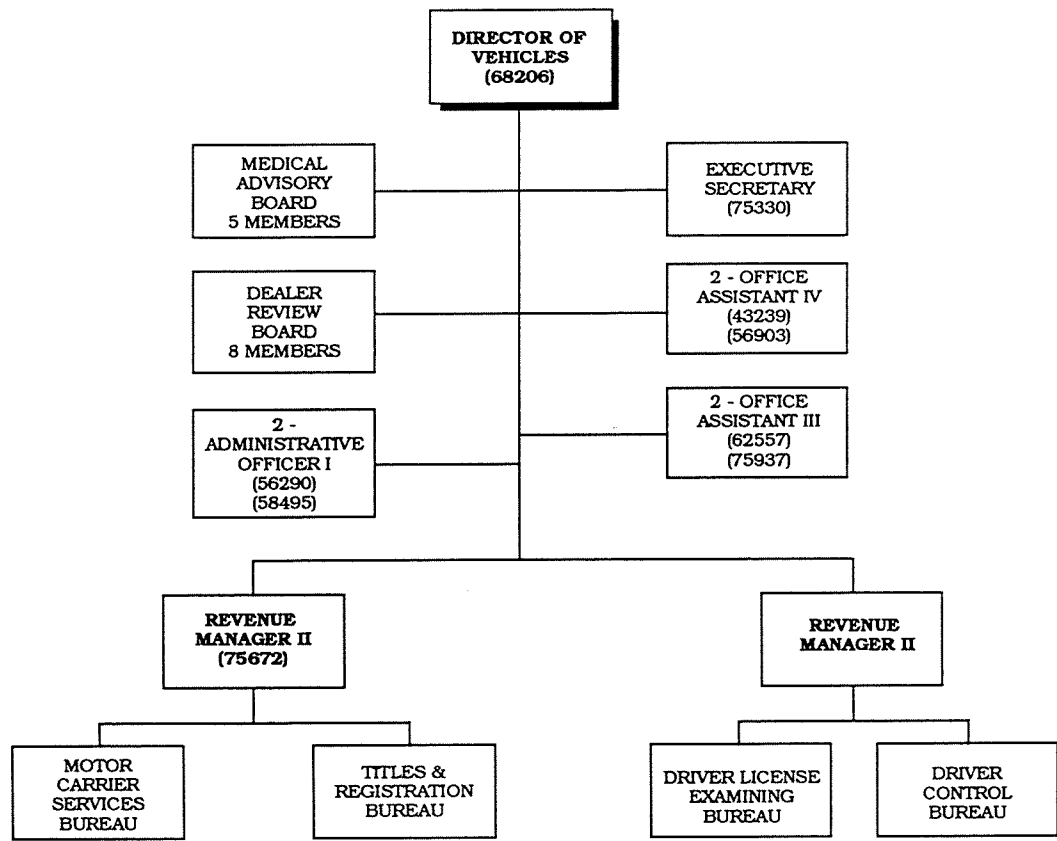


94-2

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Vehicles
Division Administration (8701)
Fiscal Year 1995 Authorized

9 TOTAL POSITIONS

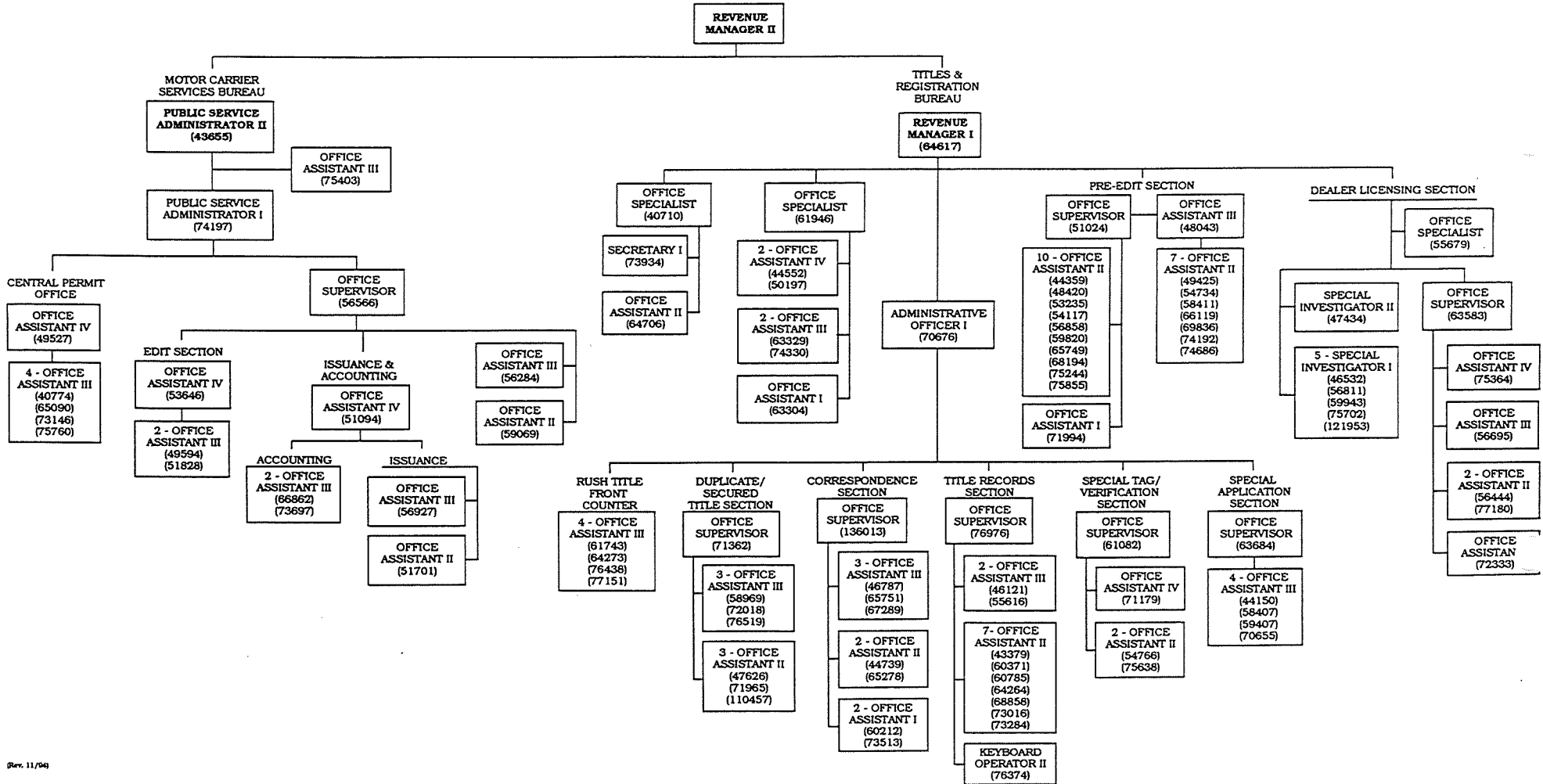


2-47

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Vehicles
Motor Vehicle Registration (8711)
Motor Carrier Services Bureau - 19 positions
Titles & Registration Bureau - 83 positions
Fiscal Year 1995 Update

102 TOTAL POSITIONS

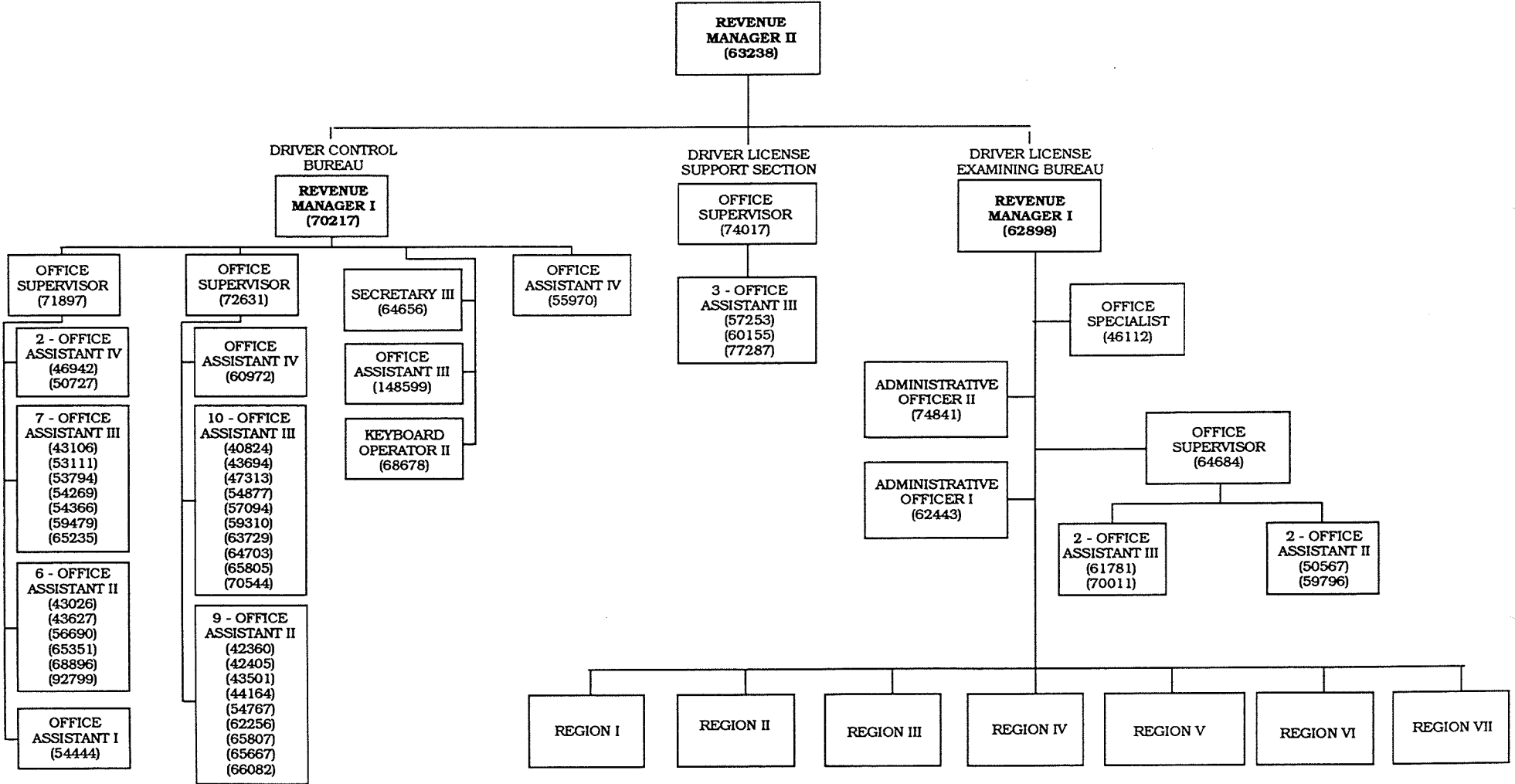


84-6

**ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE**

Division of Vehicles
Driver License Issuance and Control,
Driver License Examining Bureau (8712)
Fiscal Year 1995 Authorized

233 TOTAL POSITIONS



64-2

DRAFT

1995 House Appropriations Subcommittees

EDUCATION and LEGISLATIVE OPERATIONS:

Subcommittee Chairperson: Representative Allen

Subcommittee Members: Representative Jennison
Representative Wilk
Representative Helgerson
Representative Reinhardt

	<u>Agency</u>	<u>Fiscal Staff</u>
First:	Regents Systemwide	Howard/Mills
	Wichita State University	Howard
	University of Kansas	Howard
	University of Kansas Medical Center	Howard
	Kansas State University	Howard
	KSU - Extension Systems and Agricultural Research Program	Howard
	KSU - Veterinary Medical Center	Howard
	KSU - Salina, College of Technology	Howard
	Fort Hays State University	Mills
	Emporia State University	Mills
	Pittsburg State University	Mills
	Board of Regents	Howard
	Legislative Coordinating Council	Conroy
	Legislative Research Department	Conroy
	Revisor of Statutes	Conroy
	Legislative Division of Post Audit	Conroy
	Legislature	Conroy
Second:	Department of Education	Rampey
	Kansas Historical Society	Colton
	Kansas Arts Commission	Colton
	School for the Blind	Milstead
	School for the Deaf	Milstead
	State Library	Pierron
Council on Vocational Education	Rampey	

1/10/95
House Appropriations Cmte
Attachment 3

CORRECTIONS and PUBLIC SAFETY:

Subcommittee Chairperson: Representative Kline

Subcommittee Members: Representative Cornfield
Representative Dean

	<u>Agency</u>	<u>Fiscal Staff</u>
First:	Youth Center at Topeka	Cawby
	Youth Center at Beloit	Cawby
	Youth Center at Atchison	Cawby
	Adjutant General	Mills
	Kansas Bureau of Investigation	Porter
	Department of Civil Air Patrol	Cawby
	Ombudsman of Corrections	Robinson
	Emergency Medical Services Board	Mah
	State Fire Marshal	Cawby
	Kansas Highway Patrol	Colton
	Kansas Parole Board	Robinson
	Sentencing Commission	Robinson
Second:	Department of Corrections	Robinson
	Ellsworth Correctional Facility	Robinson
	El Dorado Correctional Facility	Robinson
	Hutchinson Correctional Facility	Robinson
	Lansing Correctional Facility	Robinson
	Larned Correctional Mental Health Facility	Robinson
	Norton Correctional Facility	Robinson
	Topeka Correctional Facility	Robinson
	Winfield Correctional Facility	Robinson

AGRICULTURE and NATURAL RESOURCES:

Subcommittee Chairperson: Representative Kejr

Subcommittee Members: Representative Bradley
Representative Edlund

	<u>Agency</u>	<u>Fiscal Staff</u>
First:	Department of Wildlife and Parks	Mills
	Animal Health Department	Mills
	Kansas Corporation Commission	Rampey
	Citizens Utility Ratepayer Board	Rampey
	Bank Commissioner	Wiegers
	Consumer Credit Commissioner	Wiegers
	Securities Commissioner	Wiegers
	Department of Credit Unions	Wiegers
	Board of Healing Arts	Pierron
	Board of Nursing	Pierron
Second:	Board of Agriculture	Colton
	Grain Inspection Department	Cawby
	Kansas State Fair	Colton
	Kansas Wheat Commission	Cawby
	State Conservation Commission	Mills
	Kansas Water Office	Mills
	Board of Veterinary Medical Examiners	Cawby
	Board of Hearing Aid Examiners	Rampey
	Board of Pharmacy	Pierron
	Kansas Dental Board	Pierron

SOCIAL SERVICES:

Subcommittee Chairperson: Representative Neufeld

Subcommittee Members: Representative Farmer
Representative Goossen
Representative Hochhauser
Representative Minor

	<u>Agency</u>	<u>Fiscal Staff</u>
First:	Department of Health and Environment Department of Aging Corporation for Change Human Rights Commission Homestead Property Tax Refunds Commission on Veterans Affairs/Soldiers' Home Behavioral Sciences Regulatory Board	Mah Colton West Wiegiers Milstead Wiegiers Pierron
Second:	Department of Social and Rehabilitation Services (excluding the Division of Mental Health and Mental Retardation Services)	West

STATE HOSPITALS and GENERAL GOVERNMENT:

Subcommittee Chairperson: Representative Carmody

Subcommittee Members: Representative Gatlin
Representative Lowther
Representative Gross

	<u>Agency</u>	<u>Fiscal Staff</u>
First:	Department of Administration (includes Public Broadcasting Council) Department of Human Resources Attorney General Secretary of State Insurance Department Health Care Stabilization Board of Governors State Treasurer Governor Lieutenant Governor Commission on Governmental Standards and Conduct Optometry Board	Porter Milstead Rampey Pierron Mah Mah Porter Conroy Conroy Pierron Colton
Second:	Parsons State Hospital and Training Center Winfield State Hospital and Training Center Kansas Neurological Institute Larned State Hospital Osawatomie State Hospital Rainbow Mental Health Facility Topeka State Hospital Division of Mental Health and Mental Retardation Services Board of Accountancy	Pierron Pierron Pierron Wiegiers Wiegiers Wiegiers Wiegiers Colton Porter

TAX, COMMERCE and TRANSPORTATION:

Subcommittee Chairperson: Representative Mollenkamp

Subcommittee Members: Representative Haulmark
Representative Nichols

	<u>Agency</u>	<u>Fiscal Staff</u>
First :	Department of Revenue	Efird
	Board of Tax Appeals	Mah
	Department of Commerce and Housing	Milstead
	Kansas, Inc.	Milstead
	Kansas Technology Enterprise Corporation	Milstead
	Kansas Lottery	Efird
	Racing Commission	Efird
	Real Estate Commission	Mah
	Real Estate Appraisal Board	Mah
Second:	Department of Transportation	Efird
	Judicial Council	Porter
	Board of Indigents' Defense Services	Porter
	Judicial Branch	Porter
	Board of Mortuary Arts	Cawby
	Board of Technical Professions	Rampey
	Abstracters Board of Examiners	Mah
	Board of Barbering	Cawby
	Board of Cosmetology	Cawby

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM and RETIREMENT ISSUES:

Subcommittee Chairperson: Representative Lowther

Subcommittee Members: Representative Cornfield
Representative Gatlin
Representative Dean
Representative Nichols

First: Agency
Kansas Public Employees Retirement System

Fiscal Staff
Efird

Second: Retirement Issues

Efird/Conroy

K-12 SCHOOL FINANCE:

Subcommittee Chairperson: Representative Goossen

Subcommittee Members: Representative Farmer
Representative Gatlin
Representative Wilk
Representative Hochhauser
Representative Minor

Staff: Rampey

BUDGET REFORM and GOVERNMENT IMPACT:

Subcommittee Chairperson: Representative Bradley

Subcommittee Members: Representative Cornfield
Representative Haulmark
Representative Lowther
Representative Helgerson

Staff: Conroy/Howard

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